# Underdog Rips Terms of Use

## Underdog Rips

**IMPORTANT NOTICE:**

**THESE TERMS SUPPLEMENT THE UNDERDOG TERMS OF USE, WHICH INCLUDE A BINDING ARBITRATION AND CLASS ACTION WAIVER AGREEMENT. BY PURCHASING OR OPENING AN UNDERDOG RIP, YOU AGREE THAT ANY PAST, PENDING, OR FUTURE DISPUTE ARISING OUT OF OR RELATING TO UNDERDOG RIPS WILL BE RESOLVED BY FINAL AND BINDING ARBITRATION ON AN INDIVIDUAL BASIS ONLY AND FOR YOUR OWN LOSSES ONLY, AS PROVIDED IN THE UNDERDOG TERMS OF USE. YOU MAY NOT PROCEED AS A CLASS REPRESENTATIVE OR AS A MEMBER OR PART OF ANY CLASS, COLLECTIVE ACTION, MASS ARBITRATION, PRIVATE ATTORNEY GENERAL SUIT, QUI TAM ACTION, OR OTHER REPRESENTATIVE PROCEEDING. ARBITRATION MEANS YOU WILL NOT BE ABLE TO SEEK DAMAGES IN COURT OR PRESENT YOUR CASE TO A JURY.**

**1. Overview and Relationship to Underdog Terms of Use.** In certain states, you can purchase a digital card pack backed by physical trading cards (an "Underdog Rip"). Underdog Rips are made available pursuant to a partnership between Underdog and Phygitals Inc. ("Phygitals"), an independent third party in connection with sourcing, storing, and shipping the physical trading cards that back Underdog Rips. The Underdog Rips Terms of Use (the "Terms") supplement, and do not replace, the Underdog Terms of Use to which you agreed when you registered your Underdog account, as amended from time to time (the "Underdog Terms of Use"). The Underdog Terms of Use are available here: Underdog Terms of Use. You acknowledge and agree that Underdog Rips are part of the "Services" as that term is defined in the Underdog Terms of Use, and that your purchase, opening, holding, sale-back, and redemption of an Underdog Rip each constitute a "purchase or transaction" and a use of the Services for all purposes under the Underdog Terms of Use, including Sections 17 through 20 and Sections 26(iii) and 26(iv) of the Underdog Terms of Use. Phygitals is an independent third-party service provider and provides its services and the physical trading cards backing Underdog Rips on an "as is" and "as available" basis. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT AS EXPRESSLY STATED IN THESE TERMS, NEITHER UNDERDOG NOR PHYGITALS MAKES ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, REGARDING ANY PHYSICAL TRADING CARD, INCLUDING ITS VALUE, AUTHENTICITY, GRADING, OR CONDITION, OR ANY OTHER PRODUCT OR SERVICE.

Except as provided in the immediately following paragraph, in the event of a conflict between these Terms and the Underdog Terms of Use with respect to Underdog Rips specifically, these Terms control.

> NOTWITHSTANDING THE FOREGOING AND NOTWITHSTANDING ANYTHING ELSE IN THESE TERMS, THE INITIAL DISPUTE RESOLUTION PROCEDURE, THE BINDING ARBITRATION AND CLASS ACTION WAIVER AGREEMENT, THE WAIVER OF JURY TRIAL, THE GOVERNING LAW PROVISION, THE ONE-YEAR LIMITATIONS PERIOD, AND THE LOSS-RECOVERY WAIVER SET FORTH IN THE UNDERDOG TERMS OF USE APPLY IN FULL TO EVERY DISPUTE ARISING OUT OF OR RELATING TO UNDERDOG RIPS AND TO THESE TERMS, AND SHALL CONTROL OVER ANY EXPRESS OR PERCEIVED CONFLICT WITH THESE TERMS. NOTHING IN THESE TERMS LIMITS, MODIFIES, OR SUPERSEDES THOSE PROVISIONS IN ANY RESPECT.

Capitalized terms used but not defined in these Terms have the meanings given to them in the Underdog Terms of Use.

**2. Availability; Shipping; Taxes.** Underdog Rips are not available in all states. Underdog may, in its sole discretion, elect to make Underdog Rips available only in certain states, and may expand, restrict, or discontinue such availability in any state at any time without notice. Underdog Rips are offered solely to individuals located in the United States, and no physical card redeemed from an Underdog Rip will be shipped to an address outside the United States. Any offer to purchase an Underdog Rip is void where prohibited, and you are responsible for confirming that Underdog Rips may lawfully be purchased from your location. No sales tax is collected at the time you purchase or open an Underdog Rip. If you submit a request to have a physical card from an Underdog Rip shipped to you, Underdog will charge sales tax based on the delivery address you provide, to the extent required by applicable law.

**3. Purchase; Randomized Contents; No Guarantee of Value.** Each Underdog Rip contains a randomly selected physical trading card, determined by a random number generator (RNG) algorithm. The odds of obtaining a given card or tier of card will be disclosed to you prior to purchase. The value of the card you receive may be more or less than the price you paid for the Underdog Rip. Dissatisfaction with the outcome of an Underdog Rip is not grounds for a refund. Underdog Rips are intended for entertainment and collection purposes and should not be treated as an investment. Underdog Rips are available for purchase at various price points as displayed on the platform. Each Underdog Rip contains randomized trading cards that correspond to real physical cards stored in professional vaults. The contents of each Underdog Rip are determined by a random selection algorithm at the time of opening.

You acknowledge and agree that:

- Underdog Rip contents are randomized. The specific cards you receive are not predetermined or guaranteed and are subject to Phygitals' provable fairness system described further below;
- The value of cards received may be more or less than the purchase price of the Underdog Rip;
- Past results, including cards received by other users, do not guarantee or predict future results;
- Purchasing Underdog Rips involves an inherent element of chance regarding the specific items received.

Odds Disclosure: Information about pack odds, rarity tiers, and drop rate ranges is available through Phygitals' provable fairness documentation. Odds may vary by Underdog Rip type and are determined at the time of purchase. Any changes to odds or Underdog Rip composition apply to future Underdog Rip purchases only and do not retroactively affect previously purchased Underdog Rips. Phygitals employs a provable fairness system for all randomized Underdog Rip pack openings. This system utilizes a combination of a server seed hash, a client seed, and a disclosed algorithm that verify the randomness and integrity of pack results after opening. If you would like to request your provable fairness documentation for an Underdog Rip you purchased, please reach out to Underdog's Customer Support Department at support@underdogsports.com, and include your username and the transaction details.

Neither Underdog nor Phygitals guarantees any particular outcome in connection with the odds, contents, and redemption rights associated with each Underdog Rip. You acknowledge that odds, contents or redemption rights are not determined, guaranteed or provided by Underdog or Phygitals.

DISCLAIMER OF LIABILITY: TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF UNDERDOG AND PHYGITALS DISCLAIMS ALL LIABILITY ARISING OUT OF OR IN CONNECTION WITH UNDERDOG RIPS, INCLUDING BUT NOT LIMITED TO LIABILITY FOR ANY LOSS OF VALUE, DAMAGE TO OR LOSS OF PHYSICAL CARDS, ERRORS IN AUTHENTICATION OR GRADING, DELAYS IN SHIPPING OR FULFILLMENT, INTERRUPTIONS OR ERRORS IN THE RANDOM NUMBER GENERATOR OR PROVABLE FAIRNESS SYSTEM, OR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES, REGARDLESS OF THE THEORY OF LIABILITY. IN NO EVENT SHALL THE TOTAL AGGREGATE LIABILITY OF EACH OF UNDERDOG AND PHYGITALS TO YOU FOR

ALL CLAIMS ARISING OUT OF OR RELATING TO UNDERDOG RIPS EXCEED THE AMOUNT YOU PAID FOR THE SPECIFIC UNDERDOG RIP GIVING RISE TO THE CLAIM.

