

FRANCHISE DISCLOSURE DOCUMENT



CTRL V Partners LLC
170 Columbia Street West, Suite 5
Waterloo, Ontario, Canada N2L 3L3
Telephone: 1-519-804-5583
www.ctrlvarcade.com franchising@ctrlv.ca
franchising@ctrlv.ca

CTRL V Partners LLC offers individual unit franchises for the development and operation of retail locations that provide retail customers with a premium immersive virtual reality experience.

The total investment necessary to begin operation of a CTRL V® franchised business is from ~~\$139,870~~142,850 to ~~\$227,900~~233,300. This includes ~~\$25,105~~25,200 to ~~\$25,450~~25,600 that must be paid to us.

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 government 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 Robert Bruski at 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3, via telephone at (519) 574-3075, and via email at franchising@ctrlv.ca.

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

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

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

Issuance Date: April ~~20, 2018~~29, 2019.

STATE COVER PAGE

—Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT IS CORRECT.

—Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state.

—MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

—Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN TORONTO, CANADA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN CANADA THAN IN YOUR OWN STATE.
2. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
3. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
5. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$~~139,870~~142,850 TO \$~~227,900~~233,300. THESE AMOUNTS EXCEED THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, ~~2017~~2018, WHICH IS (\$~~180,524~~260,758).
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee

for selling our franchise or referring you to us. You should be sure to do your own investigation of this franchise.

Effective Date: See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the 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 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	June 20, 2018
Hawaii	May 11, 2018
Illinois	April 24, 2018
Indiana	April 24, 29, 2018 2019
Maryland	May 22, 2018
Michigan	April 20, 29, 2018 2019
Minnesota	May 8, 2018
New York	June 26, 2018
North Dakota	May 14, 2018
Rhode Island	May 1, 2018
South Dakota	May 17, 2018
Virginia	May 18, 2018
Washington	June 1, 2018
Wisconsin	April 23, 2018

In the states listed below, the effective date of this disclosure document (the issuance date) is April ~~20, 2018~~ 29, 2019.

Alabama	Massachusetts	Pennsylvania
Alaska	Mississippi	Tennessee
Arizona	Missouri	Texas
Arkansas	Montana	Utah
Colorado	Nebraska	Vermont
Delaware	Nevada	West Virginia
District of Columbia	New Hampshire	Wyoming
Florida	New Jersey	
Idaho	New Mexico	
Iowa	Ohio	
Kansas	Oklahoma	
Kentucky	Oregon	

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- ~~—~~(a) A prohibition on the right of a franchisee to join an association of franchisees.
- ~~—~~(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- ~~—~~(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- ~~—~~(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- ~~—~~(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- ~~—~~(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

**~~THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.~~**

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

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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

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

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

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

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

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

~~—~~**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

~~—~~**Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.**

TABLE OF CONTENTS

ITEM

PAGE

1 ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2 ITEM 2	BUSINESS EXPERIENCE	2
3 ITEM 3	LITIGATION	3
4 ITEM 4	BANKRUPTCY	3
5 ITEM 5	INITIAL FEES	3
6 ITEM 6	OTHER FEES.....	4
7 ITEM 7	ESTIMATED INITIAL INVESTMENT.....	10
8 ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	14
9 ITEM 9	FRANCHISEE'S OBLIGATIONS.....	18
10 ITEM 10	 FINANCING	
	19	
11 ITEM 11	 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	19
12 ITEM 12	 TERRITORY	
	25 27	
13 ITEM 13	 TRADEMARKS	
	27 29	
14 ITEM 14	 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	
	29 31	
15 ITEM 15	 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	30 32
16 ITEM 16	 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	
	30 32	
17 ITEM 17	 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	
	31 33	
18 ITEM 18	 PUBLIC FIGURES	
	35 37	
19 ITEM 19	 FINANCIAL PERFORMANCE REPRESENTATIONS	
	35 37	
20 ITEM 20	 OUTLETS AND FRANCHISEE INFORMATION	
	38 40	
21 ITEM 21	 FINANCIAL STATEMENTS	
	40 42	
22 ITEM 22	 CONTRACTS	
	40 42	
23 ITEM 23	 RECEIPTS	
	41 42	

EXHIBITS

- EXHIBIT A - Financial Statements
- EXHIBIT B - Franchise Agreement (and exhibits)
- EXHIBIT C - List of Franchised CTRL V® Businesses in the United States
- EXHIBIT D - List of State Administrators; Agents for Service of Process
- EXHIBIT E - State Addenda

EXHIBIT F - General Release Form
EXHIBIT G - Table of Contents of the Manual
EXHIBIT H - Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” and “CTRL V” means CTRL V Partners LLC, the franchisor. “You” means the person who buys the franchise. If a corporation, partnership or limited liability company buys a franchise, “you” also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The Franchisor (Us), and Our Parents and Affiliate

We are a Delaware limited liability company formed on November 2, 2016. Our principal place of business is 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3. We conduct business under the name “CTRL V Partners LLC” and “CTRL V,” and do not conduct business under any other name.

We are a direct wholly owned subsidiary of CTRL V US Inc., a Delaware corporation (“U.S. Parent”), which is a direct wholly owned subsidiary of Canadian Holding Corporation, a corporation incorporated under the Canada Business Corporations Act (“Canadian Parent”). Our U.S. Parent and Canadian Parent are collectively referred to as our “Parents.” The principal business address of our Parents is the same as ours.

Our affiliate is CTRL V Inc. (“IP Owner”), a corporation incorporated under the Canada Business Corporations Act. The principal business address of IP Owner is the same as ours. Except as described above, we have no parents, affiliates or predecessors that are required to be disclosed in this Item 1.

Our agents for service of process are disclosed in Exhibit D.

Business Experience of Us, and Our Parents and Affiliate

We sell franchises in the United States and its territories and possessions (the “U.S. Territory”) for the operation of retail locations under the name “CTRL V” (the “CTRL V® Businesses”), which provide retail customers with a premium immersive virtual reality experience. We commenced offering franchises for CTRL V® Businesses in May 2017. We have not operated the type of business you will operate. We are not currently and have never been involved in any business activities other than franchising CTRL V® Businesses. Our Parents are not currently and have never been involved in any other business activities other than serving in their role as our Parents.

IP Owner offers franchises outside the U.S. Territory for businesses that are similar to those described in this disclosure document. IP Owner began offering franchises in Canada in July 2016. As of the issuance date of this disclosure document, there were ~~12~~14 CTRL V® franchises open and operating in Canada, ~~and another 3 CTRL V Canadian franchises for which franchise agreements have been signed, but the CTRL V® Business is not yet open and operating.~~ Also, pursuant to an agreement with IP Owner, one CTRL V® franchise opened in Costa Rica in 2019. In addition, since May 2016, IP Owner has owned and operated one CTRL V® Business in Waterloo, Ontario, Canada. ~~Further, IP Owner has entered~~

From time to time, we or our affiliates may also enter into revenue sharing arrangements in Canada with the following parties: 2 revenue sharing arrangements with Cineplexes, one revenue sharing arrangement with Player One Amusement Group, and one revenue sharing arrangement with GameTime. We or our affiliates may enter into with third parties within or outside of the U.S. Territory. As of the issuance date of this disclosure document, however, neither we nor our affiliates have any revenue sharing

arrangements ~~with other Cineplexes or other third parties~~ in place within or outside of the ~~United States~~ U.S. Territory.

IP Owner also owns the “Marks” (as defined in Item 13), including the CTRL V[®] trademark. As further described in Item 13, IP Owner has granted to us a license to use and to sublicense to franchisees the right to use the Marks and certain other intellectual property in the operation of CTRL V[®] Businesses in the U.S. Territory. Except as described above, IP Owner has never been involved in any other business activities.

Other than as described above, we, our Parents and IP Owner have never offered franchises for any other type of business.

Franchise Offered

~~_____~~ We offer individual unit franchises in the U.S. Territory for the development and operation of retail locations that provide retail customers with a premium immersive virtual reality experience using state-of-the-art headsets, ~~noise-cancelling headphones~~, proprietary software, consoles, motion controllers, and other leading-edge technology (the “VR Experience”). Patrons rent a virtual reality station, or “VR Station,” which can be used for onsite, and in certain cases, offsite gaming, training, education, software development or other interactive immersive experiences. In addition to authorized services relating to the rental of a VR Station, we may also permit the Franchised Business to offer products relating to these services. All authorized products and services offered by the Franchised Business are referred to herein as the “Products and Services.”

~~_____~~ Under the franchise agreement (“Franchise Agreement”), you will receive the right to develop and operate a “Franchised Business” from a location we consent to (the “premises”) offering the Products and Services we approve using our standardized, unique, and uniform system, which is comprised of retail facilities, equipment, supplies, confidential information, business techniques, methods and procedures, sales promotion programs, and the “Marks” (as defined in Item 13), including “CTRL V[®]” (collectively, the “System”).

Market and Competition

The market for entertainment services is fairly well developed and competitive. Franchisees will need to compete for entertainment dollars with bowling centers, movie theaters, water parks, laser tag arenas, mini-golf parks, virtual golf centers, axe-throwing venues, trampoline parks, outdoor paintball parks, theme parks, video gaming themed venues, and other commercial recreational facilities, some of which are operated by well financed national and international brands.

Laws, Licenses and Permits

You should be aware of zoning ordinances and regulations in your proposed territory. Your Franchised Business must comply with all federal, state and local laws, and we urge you to become familiar with these specific laws and regulations governing the operation of a CTRL V[®] Business in your state. You also should check with your state and local authorities to determine if there are additional requirements.