**4. Storage; Automatic Sale-Back.** Once you open an Underdog Rip, the physical card you receive will be shown in the "Collection" tab of your Underdog account. You may store a physical trading card for a maximum of seven (7) days. Any card that remains in storage for seven (7) days or longer will be deemed sold back to Underdog, in Underdog's sole discretion, and you will be credited the fair market value ("FMV") of the card, as determined at the time you opened the applicable Underdog Rip. Underdog will attempt to provide you with at least twenty-four (24) hours' notice before this occurs, by push notification, if you have push notifications enabled on your device. Underdog may extend this deadline in its sole discretion. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER UNDERDOG NOR PHYGITALS SHALL BE LIABLE FOR ANY LOSS IN VALUE DURING THE STORAGE PERIOD OR AS A RESULT OF THE AUTOMATIC SALE-BACK PROCESS.

**5. Shipping Requests.** You may request that a physical card in your Collection be shipped to you, subject to identity verification and any other requirements described in these Terms. Shipping is available only to addresses within the United States. As described above, you will be charged sales tax based on the delivery address you provide, to the extent required by applicable law. Once a physical card has been delivered to the shipping carrier or third-party logistics provider, Underdog and Phygitals' responsibility for that card terminates, and neither Underdog nor Phygitals assumes any liability for any loss, damage, or delay occurring during transit.

**6. Returns and Refunds.** All purchases of Underdog Rips are final. Once an Underdog Rip has been purchased and opened, the transaction cannot be reversed, and dissatisfaction with the randomized outcome is not grounds for a refund. Underdog may, in its sole discretion, issue a refund or credit if: (a) a verified platform or payment error caused an incorrect or duplicate charge, or a failure to deliver a purchased Underdog Rip; (b) a card you received is determined by Underdog to be counterfeit, materially misgraded, or otherwise incorrectly displayed; (c) a purchase was made using your payment method without your authorization by someone other than you; or (d) applicable law requires a refund that cannot be waived by agreement. Refund requests must be submitted within thirty (30) days of the transaction giving rise to the request, to Underdog's Customer Support Department at support@underdogsports.com, and should include your username, the transaction date and amount, and a description of the issue. Because the physical cards backing Underdog Rips are sourced, authenticated, and held by a third-party partner, Underdog's ability to approve and process a refund or return under this Section 6 may be subject to that partner's approval, and the timing of any refund or credit may vary accordingly. Nothing in this Section 6 limits any statutory right to a refund that cannot be waived under applicable consumer protection law.

**7. Risk Disclosure Statement.** The following risk disclosures are incorporated into these Terms and apply to your purchase, holding, and redemption of Underdog Rips. This is not an exhaustive list of risks; there may be other risks associated with Underdog Rips that are not described below.

**i. Risks of Digital Assets**

Certain aspects of the storage and administration of the physical cards backing Underdog Rips involve digital recordkeeping and, where applicable, digital or blockchain-based representations of ownership. These carry risks, including:

- **Volatility:** The value of a card, and of any digital representation of it, can be extremely volatile and may fluctuate rapidly and significantly, and may drop to zero.
- **Liquidity:** There is no guarantee that there will be an active market for any card or digital asset at a given time. You may not be able to sell your card when you want to, or at a price you consider fair.
- **Regulatory Uncertainty:** The regulatory environment for digital assets is evolving. Changes in laws or regulations may adversely affect the value or utility of your card or the ability of Underdog or Phygitals to provide the related services.
- **Loss of Access:** You are responsible for the security of your account and any wallet or access credentials associated with it. Loss of access may result in loss of access to your card or its value.

**ii. Platform & Technical Risks**

Underdog Rips depend on technology operated by Underdog and by Phygitals, which involves technical risks:

- **Software Bugs:** The platforms and systems used to operate Underdog Rips, including any underlying software or smart contracts, may contain bugs, defects, or errors that could compromise security or functionality.
- **Network Risk:** To the extent any blockchain network is used in connection with Underdog Rips, neither Underdog nor Phygitals is responsible for the operation of that network, which may experience congestion, outages, forks, reorganizations, chain halts, or other issues. Duplicate assets resulting from such events will not be honored.
- **Third-Party Dependency:** Underdog Rips rely on third-party service providers, including authentication providers, payment processors, and vault partners, for critical functions. Failures or interruptions in these services may affect your ability to use Underdog Rips.

**iii. Risks of Randomized Rewards (Rips)**

Purchasing an Underdog Rip involves a randomized reward mechanic:

- **No Guarantee of Value:** The value of the card you receive is not guaranteed and may be less than the purchase price of the Underdog Rip.
- **Probability:** The distribution of cards is based on disclosed probabilities (odds). Receiving a high-value card is rare. You should review the disclosed odds before purchasing.
- **Not an Investment:** Underdog Rip purchases should be for entertainment and collection purposes only, not as an investment strategy.

**iv. Vault & Physical Asset Risks**

While physical cards are stored in professional vaults, risks remain:

- **Damage or Loss:** Although Phygitals' vault partners maintain insurance, there is a risk of damage, loss, or theft of physical items.
- **Authentication Errors:** Grading and authentication are performed by third-party grading services (such as PSA, BGS, SGC, and CGC). Underdog and Phygitals rely on their assessments and do not guarantee their accuracy.
- **Shipping Risks:** Redeeming physical cards involves shipping risks. NEITHER UNDERDOG NOR PHYGITALS SHALL HAVE ANY LIABILITY FOR ANY LOSS,

DAMAGE, OR DELAY OCCURRING AFTER A PHYSICAL CARD HAS BEEN HANDED TO THE CARRIER, INCLUDING ANY LOSS OR DAMAGE OCCURRING DURING TRANSIT.

- **FMV/Oracle Risk:** Fair market value data is provided "as is" from third-party sources. Inaccurate, delayed, or manipulated FMV data could affect the value credited to you, marketplace pricing, or insurance claim assessments. Neither Underdog nor Phygitals is responsible for consequences resulting from FMV data errors.

**v. Contact**

If you have questions about the risks described in this Risk Disclosure Statement or need further clarification, please contact Underdog's Customer Support Department at support@underdogfantasy.com.

**8. Additional Prohibited Conduct.** In addition to the conduct described in Section 7 (User Conduct) of the Underdog Terms of Use, in connection with any Underdog Rip you agree not to: (a) create, control, or coordinate more than one Underdog account, or coordinate across Underdog and Phygitals accounts, to obtain Underdog Rips, promotional credits, or odds outside the terms on which they are offered; (b) use bots, scripts, or other automated means to purchase Underdog Rips beyond what Underdog's platform permits for ordinary use; (c) use a virtual private network (VPN) or similar tool to misrepresent your location in order to purchase or ship an Underdog Rip; (d) exploit any known error, bug, or data-synchronization issue between the Underdog and Phygitals platforms to obtain an Underdog Rip, card, or credit to which you would not otherwise be entitled; (e) represent, advertise, or promote any Underdog Rip, or any card obtained from an Underdog Rip, as an investment product, security, or financial instrument, or represent that any Underdog Rip or card has a guaranteed financial return; (f) create, operate, or facilitate any secondary marketplace for the resale or trading of Underdog Rips or cards obtained from Underdog Rips outside of the Underdog platform, without Underdog's and Phygitals' prior written consent; (g) engage in wash trading, self-dealing, market manipulation, or any other deceptive or manipulative practice in connection with the purchase, sale, or trading of Underdog Rips or cards; or (h) purchase Underdog Rips on behalf of, or provide access to Underdog Rips to, any individual under the age of 18 (or the minimum age in your state of residence, which may also be 19 or 21). If Underdog determines, in its reasonable discretion, that you have engaged in any of the foregoing, Underdog may suspend or terminate your access to Underdog Rips or your

Underdog account, and require forfeiture of any card, credit, or Underdog Rip obtained through such conduct, in addition to any other remedy available under these Terms or applicable law.

**9. Privacy.** Personal information you provide in connection with an Underdog Rip, including through your Underdog account and at the point of purchase, is processed in accordance with the Underdog Privacy Policy. Underdog may share certain personal information about you with a third-party partner responsible for fulfillment, including your name, shipping address, and other information reasonably necessary, so that the physical card can be shipped to you and for other purposes necessary to facilitate your Underdog Rip transaction. Personal information that this partner separately collects or receives in connection with fulfillment, vaulting, or identity verification of an Underdog Rip is processed in accordance with that partner's own privacy policy.

**10. Restricted Jurisdictions**

**i. User Responsibility**

You are solely responsible for determining whether your use and/or purchase of Underdog Rips complies with all laws and regulations applicable in your jurisdiction. This includes, but is not limited to:

- Understanding local laws regarding digital assets, collectibles, and any regulations that may apply to randomized reward mechanics;
- Determining whether Underdog Rip openings or other features are subject to any restrictions in your jurisdiction;
- Complying with local tax obligations related to digital asset transactions and collectible purchases;
- Determining whether participation in pawn/lending services is subject to local consumer lending regulations.

Underdog does not provide legal, tax, or financial advice. If you are unsure about the legality of using any feature of Underdog Rips in your jurisdiction, we strongly recommend consulting a qualified legal professional before proceeding.

By purchasing an Underdog Rip, you represent and warrant that your use of the platform and its features is lawful in your jurisdiction. You assume all risk and liability arising from your purchase and/or use of an Underdog Rip in any jurisdiction.

**ii. Future Geographic Restrictions**

Underdog reserves the right to implement, expand, modify, or update geographic restrictions at any time as regulatory landscapes evolve, including restricting access to specific features in certain jurisdictions. If geographic restrictions are implemented, they may be applied without prior notice in response to new legislation, regulatory guidance, or enforcement actions. Underdog will make reasonable efforts to communicate material changes to affected users where practicable.

**iii. Sanctions & Comprehensive Restrictions**

The entire Underdog platform, including the purchase of Underdog Rips, is not available to users who are:

- Residents of, or located in, any country or territory subject to comprehensive economic sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the European Union, the United Kingdom, or the United Nations;
- Listed on any sanctions, denied persons, or blocked persons list, including but not limited to: OFAC's Specially Designated Nationals and Blocked Persons List, the U.S. Commerce Department's Denied Persons List, HM Treasury's Consolidated List of Financial Sanctions Targets (UK), and the EU Consolidated List of persons, groups, and entities subject to EU financial sanctions;
- Owned or controlled by, or acting on behalf of, any person or entity described above.

This includes, but is not limited to, residents of: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk People's Republic, and the Luhansk People's Republic. This list is subject to change in accordance with applicable sanctions regulations.

By using the Service, you represent and warrant that you are not a person or entity subject to any applicable sanctions, and that you are not accessing the Service from a comprehensively sanctioned jurisdiction.

**11. Acknowledgment and Acceptance.**

By completing a purchase of an Underdog Rip, you acknowledge and agree that: (a) you have read, understood, and agreed to be bound by these Terms, including the Risk Disclosure Statement set forth in Section 7 and the Underdog Terms of Use; (b) you are of legal age to purchase Underdog Rips in your jurisdiction; (c) you are not located in a restricted jurisdiction or subject to any applicable sanctions; and (d) you understand that Underdog Rips are randomized digital card packs intended for entertainment and collection purposes only and are not investment products, securities, or financial instruments.

By completing a purchase, you also agree to Phygitals' Terms of Service set forth below. In case of any conflict between the Phygitals' Terms of Service and these Terms or the Underdog Terms of Use, these Terms shall control.

**Phygitals' Terms of Service**

Certain terms set forth below may not apply to your purchase of an Underdog Rip on the Underdog platform.

**1. Introduction & Acceptance of Terms**

Welcome to Phygitals. The following Terms of Service (these "Terms") constitute a legally binding agreement between you (referred to herein as "you," "your," or "User") and Phygitals, Inc., a Delaware corporation with its principal office at 1111B S Governors Ave STE 34931, Dover, DE 19904 ("Phygitals," "we," "us," or "our"), governing your access to and use of our website, mobile applications, and all related services (collectively, the "Phygitals Service").

By accessing or using the Service, creating an account, connecting a digital wallet, purchasing any digital pack or asset, listing or purchasing items on the marketplace, or otherwise engaging with any feature of the Service, you expressly acknowledge that you have read, understood, and agree to be bound by these Terms, together with our Privacy Policy, Cookie Policy, NFT & Digital Asset Terms, Return & Refund Policy, Restricted Jurisdictions Policy, Risk Disclosure, Pawn & Lending Terms, SMS Messaging Terms, and any supplemental terms referenced herein (collectively, the " Agreement"). All incorporated documents are part of this Agreement as if set forth herein. In the event of a conflict between incorporated documents, the following order of precedence applies: (1) Pawn & Lending Terms (for pawn transactions), (2) NFT & Digital Asset Terms (for digital asset matters), (3) these Terms of Service, (4) other incorporated policies. If you do not agree to these Terms, you must immediately cease all use of the Service.

Phygitals reserves the right to modify these Terms at any time. For material changes — including changes to fees, interest rates, buyback rates, refund policies, or other economically significant terms — we will use reasonable efforts to provide advance notice via email and/or through the Service before such changes take effect, except where immediate changes are necessary to protect the platform, its users, or to comply with legal or regulatory requirements. Material changes apply prospectively only and do not affect transactions completed before the effective date. For non-material changes (such as corrections, clarifications, or formatting updates), we will update the "Last Updated" date at the top of these Terms. Your continued use of the Service following the effective date of any revised Terms constitutes your acceptance of such changes. We encourage you to review these Terms periodically.

Electronic Communications Consent: By creating an account or using the Service, you consent to receive electronic communications from Phygitals (including emails, push notifications, and in-app messages) in lieu of paper communications, in accordance with the federal E-SIGN Act (15 U.S.C. § 7001 et seq.) and applicable state equivalents. You agree that all agreements, notices, disclosures, and other communications we provide electronically satisfy any legal requirement that such communications be in writing.

SMS Marketing Consent Is Separate: Consent to receive marketing or promotional SMS/MMS text messages requires a separate, affirmative opt-in as described in our SMS Messaging Terms. Creating an account, providing a phone number for login authentication, or providing a phone number for shipping does not constitute consent to receive marketing text messages.

IMPORTANT NOTICE: THESE TERMS CONTAIN AN ARBITRATION CLAUSE AND A CLASS ACTION WAIVER (SEE SECTION 15). BY AGREEING TO THESE TERMS, YOU AGREE THAT DISPUTES BETWEEN YOU AND PHYGITALS WILL BE RESOLVED THROUGH BINDING INDIVIDUAL ARBITRATION, AND YOU WAIVE YOUR RIGHT TO PARTICIPATE IN A CLASS ACTION LAWSUIT OR CLASS-WIDE ARBITRATION.

**2. Eligibility**

To access and use the Service, you must:

- Be at least eighteen (18) years of age, or the age of majority in your jurisdiction, whichever is greater;
- Have the legal capacity to enter into a binding agreement;
- Not be a resident of, or located in, any jurisdiction where the use of the Service or the purchase of digital assets is prohibited by applicable law;
- Not be subject to any economic sanctions administered or enforced by the United States, the European Union, the United Kingdom, or any other applicable jurisdiction;

- Not have been previously suspended or removed from the Service by Phygitals.

By using the Service, you represent and warrant that you meet all of the foregoing eligibility requirements. If you are using the Service on behalf of an entity, you represent and warrant that you have the authority to bind such entity to these Terms and that the entity meets the eligibility requirements set forth herein.

We reserve the right to request identity verification (KYC) at any time through our identity verification provider, Veriff, or other means we deem appropriate. Failure to complete requested verification may result in suspension or termination of your account and restriction of access to certain features of the Service.

**2.1 Restricted Jurisdictions**

Phygitals believes that its pack openings and Pack Parties are purchases of digital goods with randomized contents, analogous to purchasing sealed physical trading card products, and are backed 1:1 by professionally graded, physically vaulted trading cards. While Phygitals does not intend for its services to constitute gambling and does not market them as such, regulatory definitions vary by jurisdiction and continue to evolve. Phygitals makes no guarantee regarding the classification of its services in any jurisdiction, and you should not rely on Phygitals' characterization when determining the legality of your use of the Service.

You are solely responsible for determining whether your use of any feature of the Service - including pack openings and Pack Parties - complies with all laws and regulations applicable in your jurisdiction. If you are unsure about the legality of using any feature in your jurisdiction, we strongly recommend consulting a qualified legal professional before proceeding.