ITEM 2 BUSINESS EXPERIENCE

Director and Chief Executive Officer – Ryan Brooks

Ryan Brooks has been a Director and the Chief Executive Officer of us and our Parents since ~~November~~February 2016. Ryan has also served as the Chief Executive Officer of IP Owner since February 2016. ~~In addition, Ryan has been~~was employed ~~since~~from June 2013 until February 2016 as a teacher by the Waterloo District School Board in Kitchener, Ontario, Canada, and ~~since~~from January 2014 until December 2018 as the Chief Executive Officer of PipeDream Interactive, Inc. in Kitchener, Ontario, Canada. From May 2008 to August 2014, Ryan was the Technology Manager of Engineering Science Quest at the University of Waterloo in Waterloo, Ontario, Canada.

Director and Chief Operations Officer – James Elligson

James Elligson has been a Director and the Chief Operating Officer of us and our Parents since ~~November~~February 2016. James has also served as the Chief Operating Officer of IP Owner since February 2016. In addition, James has been employed since May 1999 as a gemologist with Barney's Jewellers in Waterloo, Ontario, Canada.

Director and Chief Financial Officer – Robert Bruski

Robert Bruski has been a Director and the Chief Financial Officer of us and our Parents since ~~November~~February 2016. Robert has also served as the Chief Financial Officer of IP Owner since February 2016. In addition, ~~since~~from January 2014 until December 2018, Robert ~~has~~ served as the Chief Financial Officer of PipeDream Interactive, Inc. in Kitchener, Ontario, ~~Canada. From February 2009 to January 2014, Robert was employed as a Senior Analyst and Project Manager for Burgundy Asset Management in Toronto, Ontario, Canada.~~

ITEM 3 LITIGATION

~~—~~ No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Fee

We offer individual unit franchises. The “Franchise Fee” for an individual unit franchise is \$25,000 for each CTRL V® Business. Unless otherwise noted, all dollar amounts included in this disclosure document are in U.S. Dollars. You must pay the Franchise Fee in one lump-sum payment when you sign the Franchise Agreement. If you fail to comply with all of our initial training requirements, as further described in Item 11, we will terminate the Franchise Agreement and refund \$15,000 of the Franchise Fee to you (we will retain the balance). The Franchise Fee is not refundable under any other circumstances.

Technology Fees

Prior to opening your CTRL V® Business, we estimate that you will pay us one to 3 months of Technology Fees, which will amount to a total of ~~\$105~~up to \$200 to ~~\$450~~up to \$600. Technology Fees are further described in Items 6 and 7.

Except as otherwise stated herein, these initial fees ~~will be fully earned when paid, and~~ are non-refundable.

Training Fees

As described in Item 7 and 11, we will not charge you a training fee for up to 2 individuals affiliated with you and the Franchised Business who attend our initial training program at the same time. If more than 2 individuals attend our initial training program before you open your Franchised Business, however, you must pay us our then-current training fee for each additional individual who attends the program. As of the issuance date of this disclosure document, the training fee for our initial training program is \$3,000 per person. See Item 6 for more information regarding this training fee.

VR Station Setup

We also will not charge you a fee for up to ~~3~~2 days of onsite assistance regarding the setup and testing of not less than 2 VR Stations, and up to 20 additional hours of support to further assist you with startup and system integration of the remaining VR Stations. If you require additional assistance in setting up and integrating the remaining VR Stations beyond the up to 20 additional hours of support, however, you must pay us our then-current fee for such assistance. As of the issuance date of this disclosure document, the fee for this assistance is up to \$500 per person per day. See Item 6 for more information regarding this fee.

ITEM 6 OTHER FEES

Type of Fee	Amount (1)	Due Date	Remarks
Royalty Fee (2)	7% total of Gross Revenue	Within 10 days after the end of each calendar month	Gross Revenue includes the entire amount of the revenue (whether collected or not) arising out of owning or operating the Franchised Business.
Marketing Fee (2)	1.5% of total Gross Revenue	Within 10 days after the end of each calendar month	
Local Advertising (2) (3)	3% of total Gross Revenue	Within 10 days after the end of each calendar month	If you do not spend the minimum amount required for local advertising and public relations activities, you must pay us the amount of the difference for deposit in the Marketing Fund. See Item 11.
Cooperative Advertising (2) (3)	Up to 3% of total Gross Revenue (to be credited toward local advertising)	Within 10 days after the end of each calendar month, unless otherwise designated by the cooperative	In the future, we may require you to participate in local or regional advertising cooperatives we form or approve. Cooperative fees are payable to the cooperative.

Type of Fee	Amount (1)	Due Date	Remarks
Grand Opening Advertising Campaign	\$12,000 for approved advertising, public relations and marketing activities in connection with your grand opening campaign. You are encouraged, but not required, to spend more. This amount is not credited toward your local marketing obligations	Prior to grand opening	If you fail to spend the minimum amount established by us, we have the right to collect the unspent portion of this amount and spend it on your behalf or contribute it to the Marketing Fund. This amount does not vary depending on the geographic location of the Franchised Business.
Initial Training Program Fee for Additional Attendees	Our then-current training fee (currently, \$3,000 per person, subject to change)	Prior to training	You must pay us a training fee for any individuals who attend our initial training program beyond the up to 2 individuals affiliated with you and the Franchised Business who initially attend training at the same time. These additional attendees may include individuals who are repeating our initial training program, or replacing an individual who did not pass our initial training program or who is no longer employed by you. Does not include travel and living expenses, and other related costs. See Item 11.
Ongoing Training in Addition to Initial Training Program	Our then-current fee (currently, up to \$500 <u>1,000</u> per person per day, subject to change)	Prior to training	Does not include travel and living expenses, and other related costs. See Item 11.
Franchisee Conferences and Meetings	As of the issuance date of this disclosure document, no fee is charged, but in the future we may charge a fee of approximately \$500 to \$1,000 or more to defray costs. Currently, \$0.	Before conferences or meetings	Does not include travel and living expenses, and other related costs. See Item 11.
Additional Assistance Regarding VR Station Startup and Integration	Our then-current fee (currently, up to \$500 per person per day, subject to change)	Prior to assistance	We will not charge you a fee for up to 32 <u>30</u> days of onsite assistance regarding the setup and testing of not less than 2 VR Stations, and up to 20 additional hours of support to further assist you with startup and system integration of the remaining VR Stations. If you require additional assistance in setting up and integrating the remaining VR Stations beyond the up to 20 additional hours of support, however, you must pay us our then-current fee for such assistance. Does not include travel and living expenses, if applicable, and other related costs. See Item 11.

Type of Fee	Amount (1)	Due Date	Remarks
POS System Software	Currently, \$0	Monthly	As of the issuance date of this disclosure document, we do not charge you any fees for your use of our proprietary software to operate the POS System. However, we may charge you fees for this software in the future or require you to use other proprietary software relating to the POS System for which you may be required to pay us, our affiliates, or third parties initial or ongoing fees. See Items 8 and 11
Transaction Fees	Approximately \$600 to \$1,500, based on the number of transactions	Monthly	Includes all transaction fees charged by third parties. See Item 7.
Technology Fee	\$105-\$150 <u>Our then-current fee</u> (currently, \$105 <u>up to \$200</u>)	Monthly	This fee covers the cost of your email address and other technology <u>or technology services (which may include personnel)</u> .
Licensing Fees (Content) (4)	As negotiated with each developer. Current arrangements may include the following: (i) \$0.00 to \$0.08 per minute of consumption on a pay per use basis; or (ii) a floating license fee of up to 20% of Gross Revenue for each game licensed; or (iii) a lump sum, per game basis where the developer licenses games for a one-time fee. (up to \$2,500 - \$5,000 per month estimated)	Monthly, as invoiced by us	Although payable to us, this fee represents the amounts we pay to third-party software developers for your use of designated software and programs during the previous month. We may require that you pay this fee in U.S. Dollars, Canadian Dollars, or in another currency that we designate.
Underreported Gross Revenue (5)	2 times the amount you owe, with interest at the current prime rate plus 5%	Where you fail to meet certain requirements	
Audit by Franchisor (5)	Cost of the audit	Where Franchisee fails to meet certain requirements	The cost of the audit is generally paid by us unless the audit discloses that you have understated Gross Revenue by an amount in excess of 3%.
Late Fee for Late Payments or Late Reports	Our then-current late fee (currently, \$100 for each late payment or late report)	As incurred	Payable to us for any payment or report you fail to submit to us when due.