Phygitals reserves the right to implement, expand, or modify geographic restrictions at any time as regulatory landscapes evolve, including restricting access to specific features in certain jurisdictions, implementing IP-based geolocation or account-level restrictions, or blocking access to the platform entirely in jurisdictions where compliance is not feasible. You must not use a virtual private network (VPN), proxy service, or any other means to circumvent any geographic restrictions that may be implemented. Any attempt to bypass geographic access controls constitutes a material violation of these Terms and may result in immediate account suspension, freezing of account access pending investigation, requirement to complete KYC verification to restore access, and reporting to applicable regulatory authorities. Where Phygitals determines that a violation has occurred, it reserves the right to restrict access to platform features and, after providing reasonable notice and opportunity to withdraw assets where legally permitted, to take further enforcement action as appropriate under applicable law.

By using the Service, you represent and warrant that your use of the platform and its features is lawful in your jurisdiction. You assume all risk and liability arising from your use of the Service in any jurisdiction. See our Restricted Jurisdictions page for our complete regulatory position and sanctions information.

**2.2 Risk Acknowledgment**

By accessing or using the Service, you acknowledge and agree that:

- Digital collectibles on the Solana blockchain involve risks, including the risk of loss, transfer errors, and fluctuations in value;
- Digital asset markets are volatile and the value of assets purchased, earned, or traded on the Service may fluctuate significantly, including to zero;
- Pack openings involve randomized outcomes, and the value of items received may be significantly less than the amount paid;
- The pawn/lending feature involves the risk of permanent loss of your collateralized card if you fail to repay the loan;
- You are not relying on Phygitals for investment, financial, legal, or tax advice;
- You accept responsibility for your decisions to purchase, sell, trade, pawn, or otherwise interact with digital and physical assets on the Service;
- You have reviewed the Risk Disclosure Statement and understand the risks described therein.

Not a Security or Investment: Digital assets on the Phygitals platform represent digital certificates of ownership for physical collectible cards. They are not securities, investment contracts, or financial instruments. cNFTs do not represent equity, debt, revenue share, governance rights, or any form of investment contract in Phygitals, Inc. or any other entity. You should not purchase digital assets with the expectation of profit derived from the efforts of Phygitals or any third party. Digital assets are purchased for personal collection and enjoyment purposes.

**3. Account Registration**

To access certain features of the Service, you must create an account. Account registration is facilitated through our authentication provider, Privy, and you may register using one or more of the following methods: email address, Apple ID, Google account, or by connecting a compatible Solana wallet (which may include Phantom, Solflare, Backpack, Ledger, and other compatible wallets as supported by the platform).

Upon registration, you may be provided with an embedded Solana wallet if you do not already have one connected. This wallet is managed through our authentication provider and is used to hold digital assets, including compressed NFTs (cNFTs) and supported cryptocurrencies (USDC, USDT, SOL).

You are solely responsible for:

- Maintaining the security and confidentiality of your account credentials, including any private keys associated with your wallet;
- All activities that occur under your account, whether or not authorized by you;
- Promptly notifying Phygitals of any unauthorized access to or use of your account.

Phygitals will not be liable for any loss or damage arising from your failure to safeguard your account credentials or wallet access. You agree not to create more than one account, share your account with any third party, or transfer your account to any other person without our prior written consent.

Guest accounts may be permitted for limited browsing and purchasing functionality. Guest accounts are subject to these Terms and may be converted to full accounts at any time. Certain features, including the pawn service, messaging, and advanced portfolio tools, require full account registration.

**4. Description of the Service**

Phygitals operates a hybrid physical-digital collectibles platform that bridges physical trading cards and digital non-fungible tokens (" NFTs") on the Solana blockchain. The Service enables users to purchase, collect, trade, and manage digital representations of real physical trading cards across multiple collectible categories, including but not limited to: Pokemon TCG, Baseball, Football, Basketball, One Piece, Yu-Gi-Oh!, and Dragon Ball.

The core features of the Service include, but are not limited to:

- Pack Purchases (Vending Machine): Users may purchase digital packs at various price points containing randomized trading cards backed by real physical cards;
- Marketplace: A peer-to-peer marketplace for buying and selling digital collectible cards;
- Pack Party: Social group pack-opening events where participants pool entry fees and cards are randomly distributed;
- Claim (Digital to Physical): Redemption of digital NFTs for the corresponding physical cards, shipped from vault storage;
- Submit (Physical to Digital): Submission of physical cards to be authenticated, graded, and tokenized as digital assets;
- Pawn: A lending service allowing users to borrow against the fair market value of eligible graded cards;
- Buyback: An instant liquidity feature allowing users to sell recently pulled cards back to the platform;
- Add/Withdraw Funds: Fiat on-ramp and off-ramp services for depositing and withdrawing funds;
- Leaderboards, Achievements & Referral Programs: Gamification features incentivizing platform engagement. The referral program allows users to earn a percentage of qualifying purchases made by referred users. Referral earnings, rates, qualifying purchase types, and payout schedules are detailed on the Referrals page within the platform and may be updated from time to time at Phygitals' sole discretion.

The Service is provided on an "as available" basis. We reserve the right to modify, suspend, or discontinue any feature or aspect of the Service at any time, with or without notice. We shall not be liable to you or any third party for any such modification, suspension, or discontinuance.

**5. Packs & Digital Assets**

Phygitals offers digital packs for purchase at various price points as displayed on the platform. Each pack contains randomized trading cards that correspond to real physical cards stored in professional vaults. The contents of each pack are determined by a random selection algorithm at the time of opening.

You acknowledge and agree that:

- Pack contents are randomized. The specific cards you receive are not predetermined or guaranteed and are subject to the platform's provable fairness system;
- The value of cards received may be more or less than the purchase price of the pack;
- Past results, including cards received by other users, do not guarantee or predict future results;
- Purchasing packs involves an inherent element of chance regarding the specific items received.

Regulatory Characterization: Pack purchases are purchases of digital goods with randomized contents, analogous to the purchase of sealed physical trading card products (e.g., booster packs). Pack outcomes are determined entirely by a cryptographic algorithm with no human involvement in the selection process. While Phygitals does not intend for pack openings to constitute gambling and does not market them as such, regulatory definitions vary by jurisdiction. For jurisdictions where randomized reward mechanics may be regulated, see our Restricted Jurisdictions page.

Odds Disclosure: Information about pack odds, rarity tiers, and drop rate ranges is available through our Provable Fairness documentation. Odds may vary by pack type and are determined at the time of purchase. Any changes to odds or pack composition apply to future pack purchases only and do not retroactively affect previously purchased packs.

**5.1 Provable Fairness**

Phygitals employs a provable fairness system for all randomized pack openings. This system utilizes a combination of a server seed hash, a client seed, and a disclosed algorithm that allows users to independently verify the randomness and integrity of their pack results after opening. Details of the provable fairness mechanism are available in our Provable Fairness documentation.

**5.2 Buyback System**

Following a pack opening, Phygitals may offer an instant buyback option for cards received at the applicable buyback rate displayed at the time of the offer. Buyback rates vary based on pack price tier and may be updated from time to time at Phygitals' sole discretion.

Buyback offers are time-limited and expire automatically after the applicable offer window closes. Offer windows vary by card type and are displayed at the time of the offer. Expired buyback offers cannot be reinstated. All buyback payouts are made in USDC on the Solana blockchain. Phygitals reserves the right to modify buyback rates, eligibility criteria, and offer windows at any time. Changes to buyback rates apply to future pack openings only.

The buyback feature is not guaranteed liquidity. You acknowledge that: (a) the buyback feature is offered at Phygitals' discretion and may be suspended, modified, or discontinued at any time; (b) Phygitals does not guarantee that any asset will have a buyback offer or that the buyback price will equal or exceed the purchase price; (c) the buyback feature is a separate, voluntary transaction and is not a refund mechanism; and (d) the existence of a buyback option should not be relied upon as an assurance of value or return on any pack purchase.