Type of Fee	Amount (1)	Due Date	Remarks
Interest on Late Payments	The lesser of 1½% per month, or the maximum contract rate of interest permitted by law in the state in which the Franchised Business is located	As incurred	
Tax Indemnification	We have the right to require you to indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business is located imposes as a result of your operation of the Franchised Business or the license of any of our intangible property in the jurisdiction in which the Franchised Business is located	As incurred	If more than one franchisee is located in the jurisdiction in which the Franchised Business is located, they will share the liability in proportion to the Gross Sales from their franchised businesses, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to the franchisees.
Fee For Evaluating Alternative Suppliers and Products	Will vary under the circumstances. We expect that this fee will not exceed \$2,000.	Payable when you request our approval of an alternative supplier	You and/or your proposed alternative supplier may be required to pay us a fee for our evaluation, review and testing of an alternative supplier or product.
Indemnification	On demand	As incurred	You must indemnify us, and reimburse us for our costs (including any settlement, judgment, as well as our attorneys' fees) if we are sued or held liable in any case having anything to do with your operation of the Franchised Business or the franchise.
Transfer Fee	\$4,000	Upon transfer of Franchise Agreement	
Renewal Fee	\$4,000	Upon renewal of Franchise Agreement	

Type of Fee	Amount (1)	Due Date	Remarks
Liquidated Damages	(a) 2 times the royalty payments due from you during the 12 full months prior to termination, or, (b) for a default or termination relating to the lease, the average monthly royalty payments paid or owed by you for the 12 full months prior to termination, times the number of months remaining under the lease, including all potential options, extensions and renewal of the lease	As incurred	You must pay us liquidated damages if you default.
Costs and Attorneys' Fees	When incurred	Payable if we incur any costs or expenses in enforcing the Franchise Agreement or in connection with certain related actions or proceedings	
Mystery Shop Fee	You must pay us, our affiliates or our designated third-party supplier the cost of our mystery shopper program. We estimate that this cost will be approximately \$100 to \$500.	When incurred	Payable to us, our affiliates or third-party suppliers.
Programs and Promotions (6)	Will vary depending on programs and promotions established. We do not expect that this cost will exceed \$1,000.	As required	Payable to us, our affiliates or third-party suppliers.
Fee for Failure to Obtain Approval of Advertising Material Prior to Use	Our then-current, per item fee (currently, \$300 per item)	As incurred	Payable to us for any advertising, marketing, or promotional materials you fail to submit to us and receive our approval prior to use.
Insurance	Cost of insurance, as well as our costs	Promptly upon invoice from us	If you fail to obtain and maintain required insurance or to furnish to us satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you and you must promptly reimburse us for any costs and premiums we incur.

Notes:

- (1) Except where otherwise noted, all fees are payable to us and are non-refundable. All fees are uniformly imposed. Except where otherwise noted, all fees and other amounts are in U.S. Dollars and must be paid in U.S. Dollars. You must sign the electronic funds transfer authorization attached to the Franchise Agreement as Exhibit F. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with this transfer of funds.

“Gross Revenue” means the total gross receipts, revenues, gains or income from whatever source derived, whether or not collected by you, of all sales made and services performed from business conducted at or arising, directly or indirectly, from the Franchised Business or the franchise, whether by cash, credit, check, charge account, exchange or otherwise. In the event of a conflict as to whether a transaction or receipt forms part of Gross Revenue, the determination of our accountants is final and binding. Gross Revenue includes all benefits and values received from the sale of any goods and services, the proceeds from business interruption insurance, fees and non-arm’s length or related party sales (deemed to occur at suggested retail prices) and must not be reduced by bad debts, doubtful accounts or any provision or reserve therefor. Further, Gross Revenue includes Gross Revenue of any business or entity which you may have an interest, directly or indirectly, in breach of the Franchise Agreement. In addition, we and our accountants have the right to determine when the proceeds from gift card and gift certificate sales from the Franchised Business may be included in Gross Revenue.

- (2) If you do not spend the required minimum amount during the calendar year on local advertising, we may require you to deposit with us the difference between what you should have spent for advertising during the calendar year and what you actually spent for advertising during the calendar year. We will deposit these monies in the Marketing Fund.

Your contribution to regional and local advertising cooperatives will be credited toward your required local advertising expenditure. You will not be required to spend more than 3% of Gross Revenue on cooperative contributions and/or local advertising. No cooperatives currently exist in the System.

- (3) This amount refers to the monthly licensing fees that you must pay to use the designated software and programs developed by third-party software developers, which are the key components in the VR Experiences you will offer from the VR Stations at your Franchised Business. We have negotiated, and will continue to negotiate, licensing arrangements with third-party software developers. These arrangements are subject to change, and the timing, payment method, and amount of the licensing fees will depend on the terms of the arrangements that we have negotiated with developers at a given time. For instance, these fees may be calculated based on a cost per minute, a percentage of Gross Revenue, or a lump sum. Pursuant to these arrangements, each month we will pay the licensing fees owed to each software developer, and then invoice you. You agree to pay these fees within 10 days of your receipt of our invoice. As of the issuance date of this disclosure document, we do not charge an administrative fee for this service nor mark up the licensing fees due to the software developers, but reserve the right to do so in the future upon 30 days’ notice to you.
- (4) If the auditor reports to us that, in its opinion, your files and records are insufficient to permit a proper determination of your Gross Revenue for any period, or that the Gross Revenue reported to us by you is less than the Gross Revenue revealed by the inspection, you must immediately remit to us twice the amounts owing, if any, with interest at the current prime rate plus 5% in respect of such

difference. In addition, if the inspection reveals that the difference between the Gross Revenue revealed by the inspection and that reported by you is more than 3%, you must pay all costs of the audit.

You must, at your expense, participate in and honor all provisions of any loyalty, gift card or gift certificate program, or other advertising or promotional programs we establish (including charity programs), as further described in the Manual.

~~[The remainder of this page was intentionally left blank.]~~

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)(2)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee (3)	\$25,000	Lump Sum	Upon execution of Franchise Agreement	Non-refundable generally; payable to us
Training Fee (4)	Included in Franchise Fee for first 2 attendees; our then-current training fee (currently, \$3,000 per person) for any additional attendees	Included in Franchise Fee; lump sum for any additional attendees	At execution of Franchise Agreement; prior to training for any additional attendees	N/A
Travel and Living Expenses While Training (4)	\$3,300-\$5,000	Lump Sum	As they arise	Third-Party Suppliers
Uniforms (5)	\$100-\$300 (\$25-\$30 per piece)	As Agreed Upon	As Arranged	Designated Supplier
Insurance (6)	\$750-\$2,000	As Agreed Upon	As Arranged	Insurance Company
Office Supplies (7)	\$2,900 <u>\$3,500</u> - \$3,900 <u>\$5,900</u>	As Agreed Upon	As Arranged	Third-Party Suppliers
System of VR Stations (8)	\$30,400 <u>\$31,200</u> - \$60,800 <u>\$62,400</u> (approximately \$3,800 <u>\$3,900</u> per VR Station)	As Agreed Upon	As Arranged	Third-Party Suppliers
Equipment for VR Stations (9)	\$9,600 <u>\$10,000</u> - \$19,200 <u>\$20,000</u> (\$1,200 per VR Station)	As Agreed Upon	As Arranged	Third-Party Suppliers
Initial Lease Deposit (10)	\$3,800-\$7,700	As Agreed Upon	As Arranged	Landlord
Lease Payments (10)	\$4,000 <u>\$4,800</u> - \$12,000 <u>\$9,700</u>	As Agreed Upon	As Arranged	Landlord
Leasehold Improvements (10)	\$10,400-\$20,800 (\$1,300 per VR Station)	As Agreed Upon	As Arranged	Third-Party Suppliers
Grand Opening Advertising Campaign	\$12,000	When incurred	Prior to Opening	Various media and promotional suppliers.

Type of Expenditure (1)(2)	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
(11)				
Signage (12)	\$7,900-\$9,600	Lump Sum	As Arranged	Third-Party Suppliers
Legal, Accounting and other Professional Fees (13)	\$4,500-\$9,200	Lump Sum	As Arranged	Third-Party Suppliers
Transaction Fees (3-month period after opening) (14)	\$1,800-\$4,500	As Arranged	Monthly	Payable to third-party suppliers, if applicable.
Technology Fees (15) (1- to 3-month period before opening, plus 3-month period after opening)	\$420,800 -\$999,120 <u>0</u>	As Arranged	Monthly	Us
Additional Funds – 3 months (3-month period after opening) (16)	\$23,000-\$35,000	When incurred	On and after signing of Franchise Agreement	Third-Party Suppliers
Total Projected Estimated Cost Based On Above (17)	\$139,870 <u>142,850</u> -\$ 227,900 <u>233,300</u>			

Notes:

- (1) This Table reflects your estimated initial investment for a single CTRL V® Business operated under a Franchise Agreement. Except where otherwise noted, all amounts are in U.S. Dollars and must be paid in U.S. Dollars. Neither we nor any of our affiliates offers financing for any part of this estimated initial investment. The figures above, however, are informed by our experience operating and franchising CTRL V® Businesses in Ontario, Canada. In some cases, we converted our expenses to U.S. Dollars based on an exchange rate of .76 and used those amounts as a touchstone for the estimates above. The amounts paid to Canadian vendors are charged in Canadian Dollars and your cost will fluctuate depending on the prevailing exchange rate. The typical size of a CTRL V® Business ranges from 3,000 to 5,000 square feet. For several items discussed below, your cost will increase as the number of square feet increases. The size of your CTRL V® Business is principally determined by requirements or restrictions that your landlord and appropriate municipality or zoning boards may impose, and availability and cost of leasable space. This information assumes that you will lease the premises for your CTRL V® Business.
- (2) Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.
- (3) The Franchise Fee paid is paid to us and is more fully described in Item 5.
- (4) Although we do not charge a training fee for 2 attendees affiliated with you and the Franchised Business to attend our initial training program, you must pay us a training fee, which is currently \$3,000 per person, for any initial training program attendees beyond these first 2 attendees. In addition, you will be responsible for all other costs associated with initial training program attendance, including the salaries, wages, benefits, and travel and living expenses of each of your

attendees. See Item 11 for more information on training and who is required to attend. The amount expended will depend, in part, on the number of attendees you send, the distance your attendees must travel and the type of accommodations you choose. We expect that initial and ongoing training will take place at our or IP Owner's headquarters in Waterloo, Ontario, unless we designate another location. These estimates assume that you will send one or 2 individuals to our initial training program and therefore will not pay any separate training fees. If you send more than 2 individuals to our initial training program, however, either because you choose to do so or are required to do so because one or more of your attendees failed to complete the initial training program to our satisfaction, you must take into account the additional training fees you will pay to us, and the additional costs associated with these attendees.

- (5) As further described in Items 8, your employees are required to wear a uniform purchased from our designated supplier. As of the issuance date of this disclosure document, the uniform consists of a logoed t-shirt. This estimate assumes that you will purchase uniforms on behalf of your employees. Current costs for these uniforms are \$25-\$30 each (which includes taxes and delivery), and the estimate provided in the chart above includes the purchase of 4 to 10 uniform tops from the supplier we designate. The total amount you will spend on uniforms for your first 3 months of operation will vary depending on the number of employees you hire and the number of uniforms you provide to each employee.
- (6) This amount includes the estimated cost of the insurance premiums for all required insurance for three months.
- (7) This amount includes up to 5 laptops for customers to execute liability waivers (such as a Chromebook), tables for the laptops, chairs, a projector to display CTRL V®'s introductory video, a reception desk, a reception computer, and smaller supplies, like sanitary wipes to clean the computers and VR Stations. This amount includes shipping costs. Your POS System will typically operate on the reception computer.
- (8) This amount includes estimated expenses associated with the purchase of 8 to 16 VR Stations, such as monitors, station lighting, keyboards, etc. This amount includes shipping costs.
- (9) This amount includes estimated expenses for equipment related to the VR Stations—~~such as headphones, monitors, and lighting~~—including ~~delivery, freight, and~~ shipping costs. This amount excludes any applicable sales tax. This estimate is for 8 to 16 VR Stations. The cost of purchasing equipment and supplies may vary as a result of the characteristics of the CTRL V® Business site and price differences between suppliers.
- (10) Typical locations for a CTRL V® Business are highly-visible ground floor premises in a strip mall or shopping center that are approximately 3,000 to 5,000 square feet. The cost of leasing the CTRL V® Business premises will vary significantly depending on the region of the country, the specific location within that region and the terms of the lease, including the required payment of fees other than rent, such as building operating expenses, common area maintenance expenses, merchants' association assessments and advertising and promotional expenses.

Assuming that you will lease the premises for your CTRL V® Business, you may need to make certain leasehold improvements to the leased premises to comply with our approved plans and specifications. Estimates for lease and leasehold improvements are based on an average open rectangle leasehold premises of 3,000 to 5,000 square feet (including hallways, party rooms, administrative office, and reception area). The layout of your premises may also impact the amount of space which is available for VR Stations. You will need to ensure that your space will

accommodate a suitable reception area and administrative office. The estimates for leasehold improvements include but are not limited to the floor covering, walls, and crossbars required for each VR Station.

The cost of leasehold improvements will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your CTRL V® Business and other economic factors. You may incur greater or lesser start-up costs depending on your ability to negotiate a tenant improvement allowance with the assumption that the space will be delivered in "vanilla shell" condition from your landlord. Although we do not recommend that you purchase the land and building for your CTRL V® Business, you will incur significantly greater costs in developing your CTRL V® Business if you choose to do so. All construction materials and fixtures must comply with our specifications.

- (11) You must spend a minimum of up to \$12,000 for CTRL V® Business grand opening campaign expenses, although we encourage you to spend more on a grand opening campaign. You must conduct the grand opening campaign during the time period we designate or accept. Samples of all advertising, marketing and promotional materials to be used for the grand opening campaign not prepared or previously approved by us must be submitted to us for approval prior to their use or review by a third party, which approval will not be unreasonably withheld. See Item 11 for further details.
- (12) This includes an estimate for interior and exterior signs for the CTRL V® Business, and includes shipping costs. All signs must meet our standards and comply with your landlord's requirements as well as any local government regulations.
- (13) This amount estimates the fees you will incur for professional services, including without limitation legal and accounting services. If you seek to modify our basic plans and specifications to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements or restrictions, you must hire an architect who meets our standards and specifications.
- (14) This amount includes all transaction fees charged by the third-party suppliers, including all for transaction fees charged by banks and payment gateways. You pay these fees to us and we remit them to the suppliers on your behalf.
- (15) This fee covers the cost of your email addresses and other technology or technology services (which may include personnel). See Items 5 and 6.
- (16) This amount estimates the working capital necessary to cover the initial operating expenses you will incur during the first 3 months of CTRL V® Business operations not covered by revenues, including initial wages and fringe benefits, rent, utilities, telephone and Internet access fees, taxes, local advertising, CTRL V® Business supplies and interest payments on any business loans. It does not include your compensation during this 3-month period. It also does not include costs covered by revenues, including the Royalty Fee, Marketing Fee and Licensing Fees described in Item 6. We based this estimated amount on IP Owner's experience operating one company-owned CTRL V® Business in Canada, and our general impressions of the U.S. market. Neither we nor our affiliates have operated any CTRL V® Businesses in the United States.

The amounts in the table above are estimates, and we cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, local economic

conditions, the local market for CTRL V® Products and Services, the prevailing wage rate, competition, the amount of the initial investment you decide to finance, and the sales level reached during the initial period. You also will incur additional operating expenses in connection with the ongoing operation of your CTRL V® Business.

- (17) This total is an estimate of your pre-opening initial investment and the expenses you will incur during the first 3 months of CTRL V® Business operations. Your costs may vary based on a number of factors, including the geographic area in which you commence operation of the CTRL V® Business, local market conditions, and your skills at operating the CTRL V® Business. We strongly recommend that you review the estimates in this Item 7 carefully with a business advisor before you sign the Franchise Agreement, and use them as a guide to develop your own business plan and budget and investigate specific costs in your area. These figures are estimates only and we cannot guarantee that you will not have additional expenses in opening or operating your CTRL V® Business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of Products and Services throughout the CTRL V® system, you must maintain and comply with our mandatory quality standards. We will provide you with our Manual (as defined in Item 11) and various bulletins and notices that will contain our mandatory and recommended standards and specifications. As we determine trends in the marketplace or develop new marketing techniques, technologies, Products and Services, we anticipate that we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Manual, newsletters or other bulletins.

Location of your CTRL V® Business; Real Estate Lease

— You must locate a site for your Franchised Business that we consent to. We approve locations on a case by case basis, considering items such as size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, proximity to downtown, proximity to schools, availability of public transit, safety, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). If you sign a lease for the Franchised Business premises, you must provide us with a copy of the lease at least 10 days before you sign it and it must contain certain mandated provisions. We reserve the right to reject the lease if the lease does not contain these provisions. You are not required to purchase, lease or sublease the Franchised Business premises from us or our affiliate.

Fixtures, Equipment, Furniture & Signs

You must meet our mandatory specifications and standards in developing your Franchised Business. You must submit any modifications to our basic construction plans and specifications to us for our approval before you begin construction of your Franchised Business, and you must submit all revised plans and specifications to us during the course of construction. You must ensure that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. In developing and operating your Franchised Business, you may purchase only the types of construction and decorating materials, fixtures, equipment, furniture and signs that we require and have approved as meeting our mandatory specifications and standards for quality, design, appearance, function and performance. You may purchase these items from any supplier who can satisfy our mandatory standards and specifications.

We or our affiliate may be an approved supplier of one or more of these items. We or our affiliates are currently not an approved supplier of these items.

VR Stations

— You must purchase and use in the operation of the Franchised Business those brands or types of virtual reality hardware, ~~noise-cancelling headphones~~, consoles, motion controllers, software, lighting systems, displays, display cases, and other equipment pertaining to the VR Stations we designate, and we reserve the right to require you to purchase these items from our designated third-party supplier or suppliers, or other approved suppliers (if any).

Computer Hardware and Software

You must purchase a Computer System (including software and hardware) from our designated third-party supplier or suppliers, or other approved suppliers (if any). As of the issuance date of this disclosure document, the required software includes a platform for the POS System. This POS System software is proprietary to us, and we currently license it to you free of charge. As further described in Item 6, you also must pay monthly licensing fees to us for the use of designated software and programs that are key components of the VR Experiences you will offer from the VR Stations at your Franchised Business. We, in turn, pass on the licensing fees we collect from all CTRL V® Businesses to the respective software developers. While we currently do not charge an administrative fee for this service nor mark up the licensing fees due to the software developers, we reserve the right to do so in the future upon 30 days' notice to you. See Item 11 for information regarding the required Computer System.

Uniforms

Your employees must wear a uniform purchased from our designated third-party supplier. As of the issuance date of this disclosure document, our uniform consists of a logoed t-shirt and our designated supplier is Oddball Workshop, located at ~~280 East 5th Ave — Back Door~~ [2698 Nootka Street](#), Vancouver, ~~BC~~ [British Columbia](#), V5T ~~1H3~~ [M 3M5](#). We reserve the right, however, to designate an alternative uniform supplier or additional uniform suppliers. See Item 7 for information relating to uniform costs.

Insurance

— You must purchase and maintain for each Franchised Business you operate, at your expense, comprehensive general liability insurance with minimum limits of at least \$5,000,000, and at least a \$5,000,000 annual aggregate. All insurance policies must insure us, you and any other person that we designate from all liability, damages or injury, and must meet all other requirements that we designate. We may periodically increase or change the amounts and types of insurance required. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

Advertising and Promotional Programs

— You must participate in all advertising and promotional programs we establish in the manner we direct, which may include on-line directory advertising, customer loyalty programs, customer surveys or sponsorship of national charitable activities. If we establish sponsorship of national charitable activities, you may be required to contribute a portion of sales or profits to the national charity. Samples of all advertising, marketing and promotional materials not prepared or previously approved by us must be submitted to us for approval prior to their use or review by a third party, which approval will not be

unreasonably withheld. As further described in Item 6, you must pay us a per item fee if you fail to submit and receive our approval of any advertising, marketing, or promotional materials prior to use. See Item 11 for further information regarding advertising programs.