**5.3 Pack Party**

Pack Party is a social feature where a creator selects between 2 and 8 cards from their collection and sets an entry price per slot. Other users may join by paying the entry fee. When all available slots are filled, the cards are randomly distributed among participants. Phygitals charges a platform fee on completed Pack Parties, which is deducted from the total entry fees before payout to the creator. The applicable fee rate is disclosed at the time of Pack Party creation. You acknowledge that participation in Pack Party involves randomized allocation of digital assets and that the value of the cards you receive may be more or less than your entry fee. Pack Parties may expire if not fully filled within the designated time window.

**5.4 Assumption of Risk**

By purchasing any digital pack, participating in any Pack Party, or engaging with any feature of the Service that involves randomized outcomes, you voluntarily assume all risks associated with such activity. Specifically, you acknowledge and agree that:

- You have independently evaluated the risks of purchasing packs and participating in Pack Parties, including the risk that the value of items received may be significantly less than the amount paid;

- You are not relying on any statement, representation, or guarantee by Phygitals regarding the expected value, probability of high-value outcomes, or potential return on any pack purchase or Pack Party entry;
- Your decision to purchase packs or participate in Pack Parties is made voluntarily, with full awareness that outcomes are randomized, and that past results do not predict future outcomes;
- You accept full financial responsibility for any losses incurred through pack purchases, Pack Party participation, marketplace transactions, or any other use of the Service.

**6. Marketplace**

The Phygitals marketplace allows users to buy and sell digital collectible cards in a peer-to-peer environment. The Phygitals marketplace operates on blockchain infrastructure on the Solana network. By using the marketplace, you acknowledge and agree to the following:

- Listings and Sales: When you list a card for sale, you are making a binding offer to sell at the listed price. When a buyer purchases your listed card, the transaction is executed on the Solana blockchain and is final and irreversible;
- Offers and Bids: You may make offers on listed items or place bids. Accepted offers result in binding transactions;
- Fees: Phygitals charges a marketplace fee on completed transactions (currently 2%). The applicable fee rate is disclosed at the time of transaction and may be updated from time to time;
- No Guarantee of Sale: Phygitals does not guarantee that any listed item will sell or that any offer will be accepted;
- Pricing & FMV Data: Fair Market Value (FMV) data is provided "as is" from third-party sources for informational purposes only. Phygitals is not responsible for any losses, liquidations, or missed opportunities resulting from inaccurate, delayed, or manipulated FMV data. FMV does not guarantee that a card will sell at the indicated price;
- Listing Cancellation: You may cancel or modify a listing at any time before a buyer completes a purchase. Once a purchase is completed, the sale is final and irreversible;

- Pricing Errors: Phygitals reserves the right to cancel transactions resulting from obvious pricing errors, technical glitches, or exploits. In such cases, any funds exchanged will be returned to the respective parties;
- Peer-to-Peer Nature: Except where Phygitals is expressly identified as the seller, all marketplace transactions are between users. Phygitals facilitates the marketplace environment, including setting fees, processing payments, and enforcing platform rules;
- Dispute Resolution: If you believe a marketplace transaction involved fraud, misrepresentation, or a platform error, you may file a dispute with our support team at support@phygitals.com within 7 days of the transaction. Disputes are evaluated on a case-by-case basis. See our Marketplace Guidelines for full details.

Phygitals reserves the right to remove listings, restrict marketplace access, or take other action at its reasonable discretion if it believes a user is engaging in fraudulent, manipulative, or otherwise prohibited conduct.

**7. Physical Assets & Vault Storage**

Physical trading cards underlying digital assets on the Phygitals platform are stored in professional vault facilities in the United States, operated by our vault partners, including PSA (Professional Sports Authenticator), Fanatics, and Alt.

Title & Custody: Phygitals acts as custodial agent for physical cards stored in vault facilities. You retain ownership rights to the physical card corresponding to your digital asset, as evidenced by the digital token in your wallet. Title to a physical card is assigned to you upon completion of the pack opening or marketplace purchase that delivers the corresponding digital asset to your wallet. Physical cards are held in Phygitals' vault accounts on behalf of users, and Phygitals maintains internal records associating each card with its digital owner.

Cards are tracked by certification number, vault partner, and internal records maintained by Phygitals. Cards stored in vaults are professionally authenticated and graded. While Phygitals takes commercially reasonable steps to ensure the safekeeping of physical assets, you acknowledge and agree that:

- Phygitals itself does not act as an insurer of stored goods. Physical cards in vault custody are covered under insurance policies maintained by our vault partners. Insurance is subject to deductibles, exclusions, per-incident limits, and aggregate limits under each vault partner's policy. Coverage may be insufficient to cover the full replacement value of all stored items in the event of a catastrophic loss. Phygitals does not independently guarantee against loss, damage, or theft beyond the coverage provided by vault partner insurance policies;

- Vault storage and availability of physical cards are subject to the terms, conditions, and operational capabilities of our vault partners;
- Physical card availability may vary depending on vault partner processing times and sourcing channels;
- Phygitals shall not be liable for any delays, losses, or damages caused by the acts or omissions of vault partners or shipping carriers;
- Vault partner failure: In the event that a vault partner ceases operations, breaches its agreement with Phygitals, or is otherwise unable to fulfill its custody obligations, Phygitals will use commercially reasonable efforts to transfer affected cards to an alternative vault partner and to maintain user access to their assets during any transition period.
- Business cessation: In the event of Phygitals' insolvency, bankruptcy, or cessation of business operations, procedures are in place to return physical assets to their rightful owners. See our Business Continuity page for details on the asset return procedure, reclamation period, and your responsibilities.

Gross Negligence: While Phygitals is not an insurer, in the event of loss or damage to physical assets caused directly by Phygitals' gross negligence or willful misconduct (and not covered by vault partner insurance), Phygitals' liability shall be limited to the fair market value of the asset at the time of the loss, as determined by available market data on the platform.

**7.1 Claim (Digital to Physical)**

Users may redeem their digital NFTs for the corresponding physical cards through the Claim process. You must provide a complete and valid shipping address (Latin characters only), email address, and phone number. Shipping addresses are subject to validation, and Phygitals reserves the right to reject claims with invalid or incomplete shipping information.

A per-item withdrawal fee applies to each claim and is displayed before you confirm the redemption. Upon submission of a claim, Phygitals will process the redemption and coordinate shipment from the applicable vault facility. Delivery timelines are estimates only and are subject to vault processing times, carrier availability, and customs clearance for international shipments. You are responsible for any applicable customs duties, import taxes, or other charges imposed by your local jurisdiction.

**7.2 Submit (Physical to Digital)**

Users may submit physical trading cards to Phygitals for authentication, grading, and tokenization as digital assets on the Solana blockchain. Cards submitted must meet our acceptance criteria, and Phygitals reserves the right to refuse any submission at its sole discretion. The submission process, timelines, and any associated fees are detailed in our Submit Cards documentation.

**8. Payments & Fees**

All pricing and payment terms for products and services on the platform are as indicated at the point of sale. Phygitals processes payments through third-party payment processors and service providers. Available payment methods include:

- Credit and debit card payments, processed through our payment processor (Coinflow);
- Wallet balance (USDC or USDT on Solana);
- Cross-chain token swaps from any supported chain to USDC on Solana via LiFi (subject to applicable fees as displayed at the time of transaction);
- Direct deposit of USDC or USDT to your Solana wallet address.

Third-Party Payment Providers: Payment processing is handled by third-party providers. Coinflow serves as the primary payment processor for credit and debit card transactions. LiFi facilitates cross-chain token swaps. These providers may have their own terms of service, privacy policies, and KYC/AML requirements that apply to your transactions. Phygitals is not responsible for delays, failures, or disputes arising from third-party payment processing. Payment card details are processed and stored by our PCI-compliant payment processors and are not stored directly by Phygitals.

Pack purchases may be made via credit card or wallet balance. All buyback payouts and applicable refunds (where offered) are denominated in USDC on the Solana blockchain. Phygitals covers network gas fees on cryptocurrency withdrawals to external wallets.