Customer Loyalty Programs and Other Programs

— You must, at your expense, participate in and honor all provisions of any customer loyalty, gift card or gift certificate program, or other advertising or promotional programs that we establish, as further described in the Manual. If we establish such programs, you must pay any third-party vendor any fees associated with these programs.

Credit Cards and Other Methods of Payment

— At all times, you must maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-funds-transfer systems that we designate as mandatory, and you must not use any such services or providers that we have not approved in writing or for which we have revoked our approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider or method of payment. For purposes of clarification, we reserve the right, upon notice to you through the Manual or otherwise, to prohibit you from accepting cash from your customers. You must comply with all credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Manuals.

Supplier and Product Approval

We will provide you with lists of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and designated and approved products, inventory, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Franchised Business ("Approved Supplies List"). The Approved Suppliers List may list particular suppliers from which you must purchase certain signs, equipment, supplies, fixtures, uniforms, accounting services or other items for use in your Franchised Business. The Approved Supplies List may include specific brands or types of items that you must purchase, or may include specific types of items that you may buy from any source provided that the items conform to the mandatory standards and specifications for the System. We, an affiliate or a third-party vendor or supplier periodically may be the only designated or approved supplier for certain products or services. The lists specify the suppliers and the Products and Services which we have designated or approved for use in the System. We may revise these lists and provide you with a copy of designated and approved lists as we deem advisable. Currently, we require that you use in connection with the Franchised Business our proprietary software for operating the POS System. Neither we nor our affiliates are the only designated supplier of any other product or service. However, as further described in Item 6, we will collect certain fees on behalf of third-party suppliers of designated software and programs and other products or services, and pass those payments onto those suppliers on your behalf.

If we have not designated the brand and/or manufacturer, or the source or sources, of any item used in the operation of the Franchised Business, and we have not otherwise approved the specific brand and/or manufacturer, or the specific source or sources, of that item, you may request that we approve an alternative to that item, or an alternative supplier for that item. In that case, you must first notify us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the alternative item complies with our specifications and standards, or the alternative supplier meets our approved supplier criteria. We will notify you of our decision within a reasonable period of time following our receipt of all information requested, and we do not expect that this

decision will take us more than 30 days. We have the right to charge either you or each proposed supplier a reasonable fee to review the alternative item or supplier. We may reinspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item. As part of the approval process, we may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

We apply certain general criteria in approving a proposed supplier, including the supplier's quality and pricing of products, ability to provide products/services that meet our specifications, responsiveness, ability to provide products/services within the parameters required by the System, quickness to market with new items, financial stability, credit program for franchisees, freight costs, and the ability to provide support to the System (merchandising, field assistance, education and training respecting sales and use of Products and Services).

Miscellaneous

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We are not aware of any purchasing or distribution cooperative in the System. We attempt to receive volume discounts for the System.

We may periodically make suggestions to you regarding your pricing policies in a price list. You may decide whether or not to follow these suggestions. We also have the right to establish maximum prices and/or minimum prices to be charged by you, but any exercise of that right will be specifically explained in writing. You must honor all maximum prices and minimum prices that we establish.

During our fiscal year ended December 31, ~~2017~~, 2018, neither we nor any of our affiliates received any revenue as a result of franchisee purchases of goods, or Products and Services.

We or our affiliate may derive revenue directly or in the form of rebates or other payments from suppliers, based directly or indirectly on the sale of clothing, accessories, advertising materials and other items to franchisees. Although we currently do not receive rebates or other payments from suppliers, we reserve the right to receive rebates or other payment and estimate that this revenue will range between 1% to 10% or more of the total purchase price of those items.

Some of our officers own an interest in us. Otherwise, there are no suppliers in which one of our officers owns an interest.

We estimate that the purchase or lease of equipment (including the Computer System), signs, fixtures, furnishings, supplies, inventory and advertising and sales promotions materials which meet our specifications will represent approximately 60% to 90% of the total cost to develop the Franchised Business. We estimate that the purchase or lease of supplies, inventory and advertising and sales promotions materials which meet our specifications will represent approximately 40% to 60% of the total cost to operate your Franchised Business.

~~{The remainder of this page was intentionally left blank.}~~

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 2 and 4.1 of Franchise Agreement	Item 11
b.	Pre-opening purchases/leases	Section 4.1 of Franchise Agreement	Items 7, 8 and 11
c.	Site development and other pre-opening requirements	Sections 4.2 and 4.3 of Franchise Agreement	Item 5, 7, and 11
d.	Initial and ongoing training	Sections 4.4 and 11.4.4 of Franchise Agreement	Items 7 and 11
e.	Opening	Sections 4.3, 4.5 and 6.3 of Franchise Agreement	Items 5 and 11
f.	Fees	Sections 2, 3, 4.3, 5.1, 6.1, 6.2.2, 6.2.3, 6.3, 7.4, 10.1, 11.3, 13.2.5, 14.3, 14.4, and 17.3 of Franchise Agreement	Items 5, 6 and 7
g.	Compliance with standards and policies/ Operations Manual	Sections 6 and 16 of Franchise Agreement	Items 11 and 16
h.	Trademarks and proprietary information	Sections 6.11 and 9 of Franchise Agreement	Items 13 and 14
i.	Restriction on products/services offered	Sections 2 and 5 of Franchise Agreement	Items 8 and 16
j.	Warranty and customer service requirements	Sections 4.6, 5.1, and 6.5 of Franchise Agreement	Item 11
k.	Territorial development	Sections 2.1, 2.4, and 4.1 of Franchise Agreement	Item 12
l.	Ongoing product/service purchases	Sections 5 and 6 of Franchise Agreement	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Section 6.4 of Franchise Agreement	Item 11
n.	Insurance	Section 6.10 of Franchise Agreement	Items 6, 7 and 8
o.	Advertising	Section 7 of Franchise Agreement	Items 6, 7 and 11
p.	Indemnification	Sections 3.6, 9.6, and 17.3 of Franchise Agreement	None
q.	Owner's participation/management/staffing	Sections 6.8 of Franchise Agreement	Items 11 and 15
r.	Records/reports	Sections 8 and 10.2 of Franchise Agreement	Item 6
s.	Inspections/audits	Section 10 of Franchise Agreement	Item 6
t.	Transfer	Section 13 of Franchise Agreement	Items 6 and 17

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
u.	Renewal	Section 2.3 of Franchise Agreement	Items 6 and 17
v.	Post-termination obligations	Section 12 of Franchise Agreement	Item 17
w.	Non-competition covenants	Section 12.4 of Franchise Agreement	Item 17
x.	Dispute resolution	Section 14 of Franchise Agreement	Item 17
y.	Security Interest	Section 17.7 of Franchise Agreement	None

ITEM 10 FINANCING

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

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Assistance. Before you open your Franchised Business, we will:

- (1) ~~4)~~ Provide the initial training program described below (Franchise Agreement – Section 4.4).
- ~~(5)~~ 2) Evaluate a proposed location of the Franchised Business to provide our approval or disapproval, and review your lease for the premises to confirm that it meets our requirements (Franchise Agreement – Section 1.1.14, Section 4.1).
- ~~(2)~~ 3) Provide you with our basic drawings and specifications for a CTRL V® Business (Franchise Agreement – Section 4.2).
- ~~(4)~~ Review any modifications to our basic plans and specifications that you may propose. You must not make any modifications to our basic plans and specifications without first obtaining our approval including, but not limited to, changes to the floor plan of the Premises. (Franchise Agreement – Section 4.2).
- ~~(3)~~ 5) Provide you with the specifications for equipment, decorations, signage, fixtures, opening inventory, and supplies for a CTRL V® Business (Franchise Agreement – Section 4.2). We do not deliver or install these items.
- ~~(4)~~ Provide the initial training program described below (Franchise Agreement – Section 4.4). ~~(5)~~ 6) Provide to you access to the confidential operations manual (the “Manual”). You must keep the Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 4.6).

Ongoing Assistance. During the operation of your Franchised Business, we will:

- (1) Provide you with lists of Approved Suppliers and Approved Supplies (Franchise Agreement – Section 4.6).

- (2) Provide Franchisee with Confidential Information relating to the System (Franchise Agreement – Section 6.11).
- (3) Provide you with updated and revised materials for the Manual from time to time (Franchise Agreement – Section 4.6).
- (4) Provide you with selected marketing materials from time to time, if we so choose, and review and approve or disapprove marketing materials that you propose (Franchise Agreement – Section 7.34.6). We are not obligated to deliver or install any signs or other equipment.
- (5) Operate a Marketing Fund (Franchise Agreement – Section 7.4).

Advertising Programs. We establish and conduct various advertising programs as follows:

We operate a national marketing and promotional fund (the “Marketing Fund”) to advertise and promote CTRL V® Businesses in the System. You will pay us a national marketing fee each year (the “Marketing Fee”). The current Marketing Fee is 1.5% of Gross Revenue. We will deposit the Marketing Fee in the Marketing Fund that we manage through a separate account. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, radio, television, Internet, electronic and billboard advertising, and employing advertising agencies. For efficiency purposes, certain administrative costs and expenses that benefit both the U.S. Marketing Fund and Canadian Marketing Fund may be shared by the two funds. We also will use the Marketing Fund to develop advertising and promotional materials for regional and local advertising cooperatives and for use in each franchisee’s local market. Currently, we anticipate that the Marketing Fund will be used primarily to pay for creative design costs to produce marketing materials and templates. In the future, we may develop an in-house advertising staff to assist in advertising. We also contract with various outside advertising agencies and third-party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of monies in the Marketing Fund. We are reimbursed for reasonable administrative costs and overhead incurred in administering the Marketing Fund for the preceding year.

We currently operate a Marketing Fund in the United States that is separate from the Marketing Fund in Canada. You are currently required to contribute to the U.S. Marketing Fund. Upon 30 days’ written notice to you, we may require you to participate in a Marketing Fund that is for both the United States and Canada, or to switch from one of these Marketing Funds to the other. You will not, however, be required to participate in more than one Marketing Fund at the same time.

We are not required to spend any particular amount on marketing, advertising or production in the area in which your Franchised Business is located. Marketing Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficit of the Marketing Fund and cause the Marketing Fund to invest in a surplus for future use by the Marketing Fund. Marketing Fees will not be used for advertising principally directed at the sale of franchises. At your request, we will provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

Each new CTRL V® franchisee must pay the Marketing Fee. Other franchisees may pay the same, less or more for the Marketing Fee. In addition, each CTRL V® we own in the United States will contribute to the Marketing Fund on the same basis as franchisees.

In 2018, we spent 100% of the Marketing Fund on media placement, and did not spend any portion of the Marketing Fund principally to solicit new franchise sales.

During our most recent fiscal year we did not collect any Marketing Fees.

—As of the issuance date of this disclosure document, there is no advertising cooperative for the System. However, in the future, we may require you to participate in local or regional advertising cooperatives we form or approve. We have the power to form, change, or dissolve any advertising cooperative. If any advertising cooperative is formed, we will work with the cooperative to determine its policies and procedures. We do not currently have any policies in place concerning the cooperative, because we do not have an advertising cooperative. Cooperative fees are payable to the cooperative. Your contribution to regional and local advertising cooperatives will be credited toward your required local advertising expenditure. You will not be required to spend more than 3% of Gross Revenue on cooperative contributions and/or local advertising.

As of the issuance date of this disclosure document, there is also no advertising council for the System. We have the power, however, to form, change, or dissolve any advertising council. In addition, any advertising council we form will serve in only an advisory capacity.

—You may develop advertising materials for your own use, at your own cost, if your materials are factually correct, accurately depict the Marks, and communicate the brand position and character that we have established for CTRL V® Businesses. If you develop advertisement, marketing or promotional materials, you must provide a copy of the materials to us for our review and approval (in writing) before you provide the materials to a third party. If you fail to submit any advertising, marketing, or promotional materials to us prior to use, we may charge you a per item fee, as further described in Item 6. If we later determine that your advertising, marketing or promotional materials do not satisfy our then-current advertising, marketing and promotional standards, you immediately must cease using those materials upon written notice from us. In addition, you must comply with all social media policies we require, as described in the Manual.

You must spend at least 3% of the monthly Gross Revenue of your Franchised Business on “approved” local advertising and promotional activities in your local geographic area. Amounts spent on unapproved advertising activities will not qualify in determining whether you have satisfied this minimum expense requirement. If you do not spend the minimum amount required for local CTRL V® Business advertising and public relations activities, you must pay us the amount of the difference for deposit in the Marketing Fund.

In addition, you must spend \$12,000 or more for your Franchised Business grand opening advertising campaign. ~~We may~~Our current policy is that we require you to provide us with monthly reports during the campaign itemizing the amounts that you spent on designated or approved advertising, public relations and marketing activities in connection with the grand opening campaign for the preceding month. If you fail to spend the minimum amount on your grand opening campaign, we may collect the unused portion of that amount and spend it on your behalf or deposit it into the Marketing Fund. Your grand opening campaign expenses will not be credited towards your local marketing obligation described above.

—Computer System. “Computer System” means the hardware, software, point-of-sale system (“POS System”) and related components that we may designate from time to time for use in the operation and management of a CTRL V® Business. You must use in your Franchised Business the Computer System that we have selected for use in CTRL V® businesses. We periodically may update or change the Computer System in response to business, operations, marketing conditions, or changes in technology. You must obtain any computer hardware, software, service, support or related components that

we specify within 60 days of receiving written notice from us. Currently, we estimate that the initial cost of the Computer System will range from \$3,000 to \$4,000. We also have the right to charge reasonable systems fees for software, hardware, or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you related to the System. You are responsible for all ongoing maintenance, repairs, upgrades, or updates to the Computer System. We estimate that your annual costs for any optional or required maintenance updating, upgrading or support contracts for the cash registers or computer systems will be ~~less than \$200;~~\$200 to \$1,000.

———We currently require that the Computer System include up to 5 laptops for customers to complete liability waivers electronically, one reception computer, and software to operate the POS System. As indicated in Item 8, we currently require you to use our proprietary software to operate the POS System, and we do not currently charge you any fees for this software. However, we may charge you fees for this software in the future, or require you to use other proprietary software relating to the POS System for which you may be required to pay us, our affiliates, or third parties initial and ongoing fees.

We have independent access to all operational and financial information and other data produced by or stored on your Computer System including, but not limited to, email that is based on the server we designate. (Franchise Agreement, Section 6.2.1.) There are no contractual limitations on our right to access the information and data.

Upgrades and Remodeling. You are required to undertake the periodic and ongoing remodeling and upgrading of the Franchised Business, the premises, and the furniture, fixtures, equipment, décor, signage and trade dress of the Franchised Business, that we required in the Manual or otherwise in writing. Without limiting the foregoing, not later than 2 1/2 years after the effective date of the Franchise Agreement, and again as a pre-condition to renewal, you are required to refurbish the Franchised Business at your expense to conform to the building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for new CTRL V® Businesses, including without limitation remodeling, redecoration, and modifications to existing improvements, as we may require in writing (collectively, “Facilities Remodeling”).

You will not be required to engage in Facilities Remodeling more than once every 2 1/2 years during the term of the Franchise Agreement. In addition, we may require Facilities Remodeling more often if such Facilities Remodeling is required as a pre-condition to renewal. You will have 6 months after receipt of our written notice, along with the specifications for such Facilities Remodeling, within which to complete Facilities Remodeling.

In addition to Facilities Remodeling, you must make, from time to time, such upgrades and other changes to the electronic equipment utilized in the Franchised Business, including without limitation VR Stations, and the Computer System as we may request in writing (collectively, “Equipment Upgrades”). We have the right to require any Equipment Upgrades that we deem necessary for your Franchised Business, and there is no contractual limit on Equipment Upgrades. The limitation on the frequency or scope of Facilities Remodeling does not include repair to, or the normal upkeep of, the Franchised Business, and it does not include Equipment Upgrades. There is no contractual limit on our ability to require you to perform normal upkeep of the Franchised Business.

Site Selection and Lease. If you already have a potential location for a CTRL V® Business, you may propose the location to us. We approve locations on a case by case basis, considering items such as size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, proximity to downtown, proximity to schools, availability of public transit, safety, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms

(including those that we require be in the lease). We may consent to the location after we have independently evaluated it.

The premises of the location of the Franchised Business will be identified in Exhibit A-2 to the Franchise Agreement. If you do not have a location for the Franchised Business at the time you sign the Franchise Agreement, you will sign Exhibit A-3 to the Franchise Agreement and will have 120 days following the Effective Date of the Franchise Agreement to find and obtain our consent to a location for the Franchised Business within the geographic area we designate, purchase or sign a lease and the Lease Addendum for the premises of that location (as further described below), and sign a revised Exhibit A-2 to the Franchise Agreement for that location.

If you sign a lease for the premises of the location of the Franchised Business, you must also execute the Lease Addendum attached to the Franchise Agreement with your landlord. We will make our prototypical site selection criteria available to you. You are solely responsible for locating and obtaining a location which meets our standards and criteria and that is acceptable to us. There is no time limit for us to consent to or deny our consent to a location that you have proposed, however, we will typically provide you with our decision within 30 days. We do not intend to have any ownership interest in the premises of the Franchised Business. Failure to obtain our consent to a location for the Franchised Business, purchase or sign a lease and the Lease Addendum for the premises of that location, or sign a revised Exhibit A-2 for that location within one 120 days after the Effective Date of the Franchise Agreement is a default under that agreement, which gives us the right to terminate it. You are also responsible for conforming the premises of the Franchised Business to all applicable laws.

Development Time. The typical length of time between our acceptance of the Franchise Agreement and the opening of your Franchised Business ranges from 120 to 240 days. This period may be longer or shorter, depending on the time of year, availability of financing, local construction delays, how soon you can attend training, whether you already have a potential location for a CTRL V® Business at the time you sign the Franchise Agreement, or other factors. You must comply with all pre-opening obligations and open the Franchised Business within 120 days after the Effective Date of Exhibit A-2 to the Franchise Agreement, which identifies the premises of the Franchised Business. If you are unable to comply with all pre-opening obligations and open the Franchised Business within this period, we have the right terminate your Franchise Agreement.

Training. You may not open your CTRL V® Business until you or at least one Principal acceptable to us (if you are an entity), and your manager have attended and successfully completed to our satisfaction our initial training program, which may require without limitation that the attendee has achieved a certain passing score that we may establish from time to time.