You are solely responsible for all applicable taxes, duties, and governmental assessments arising from your use of the Service, including but not limited to sales tax, value-added tax, income tax, and any taxes on capital gains from digital asset transactions. Phygitals does not provide tax advice and recommends that you consult a qualified tax professional regarding your obligations. Phygitals may issue tax reporting documents (such as 1099 forms) where required by applicable law based on your transaction activity.

All purchases of digital packs are final and non-refundable. Once a pack has been opened and cards revealed, the transaction cannot be reversed. Marketplace transactions executed on the Solana blockchain are final and irreversible by their nature. Phygitals has no ability to reverse blockchain transactions. For complete details on our refund policies, including the limited exceptions under which refunds may be available, please refer to our Return & Refund Policy. Nothing in this section limits your statutory rights under applicable consumer protection law, including any mandatory right of withdrawal where performance of digital content has not yet begun.

Chargebacks: If you file a chargeback or payment dispute with your bank or credit card company without first attempting resolution through our refund process, your account may be suspended and assets frozen pending investigation. See our Return & Refund Policy for the dispute process.

Mobile App Store Access: If you access the Service via a mobile application distributed through a third-party app store (such as the Apple App Store or Google Play), you acknowledge that your use is also subject to the terms and conditions of the applicable app store. In the event of a conflict regarding payment methods or refunds for in-app purchases, the app store's terms shall govern to the extent required by that platform.

Acknowledgment at Purchase: By clicking "Buy," "Purchase," "Open," "Join," or any similar confirmation button at the point of transaction, you reaffirm your agreement to these Terms, including the no-refund policy, assumption of risk, and all applicable disclaimers. Each transaction constitutes a separate, binding agreement to these Terms as applied to that specific transaction.

**9. Pawn & Lending**

The Phygitals pawn feature allows eligible authenticated users to borrow against the fair market value (" FMV") of their graded digital cards. By using the pawn feature, you agree to the following terms:

- Eligible cards must meet the eligibility requirements set forth in our Pawn & Lending Terms, including minimum and maximum FMV thresholds;
- Loan-to-value (LTV) ratios vary by loan period: up to 50% of FMV for weekly loans, up to 35% of FMV for monthly loans;
- Interest rates and applicable APR vary based on the loan period selected and are disclosed before you confirm any pawn transaction;
- Your card is held as collateral for the duration of the loan and cannot be sold, transferred, or redeemed while the loan is active;
- You may redeem (reclaim) your card at any time by repaying the outstanding loan principal plus accrued interest;
- Default: If you fail to repay the loan within the agreed-upon period, the loan is automatically in default and the collateralized card is automatically forfeited and transferred to Phygitals. There is no grace period. Pawn loans are non-recourse — your only loss upon default is the forfeited card, and you will not owe any additional amounts. Phygitals may subsequently list, sell, or otherwise dispose of forfeited cards at its discretion. It is solely your responsibility to track your loan expiration and initiate redemption in time.

The pawn feature is available only to fully authenticated (logged-in) users and is not available to guest accounts. The pawn service is not available where prohibited by applicable law. Availability may vary or be restricted in certain jurisdictions where additional licensing or regulatory requirements apply. It is your responsibility to determine whether the use of pawn or lending services is lawful in your jurisdiction.

Usury Savings Clause: The fees charged for the pawn service are structured as flat fees for storage and administrative services. However, if any jurisdiction deems these fees to constitute interest, the parties agree that the applicable rate shall be automatically reduced to the maximum rate permitted by applicable law in that jurisdiction, and any excess amounts collected shall be applied to the loan principal or refunded.

Full terms governing pawn transactions, including interest rates, redemption procedures, and default processes, are set forth in our Pawn & Lending Terms.

**10. Intellectual Property**

The Service, including its design, software, text, images, graphics, logos, and all other content and materials (collectively, " Platform Content"), is owned by or licensed to Phygitals and is protected by copyright, trademark, and other intellectual property laws. You are granted a limited, non-exclusive, non-transferable, revocable license to access and use the Service for personal, non-commercial purposes in accordance with these Terms.

You may not:

- Copy, modify, distribute, sell, or lease any part of the Service or Platform Content;
- Reverse-engineer, decompile, or disassemble any software used in the Service;
- Use any automated means (including bots, scrapers, or spiders) to access or interact with the Service;
- Remove, alter, or obscure any copyright, trademark, or other proprietary notices.

Third-Party Intellectual Property: The trading cards available on the platform feature intellectual property owned by their respective rights holders, including but not limited to The Pokemon Company, Konami (Yu-Gi-Oh!), Toei Animation (Dragon Ball, One Piece), Panini, Topps, and others. Phygitals does not claim ownership of such third-party intellectual property. Your purchase of a digital card grants you ownership of the specific digital token and corresponds to the underlying physical card; it does not grant you any license or rights in the underlying intellectual property of the card's imagery, brand, or content.

**11. Prohibited Conduct**

You agree not to engage in any of the following prohibited activities in connection with your use of the Service:

- Violating any applicable law, regulation, or ordinance, including but not limited to anti-money laundering laws, sanctions regulations, and securities laws;
- Fraud, misrepresentation, or deception in any transaction or communication;
- Market manipulation, including wash trading, artificial inflation of prices, shill bidding, or coordinated trading intended to deceive other users;
- Using the Service to launder money or finance terrorism or other illegal activities;

- Creating multiple accounts, whether directly or through third parties, to circumvent platform rules or restrictions;
- Attempting to exploit, hack, or interfere with the Service, its infrastructure, or its security systems;
- Interfering with other users' ability to use and enjoy the Service;
- Using the Service to transmit any malware, viruses, or other harmful code;
- Collecting, harvesting, or storing personal information of other users without their explicit consent;
- Circumventing or attempting to circumvent the provable fairness system or any other security or integrity mechanism;
- Using bots, scripts, or automated tools to interact with the Service without Phygitals' prior written consent;
- Harassing, threatening, or abusing other users via in-app messaging or any other communication channel;
- Using a virtual private network (VPN), proxy, Tor, or any other tool or technique to mask your geographic location, circumvent geographic access restrictions, or access features of the Service that are not available in your jurisdiction (see Section 2.1 - Restricted Jurisdictions);
- Accessing the Service from a restricted jurisdiction through any means designed to evade detection, including but not limited to IP address spoofing, location manipulation, or the use of intermediary servers;
- Engaging in any activity that Phygitals determines, in its sole discretion, to be harmful to the Service, its users, or its reputation.

Phygitals reserves the right to investigate and take appropriate action against any user who, in Phygitals' sole discretion, violates these Terms, including but not limited to suspending or terminating the offending user's account, restricting access to the Service, removing content, and reporting the violation to law enforcement authorities.

Sanctions Compliance: You represent and warrant that you are not on any trade or economic sanctions lists, including but not limited to: the UN Security Council Sanctions list; OFAC's Specially Designated Nationals and Blocked Persons List (Office of Foreign Assets Control of the U.S. Treasury Department); the U.S. Commerce Department's Denied Persons List; HM Treasury's Consolidated List of Financial Sanctions Targets (UK); and the EU Consolidated List of persons, groups, and entities subject to EU financial sanctions. Phygitals reserves the right to immediately screen, block, and freeze the accounts and assets of any user found to be in violation of applicable sanctions laws.

**12. Disclaimers & Limitation of Liability**

THE SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, OR STATUTORY. PHYGITALS EXPRESSLY DISCLAIMS ALL WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT.

WITHOUT LIMITING THE FOREGOING, PHYGITALS MAKES NO WARRANTY OR REPRESENTATION THAT:

- THE SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE;
- THE RESULTS OBTAINED FROM USE OF THE SERVICE WILL BE ACCURATE OR RELIABLE;
- ANY DIGITAL ASSETS PURCHASED THROUGH THE SERVICE WILL RETAIN THEIR VALUE OR INCREASE IN VALUE;
- THE SOLANA BLOCKCHAIN OR ANY THIRD-PARTY SERVICE WILL OPERATE WITHOUT DISRUPTION;
- PHYSICAL CARDS IN VAULT STORAGE WILL BE FREE FROM LOSS, DAMAGE, OR DETERIORATION.

RANDOMIZED REWARDS DISCLOSURE: Pack openings, Pack Party events, and other features of the Service involve randomized outcomes. You acknowledge that the value of items received through randomized mechanisms may be significantly less than the amount paid. Phygitals does not guarantee any minimum value of cards received through pack purchases or Pack Party participation.

NO FIDUCIARY DUTY: Phygitals' role is limited to providing a platform that facilitates the purchase, sale, storage, and management of digital and physical collectibles. Phygitals does not owe you any fiduciary duty, regardless of any custodial, storage, or lending services provided through the Service. You acknowledge that Phygitals acts as a service provider, not as a trustee, fiduciary, financial advisor, or investment manager, with respect to your digital assets, physical cards, or any transactions on the Service.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL PHYGITALS, ITS AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, PARTNERS, OR LICENSORS BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES, ARISING OUT OF OR IN CONNECTION WITH YOUR USE OF OR INABILITY TO USE THE SERVICE, REGARDLESS OF THE THEORY OF LIABILITY (CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE), EVEN IF PHYGITALS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, PHYGITALS' TOTAL AGGREGATE LIABILITY TO YOU FOR ALL CLAIMS ARISING OUT OF OR RELATING TO THE SERVICE OR THESE TERMS SHALL NOT EXCEED THE GREATER OF (A) THE AMOUNTS YOU HAVE PAID TO PHYGITALS IN THE TWELVE (12) MONTHS PRECEDING THE CLAIM OR (B) ONE THOUSAND US DOLLARS ($1,000).

Nothing in this section excludes or limits liability for gross negligence, willful misconduct, or fraud by Phygitals to the extent such liability cannot be waived or limited under applicable law. Some jurisdictions do not allow the exclusion or limitation of certain warranties or liabilities. In such jurisdictions, the above limitations shall apply to the fullest extent permitted by applicable law. Nothing in these Terms affects your statutory rights as a consumer under applicable law.

**12.1 General Release & California Civil Code Section 1542 Waiver**

To the fullest extent permitted by applicable law, you hereby release, acquit, and forever discharge Phygitals, Inc. and its affiliates, subsidiaries, directors, officers, employees, agents, partners, licensors, and service providers (collectively, the "Released Parties") from any and all claims, demands, damages, losses, costs, liabilities, and causes of action of every kind and nature, whether known or unknown, suspected or unsuspected, disclosed or undisclosed, arising out of or in any way connected with your use of the Service, including but not limited to:

- Any losses resulting from pack openings, Pack Party participation, marketplace transactions, pawn lending, or any other feature of the Service;
- Any losses resulting from fluctuations in the value of digital or physical assets;
- Any disputes with other users of the Service;
- Any losses resulting from blockchain network failures, wallet compromises, or smart contract vulnerabilities.

IF YOU ARE A CALIFORNIA RESIDENT, YOU HEREBY WAIVE CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

You acknowledge that you may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that you now know or believe to be true. Nevertheless, you intend by this release to fully, finally, and forever release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action) and are based upon or arise from your use of the Service. This waiver applies to the fullest extent permitted by law.

**13. Indemnification**

You agree to indemnify, defend, and hold harmless Phygitals, Inc., its affiliates, subsidiaries, directors, officers, employees, agents, partners, licensors, and service providers (collectively, the " Phygitals Parties") from and against any and all claims, demands, actions, damages, losses, costs, liabilities, and expenses (including reasonable attorneys' fees and legal costs) arising out of or in connection with:

- Your access to or use of the Service;
- Your violation of these Terms or any applicable law or regulation;
- Your violation of any rights of a third party, including but not limited to intellectual property rights, privacy rights, or publicity rights;

- Any content you submit, post, or transmit through the Service;
- Any dispute between you and any other user of the Service;
- Your use of digital assets, including any losses resulting from blockchain transactions, wallet management, or market volatility.

Phygitals reserves the right, at your expense, to assume the exclusive defense and control of any matter for which you are required to indemnify us, and you agree to cooperate with our defense of such claims. You shall not settle any claim without the prior written consent of Phygitals. Your indemnification obligations do not apply to the extent that a claim arises from Phygitals' own gross negligence, willful misconduct, or fraud.

**14. Termination**

These Terms remain in effect for as long as you use the Service. Phygitals may, in its sole discretion, suspend or terminate your account and access to the Service at any time, with or without cause, and with or without notice. Grounds for termination include, but are not limited to:

- Violation of these Terms or any other agreement with Phygitals;
- Conduct that Phygitals believes is harmful to other users, the Service, or Phygitals' interests;
- A request or order from law enforcement or another governmental authority;
- Unexpected technical or security issues;
- Extended periods of inactivity.

Upon termination, your right to use the Service ceases immediately. Phygitals may, in its discretion, provide a post-termination access period as follows:

- Digital assets: Digital assets held in your Solana wallet remain on the blockchain and are accessible through third-party services, subject to their respective terms. Where possible, you may transfer cNFTs to an external wallet;
- Physical card redemption: For terminations without cause, Phygitals will provide a reasonable period (typically up to thirty (30) days) to initiate claims for physical cards held in vault storage, subject to standard claim fees and shipping requirements. For

terminations due to violation of these Terms, fraud, or prohibited conduct, the post-termination period may be shorter or access may be restricted pending investigation. After the applicable window, unclaimed physical cards may be subject to storage fees or handled in accordance with our Vault & Storage terms;

- Wallet balance: Any remaining wallet balance will be available for withdrawal to an external wallet during the post-termination period, subject to applicable KYC requirements and legal holds;
- Active pawn loans: If you have active pawn loans at the time of termination, the loan terms remain in effect. You may still redeem your pawned cards by repaying the outstanding balance during the loan term;
- Restricted/sanctioned users: For users terminated due to sanctions violations or regulatory requirements, assets may be frozen indefinitely until legally permitted to be released, subject to applicable law enforcement directives and court orders.

Phygitals has no obligation to maintain non-essential account data following the expiration of any post-termination access period. The provision of any post-termination access is at Phygitals' discretion and does not create any ongoing obligation beyond what is required by applicable law.

The following sections shall survive termination of these Terms: Intellectual Property, Disclaimers & Limitation of Liability, Indemnification, Governing Law & Disputes, and General Provisions.

**15. Governing Law & Dispute Resolution**

These Terms and any disputes arising out of or in connection with these Terms or the Service shall be governed by and construed in accordance with the laws of the State of Delaware, United States, without regard to its conflict of laws principles.

**15.1 Informal Dispute Resolution**

Before initiating any formal dispute resolution proceeding (including arbitration), you agree to first attempt to resolve the dispute informally by contacting Phygitals at legal@phygitals.com with a written description of the dispute, including your name, the nature of the complaint, and the specific relief sought.

Phygitals will attempt to resolve the dispute informally within sixty (60) days from the date your written notice is received. During this informal resolution period, any applicable statute of limitations or filing deadline shall be tolled. If the dispute cannot be resolved within the 60-day informal resolution period, either party may proceed to binding arbitration as described below.

Compliance with this informal dispute resolution procedure is a condition precedent to initiating any arbitration proceeding. Any arbitration filed without first completing this process may be dismissed without prejudice.

**15.2 Binding Arbitration**

Any dispute, controversy, or claim arising out of or relating to these Terms or the Service, including the breach, termination, or validity thereof, shall be finally resolved by binding arbitration. The arbitration shall be administered in accordance with the rules of the American Arbitration Association (AAA) then in effect. The seat of arbitration shall be the State of Delaware, United States. The arbitration shall be conducted in the English language by a single arbitrator appointed in accordance with the AAA rules.

The arbitrator shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of these Terms, including but not limited to any claim that all or any part of these Terms is void or voidable.

The arbitrator's award shall be final, binding, and enforceable in any court of competent jurisdiction. Each party shall bear its own attorneys' fees and costs in connection with the arbitration, unless the arbitrator determines otherwise. Phygitals will pay all arbitration filing, administration, and hearing fees to the extent required by the AAA Consumer Arbitration Rules. If you demonstrate that such costs would be prohibitively expensive compared to litigation, Phygitals will pay as much of the fees as the arbitrator deems necessary to prevent the arbitration from being cost-prohibitive. Hearings shall be conducted remotely by default, unless either party demonstrates good cause for an in-person hearing.