Our initial training program consists of the following:

TRAINING PROGRAM

Franchisee Pre-Training Schedule

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
<u>Introduction</u>	<u>0.25 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Company History</u>	<u>0.75 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Company Values & Goals</u>	<u>2 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Review of Franchisor/Franchisee Obligations</u>	<u>0.25 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Dev Day Discussion</u>	<u>0.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Brand Introduction/Guidelines</u>	<u>0.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Gameplay, Observation, Closing, Customer Service</u>	<u>9.75 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Floor Training</u>	<u>8 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Employee Onboarding/Terminating Requirements</u>	<u>0.75 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Game Related Processes</u>	<u>1.50 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Deployment Process</u>	<u>1 hour</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Administrative Functions Form</u>	<u>3 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Scorecard Review</u>	<u>0.75 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>PC Setup Procedures</u>	<u>0.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>GitLab Process</u>	<u>0.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Extra Life Discussion</u>	<u>1 hour</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>VR Equipment/RMA's</u>	<u>0.5 hours</u>	<u>10 hours</u>	<u>Waterloo, Ontario</u>
<u>Updates / Troubleshooting</u>	<u>0.5 hours</u>	<u>5 hours</u>	<u>Waterloo, Ontario</u>

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
<u>Marketing Processes (Part 1, 2, 3)</u>	<u>10 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Day-to-Day</u>	<u>1 hour</u>	<u>30 hours</u>	<u>Waterloo, Ontario</u>
<u>Wrap Up and Questions</u>	<u>Ongoing</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Assessment</u>	<u>8 hours</u>	<u>n/a</u>	
<u>Total</u>	<u>51 hours</u>	<u>45 hours</u>	

Franchisee Post-Training Schedule

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
<u>Introduction</u>	<u>0.25 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Company History</u>	<u>0.25 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Company Values & Goals</u>	<u>1.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>VR Hardware/RMAs</u>	<u>0.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Game Related Processes</u>	<u>1.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Opening Procedures</u>	<u>1 hour</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Steam/Steam VR/Ctrl Suite</u>	<u>2.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Floor Training</u>	<u>6 hour</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Gameplay/Observation/Closing</u>	<u>7.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Admin Panel</u>	<u>3 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Assessment</u>	<u>9.5 hours</u>	<u>n/a</u>	<u>Waterloo, Ontario</u>
<u>Total</u>	<u>33.5 hours</u>		

Deployment Training Schedule

Subject (1) (2)	Hours of Classroom Training	Hours of “On-the-Job” Training	Location
Company History	0.5	N/A	Waterloo, Ontario
Construction / Setup	N/A	24 <u>hours</u>	Franchised <u>Franchise</u> Location
VR Equipment	1	1	Waterloo, Ontario
Updates / Troubleshooting	1	1	Waterloo, Ontario
Game Play / UI	1	3	Waterloo, Ontario
Customer Service	1	N/A	Waterloo, Ontario
POS / Bookings	3	3	Waterloo, Ontario
Marketing	4	N/A	Waterloo, Ontario
Day-to-Day	1	31	Waterloo, Ontario
Wrap-Up and Questions	1	1	Waterloo, Ontario
Total Hours	13.5	64	

- (1) We hold training as needed for new franchisees. The instructional materials for each subject include the Manual and other materials that we designate.
- (2) ~~Josh~~ Jason Brooks oversees the training programs. Mr. Brooks is our ~~General~~ Communications Manager. Mr. Brooks has ~~62~~ years of experience in management. The instructors who administer our training programs will typically have 2 years of relevant experience and will have been with us or our affiliates for at least 6 months.

We do not charge a fee for the initial training program described above for up to 2 attendees who initially attend training at the same time. However, as further described in Item 7, we may charge a training fee for each additional attendee beyond these up to 2 attendees. Typically, training is scheduled within one month of signing the Franchise Agreement. For any additional training, you must pay our then-current fee (currently, ~~up to \$500 per person~~ \$1,000 per day, ~~subject for up to~~ change 2 attendees).

If you or a Principal acceptable to us (if you are an entity), or your manager fails to successfully complete our initial training program to our satisfaction during his or her first attempt, you may re-attend the initial training program, re-send the same Principal or send a replacement Principal acceptable to us (if you are an entity), or re-send the same manager or send a different manager, as the case may be. We may charge a training fee for any subsequent attendees who attend our initial training program. If any of these subsequent attendees fails to successfully complete the initial training program to our satisfaction, we may terminate the Franchise Agreement.

At all times during the term of the Franchise Agreement, you or at least one Principal acceptable to us (if you are an entity), and your manager must be individuals who have attended and successfully

completed to our satisfaction the initial training program and any mandatory ongoing training. However, you will have 30 days or a longer period we agree to in writing to comply with this requirement if an individual that used to allow you to satisfy this requirement is being replaced.

We may, from time to time, request that you or at least one Principal acceptable to us (if you are an entity), your managers or any of your employees attend such conferences and meetings, and follow such retraining, product knowledge or skills training programs as we may reasonably require from time to time, ~~for a~~ which may or may not have an accompanying fee. We have the right to designate when and where conferences, meetings and ongoing training takes place, which may be in either the United States or in Canada, the duration of the conferences, meetings and ongoing training, and the fees associated with them. We also may elect to offer conferences, meetings and ongoing training telephonically or over the Internet. All training may be conducted by us, IP Owner or another affiliate of ours.

You will be solely responsible for the applicable fee, if any, and the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with you and the Franchised Business who attend any initial and ongoing training, conventions and meetings. See Item 7 for additional information on these costs.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to clients in a manner that reflects the mandatory customer and client service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

~~—~~ Once you have received shipment of all tools, supplies, materials, equipment and software tools necessary to install the VR Stations, equip the premises, and operate the Franchised Business, you must notify us. Upon receipt of this notice, we will then schedule up to 3 days of onsite assistance at your location during normal business hours in order to assist you with the setup and testing of not less than 2 VR Stations. We will provide up to 20 additional hours of telephone, email and ~~videoconference~~ video conference support, in our sole discretion, during normal business hours to further assist with startup and system integration as you build out and deploy the remaining VR Stations. Additional assistance in setting up and integrating the remaining VR Stations will be available at our then-current fee (currently, ~~up to \$500 per person~~ \$1,000 per day for up to 2 attendees, subject to change).

Manual. During the term of the Franchise Agreement, we will allow you to electronically access our Manual. The current table of contents of the Manual, as of the issuance date of this disclosure document, is attached as Exhibit G. Currently, the Manual consists of a total of ~~109~~ 114 pages.

ITEM 12 TERRITORY

You will receive a “Designated Area” surrounding the location of your Franchised Business once we have consented to the premises of the Franchised Business and sign Exhibit A-2 of the Franchise Agreement. The Designated Area will typically be designated by zip codes and encompass a population of at least approximately 200,000 people for a Franchised Business with 16 VR Stations, and we may designate a greater or lesser population depending on factors like the number of VR Stations that will be in place at the Franchised Business. We use Vision mapping software, by Atlas Mapping to determine demographics. We are not required under the Franchise Agreement to grant you a Designated Area of any particular size. The premises of the location of the Franchised Business and the Designated Area will be indicated in Exhibit A-2 of the Franchise Agreement.

If you do not have a location for your Franchised Business when you sign the Franchise Agreement, you will sign Exhibit A-3 to the Franchise Agreement. You will then have 120 days after the Effective Date of the Franchise Agreement to find and obtain our consent to a location for the Franchised Business within the geographic area (“Area”) we designate in Exhibit A-3 to the Franchise Agreement, purchase or sign a lease and the Lease Addendum for the premises of that location, and sign a revised Exhibit A-2 to the Franchise Agreement for that location. Our designation of the Area in Exhibit A-3 to the Franchise Agreement does not confer any territorial rights upon you during the period in which you are attempting to find and receive our consent of a location for the Franchised Business, and we and our affiliates reserve, during that period, all territorial rights within the Area, including without limitation the right to directly operate, or grant to other persons or entities the right to operate CTRL V® Businesses within the Area. Once we consent to the premises of the Location of the Franchised Business within the Area designated in Exhibit A-3 to the Franchise Agreement, we and you will then sign Exhibit A-2 to the Franchise Agreement, which identifies the premises and the Designated Area for your Franchised Business. If you do not obtain our consent to a location for the Franchised Business with the Area, purchase or sign a lease and the Lease Addendum for the premises of that location, or sign a revised Exhibit A-2 for that location within one 120 days after the Effective Date of the Franchise Agreement, we have the right to terminate the Franchise Agreement, as further described in Item 11.

The territorial rights in the Designated Area that are granted to you under the Franchise Agreement are not dependent upon achieving certain sales volumes, market penetration or other contingency. So long as you remain in compliance with the Franchise Agreement, your Designated Area (once established) will not be altered during the initial term of your Franchise Agreement, although it may be altered upon renewal of your franchise. If you default under the Franchise Agreement, however, instead of terminating the Franchise Agreement, we may modify, or eliminate completely, the Designated Area, and/or terminate or modify your rights to the Designated Area.

During the term of the Franchise Agreement, if you are in compliance with the provisions of the Franchise Agreement, we will not establish any other franchised or company-owned CTRL V® Businesses in the Designated Area (once established). The Designated Area does not include any airports or other transportation terminals, sports arenas, stadiums and facilities, hospitals, schools, college and university campuses, corporate campuses, health clubs, military bases, casinos, convention centers, theme and amusement parks, hotels, mall kiosks or enclosed shopping centers, fairs or festivals, or other similar types of “captive” locations that have a restricted trade area (“Non-Traditional Locations”) that are located within the geographic boundaries of the Designated Area.

We do not grant you any exclusive territorial rights, protection or other rights in the contiguous space, area or market of the premises and we retain all rights not expressly granted to you in the Franchise Agreement. For instance, we specifically reserve the right, without any compensation to you or any other franchisee, and regardless of whether it competes with the Franchised Business:

- to directly operate, and to grant other persons or entities the right to operate, a CTRL V® Business outside of the Designated Area;
- to directly sell and market, and to grant other persons or entities the right to sell or market, Products and Services, and any other products and services, in connection with the Marks, through similar or dissimilar channels of distribution other than the operation of a CTRL V® (including the internet), within and outside of the Designated Area;

- to advertise the System on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks;
- to acquire, develop, and operate, or be acquired by, any company, including a company operating one or more competitive businesses, regardless of proximity of those businesses to or economic impact on the Franchised Business;
- to directly operate, and to grant other persons or entities the right to operate, CTRL V® Businesses at Non-Traditional Locations within and outside the Designated Area; and
- to directly operate, and to grant other persons or entities the right to operate, CTRL V® Businesses in a mobile setting, such as a trailer, within and outside the Designated Area.