Opt-Out: You may opt out of this arbitration provision within thirty (30) days of first accepting these Terms by sending a written notice to legal@phygitals.com with the subject line "Arbitration Opt-Out," including your full name, account email address, and a clear statement that you wish to opt out of binding arbitration. If you opt out, you and Phygitals agree that any dispute will be resolved exclusively in the state or federal courts located in the State of Delaware.

### 15.3 Class Action Waiver

YOU AND PHYGITALS AGREE THAT ANY ARBITRATION OR LEGAL PROCEEDING SHALL BE CONDUCTED SOLELY ON AN INDIVIDUAL BASIS AND NOT AS A CLASS ACTION, COLLECTIVE ACTION, REPRESENTATIVE ACTION, OR PRIVATE ATTORNEY GENERAL ACTION. YOU EXPRESSLY WAIVE ANY RIGHT TO FILE OR PARTICIPATE IN A CLASS ACTION OR TO SEEK RELIEF ON A CLASS-WIDE BASIS. If any court or arbitrator determines that the class action waiver set forth in this section is void or unenforceable for any reason, or that an arbitration can proceed on a class-wide basis, then the arbitration provision shall be deemed null and void in its entirety, and the parties shall be deemed to have not agreed to arbitrate disputes.

### 15.4 Exceptions to Arbitration

Notwithstanding the foregoing: (a) either party may seek injunctive or other equitable relief in any court of competent jurisdiction to prevent the actual or threatened infringement, misappropriation, or violation of a party's intellectual property rights, confidential information, or other proprietary rights; and (b) either party may bring an individual action in small claims court for disputes or claims within the scope of that court's jurisdiction.

### 15.5 Batch Arbitration

In the event that twenty-five (25) or more similar demands for arbitration are filed against Phygitals by the same or coordinated counsel within a sixty (60) day period, the parties agree to a batch arbitration process. Claims will be randomly assigned to batches of no more than fifty (50). An initial batch will proceed to arbitration, and all remaining batches will be stayed pending resolution of the initial batch. Following the resolution of each batch, subsequent batches may proceed or the parties may use the outcomes to facilitate settlement of remaining claims. This provision is intended to promote efficient resolution of similar claims while preserving each claimant's individual right to arbitration.

## 16. General Provisions

Entire Agreement: These Terms, together with the Privacy Policy, Cookie Policy, NFT & Digital Asset Terms, and any supplemental terms or policies referenced herein, constitute the entire agreement between you and Phygitals with respect to the Service and supersede all prior or contemporaneous communications, agreements, and understandings.

Severability: If any provision of these Terms is held to be invalid, illegal, or unenforceable, the remaining provisions shall continue in full force and effect. The invalid or unenforceable provision shall be modified to the minimum extent necessary to make it valid, legal, and enforceable while preserving its original intent.

Waiver: The failure of Phygitals to enforce any right or provision of these Terms shall not constitute a waiver of such right or provision. Any waiver must be in writing and signed by an authorized representative of Phygitals.

Assignment: You may not assign or transfer these Terms, or any rights or obligations hereunder, without the prior written consent of Phygitals. Phygitals may assign these Terms, in whole or in part, without restriction. These Terms shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Force Majeure: Phygitals shall not be liable for any failure or delay in performing its obligations under these Terms due to causes beyond its reasonable control, including but not limited to acts of God, natural disasters, war, terrorism, civil unrest, labor disputes, pandemics, governmental actions, blockchain network failures, internet outages, or third-party service disruptions.

Blockchain Events: In the event of a blockchain fork, reorganization, chain halt, or other significant network event affecting the Solana blockchain: (a) Phygitals will recognize the canonical chain as determined by Solana's validator consensus; (b) Phygitals has no obligation to support assets on non-canonical forks; (c) duplicate assets resulting from chain splits will not be honored; and (d) Phygitals relies on third-party RPC providers and indexers and is not responsible for delays or inaccuracies resulting from their services during blockchain events.

Data Breach Notification: In the event of a security breach that results in unauthorized access to your personal data, Phygitals will notify affected users as required by applicable law. Where legally required, notification will be provided within the timeframes mandated by applicable data breach notification statutes.

Abandoned Property: If your account remains inactive for a period specified by applicable state unclaimed property or escheatment laws, and Phygitals is unable to contact you using the information on file, any remaining wallet balance or unclaimed assets may be reported and remitted to the applicable state authority as required by law.

Notices: Notices to Phygitals must be sent to the contact information provided below. Notices to you may be provided via email to the address associated with your account, through the Service, or by any other method reasonably calculated to provide notice.

Headings: Section headings are included for convenience only and shall not affect the interpretation or construction of these Terms.

No Third-Party Beneficiaries: These Terms do not create any third-party beneficiary rights in any person or entity, except as expressly provided herein.

Limitation Period: To the fullest extent permitted by applicable law, any claim or cause of action arising out of or relating to these Terms or the Service must be commenced within one (1) year after the date on which the cause of action accrued. Any claim not brought within this period is permanently barred. This limitation period applies regardless of the form of action, whether in contract, tort, strict liability, or otherwise.

Insolvency: In the event of Phygitals' insolvency, bankruptcy, receivership, or any analogous proceeding: (a) digital collectibles (cNFTs) held in your Solana wallet remain your property as recorded on the Solana blockchain and are accessible through third-party services independent of Phygitals; (b) physical cards stored in vault custody are held by Phygitals as custodial agent on your behalf and are not assets of Phygitals, Inc. — these physical assets are not subject to the claims of Phygitals' creditors and Phygitals will use commercially reasonable efforts to facilitate a claim window during which users may redeem their physical cards, subject to applicable legal constraints, court orders, and the rights of creditors under insolvency proceedings; (c) embedded wallets managed through Privy remain accessible through Privy's infrastructure independent of Phygitals' operational status — however, if Phygitals' integration with Privy is disrupted, access to embedded wallets may require coordination with Privy directly; (d) Phygitals intends to provide users with reasonable notice of any such proceeding to the extent permitted by law.

International Users: If you are located outside the United States, you may have statutory rights under the consumer protection laws of your jurisdiction that cannot be waived or limited by contract. Nothing in these Terms is intended to exclude or limit any such mandatory rights. In particular: (a) if you are located in the European Economic Area or the United Kingdom, the arbitration clause, class action waiver, choice of law, and limitation of liability provisions may not apply to the extent they conflict with mandatory consumer protections in your jurisdiction; (b) you may have a statutory right of withdrawal for digital content purchases where performance has not yet begun — by confirming a pack purchase, you consent to immediate performance and acknowledge that you lose your right of withdrawal once the pack is opened; and (c) these Terms do not affect any rights you may have to bring proceedings in the courts of your country of residence.

**18. SMS/Text Messaging Program**

Phygitals offers an optional SMS and MMS text messaging program delivered through Customer.io and Twilio. By separately opting in and providing your mobile phone number, you agree to receive recurring automated text messages from Phygitals as described in our SMS Messaging Terms.

**Program Description:** Messages may include promotional and marketing content (pack drop alerts, marketplace notifications, special offers) and transactional or informational content (security alerts, shipping updates). Message frequency varies; you may receive up to ten (10) marketing messages per month.

**Consent:** Opt-in to SMS is separate from account registration and from consent to receive email or push notifications. Consent is not a condition of purchase.

**Opt-Out:** Reply STOP to cancel marketing SMS. Reply HELP for help. You may also email legal@phygitals.com or follow the instructions in our SMS Opt-In and Opt-Out documentation.

**Rates and Carrier Disclaimer:** Message and data rates may apply. Carriers are not liable for delayed or undelivered messages.

**Sending Hours:** Marketing SMS messages are sent between 8:00 AM and 9:00 PM in the recipient's local time zone, or stricter hours where required by state law.

**Eligibility:** You must be at least eighteen (18) years old and provide a valid mobile number you own or control.

**17. Contact Information**

If you have any questions, concerns, or feedback regarding these Terms of Service, please contact us:

Phygitals, Inc. 1111B S Governors Ave STE 34931 Dover, DE 19904, United States Email: legal@phygitals.com Support: phygitals.com/contact