Except for the Mobile Events described below, the Franchise Agreement grants you the ability to operate the Franchised Business from, and only from, a premises within the Designated Area that we have approved in writing. You may relocate your CTRL V® Business only with our written consent, which we will not unreasonably withhold. Any relocation of the Franchised Business must be at your sole expense, and must be completed within 180 days from the date of approval.

You may from time to time offer the Products and Services offsite within your Designated Area (a “Mobile Event”) at special events, parties, functions, conventions and for demonstration purposes. You must notify us not less than 5 days in advance of any Mobile Event, and you must provide the particulars of the Mobile Event, including without limitation the times and location of the event. We may attend the event for promotional purposes. You must provide us with any photos and other promotional material or information in relation to the Mobile Event that we may reasonably request. You must not undertake any Mobile Event unless you have complied with the insurance requirements of the venue and any additional minimum insurance requirements we prescribe for Mobile Events, and are otherwise undertaking the Mobile Event in compliance with the Franchise Agreement, the mandatory requirements we prescribe for the Mobile Events in the Manual or otherwise, and applicable law.

You are not permitted to offer or sell goods or services through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, or solicit and/or make sales outside of the Designated Area.

Neither we nor any of our affiliates currently operates, franchises, or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by CTRL V® Businesses. However, we and they reserve the right to do so in the future.

Under the Franchise Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

You have no right of first refusal or similar rights to acquire additional franchises.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses you to use the Marks, which include the trademark CTRL V®, as well as other trademarks, service marks, trade names, domain names, logos and other commercial symbols

we may use and register in the future for the System. We and IP Owner also claim common law trademark rights for the CTRL V® trademark, and will claim common law trademark rights in all other Marks.

The following table lists only the principal Marks that you are licensed to use. We or IP Owner has filed all required affidavits for these principal Marks.

Principal Trademarks	U.S. Registration No.	Registration Date	Principal/Supplemental Register
CTRL V (Word Mark)	5,424,428	March 13, 2018	Principal
 (Logo)	5,424,427	March 13, 2018	Principal

— IP Owner, our affiliate, owns the Marks and other intellectual property relating to the Marks and the System. IP Owner has licensed us the perpetual right to use, and to sublicense to franchisees the right to use, the Marks, including the principal Marks listed above, and certain other intellectual property in the operation of CTRL V® Businesses in the U.S. Territory under a trademark and intellectual property license agreement (the “License Agreement”). Under the License Agreement, we will pay to IP Owner an ongoing, arms’ length royalty at a rate we and IP Owner determine based on transfer pricing analysis and study. IP Owner may terminate the License Agreement if we fail to cure a breach under it within 30 days of IP Owner’s notice to us of that breach. Breaches under the License Agreement include (i) our failure or refusal to perform a required duty under the License Agreement, including the submission of royalty payments, (ii) our use of the Marks or other licensed intellectual property in a manner that Affiliate reasonably believes threatens the validity or integrity, or the goodwill, of the Marks or other intellectual property, and (iii) our failure or refusal to comply with any other provision of the License Agreement or any instruction of IP Owner concerning quality control standards for the Marks or other licensed intellectual property. If the License Agreement is terminated, any then-existing sublicenses (franchises) will continue for the term of the sublicenses, provided that the franchisees comply with all other terms of their Franchise Agreements. The License Agreement contains no other limitations.

We will designate the Marks that you are licensed to use under the Franchise Agreement. We have the right at any time to modify, discontinue, add to or substitute the Marks that you are licensed to use under the Franchise Agreement.

Your use of the Marks and any goodwill is to our and IP Owner’s exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You may not use any Mark, any modified version or derivative of any Mark, or any commercial identification confusingly similar to the Marks, as part of any corporate or any trade name or in the sale of any unauthorized product or service, or in any unauthorized manner. We have the right to approve your name. You may not use any Mark or portion of any Mark on any web site without our prior written approval. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We and IP Owner have the right at any time to modify or discontinue use of any Mark, or to require you to use one or more additional or substitute trademarks, service marks or trade names. In this event, you must, at your expense, comply with those modifications, discontinuances or substitutions upon receipt of our written notice to you. We will not reimburse you for any costs associated with modifying or substituting the use of any Mark, for any loss of goodwill associated with any modified or discontinued Mark (which IP Owner owns) or for any expenditures made by you to promote a modified or substitute trademark or service mark. We will have no liability or obligation as to your modification, discontinuance or substitution of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. Other than as described above, there are currently no effective agreements that significantly limit our rights to use or license the use of any Marks listed in this Item 13 in any manner material to the franchise. We are not aware of any infringing uses or superior rights that could materially affect your use of the principal Marks. We or IP Owner intend to the renew registrations of these Marks as applicable.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, or any claim by any person of any rights in any Mark or any similar trade name, Mark or service mark of which you become aware. We and IP Owner may take any action including, without limitation, no action, we and IP Owner deem appropriate, and have the right to exclusively control any administrative proceeding, litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark.

Neither we nor IP Owner are obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We and IP Owner have the right to control any litigation related to the Marks, and we and IP Owner have the right to decide to pursue or settle any infringement actions related to the Marks. You must immediately notify us of any infringement or unauthorized use of the Marks of which you become aware, and will, at your expense, cooperate in all respects with us and IP Owner in any court or other proceedings involving the Marks. We and/or IP Owner will pay the cost and expense of all litigation we and IP Owner incur, including attorneys’ fees, specifically relating to the Marks, unless the litigation results from your misuse of the Marks in violation of the Franchise Agreement. If we and IP Owner determine that a Mark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense, and will have no further rights to the Marks that were changed or substituted.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the issuance date of this disclosure document, there are no patents or copyrights registered or pending, and no patent applications, that are material to the franchise, although we do claim copyright ownership and protection for our CTRL V® Franchise Agreement, Manual, training materials, website and internet-related materials, advertising, marketing and sales promotion materials, and various other materials we periodically furnish or make available to you.

There are no currently effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. Other than the License Agreement described in Item 13, there are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. We are not aware of any patent or copyright infringement that could materially affect you.

Neither we nor IP Owner are obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We and IP Owner have the right to control any litigation related to any patents and copyrights and we and IP Owner have the right to decide to pursue or settle any infringement or unauthorized use actions related to the patents or copyrights. You must immediately notify us of any infringement or unauthorized use of the patents or copyrights of which you become aware, and will, at your expense, cooperate in all respects with us and IP Owner in any court or other proceedings involving the patents and copyrights. We

and/or IP Owner will pay the cost and expense of all litigation we and IP Owner incur, including attorneys' fees, specifically relating to any patents and copyrights, unless the litigation results from your misuse of the patents and copyrights in violation of the Franchise Agreement. If we and IP Owner determine that any infringement action requires changes or substitutions to any patents or copyrights, you must make the changes or substitutions at your own expense, and will have no further rights to the patents or copyrights that were changed or substituted.

We own certain proprietary or confidential information and trade secrets relating to the operation of CTRL V[®] Businesses, including information in the Manual and all other "Confidential Information" (as defined in Section 1.1.2 of the Franchise Agreement). You must keep confidential during and after the term of the Franchise Agreement the Confidential Information. When your Franchise Agreement expires or terminates, you must return to us all Confidential Information and all other copyright material. You must notify us immediately if you learn of an unauthorized use of the Confidential Information. We are not obligated to take any action and we will have the sole right to decide the appropriate response to any unauthorized use of the Confidential Information. You must comply with all changes to the Manual at your expense. We will own the data that is located on the Computer System. We will periodically establish policies under which we or you may use this data.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless otherwise approved by us in writing, the Franchised Business must at all times be under your direct supervision or the direction of your Principals (if you are an entity).

The individual responsible for the day-to-day supervision of the Franchised Business (i.e., you or a manager who meets our standards and specifications) assumes his/her responsibilities on a full-time basis must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations. In addition, your manager and you or one of your Principals acceptable to us (if you are an entity) must successfully complete our initial training program. Your manager is not required to have an ownership interest in you (if you are an entity) or in the Franchised Business.

Each individual who owns a 5% or greater interest in the franchisee entity is considered to be a "Principal" and must sign the guarantee attached as Exhibit B to the Franchise Agreement and the confidentiality agreement attached as Exhibit E-1 to the Franchise Agreement. Each Principal's spouse must also sign the guarantee attached as Exhibit B to the Franchise Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions, including maintaining the confidentiality of all confidential information described in Item 14 and complying with the non-compete covenants described in Item 17. In addition, all of your employees who have managerial duties at the Franchised Business, as well as all corporate officers and directors of a corporate franchisee entity (all partners in a partnership), must sign a written agreement to maintain the confidentiality of our Confidential Information described in Item 14 and comply with the non-compete covenants described in Item 17. If you are an individual, your spouse is not required to sign a personal guaranty.

You must comply with all applicable labor, employment and wage and hours laws and regulations. All personnel decision, including hiring, firing, disciplining, compensating, benefits, and scheduling, will be made by you, without any influence from us, and such decisions and actions will not be, nor be deemed to be, a decision or action of ours, even if we provide any advice or recommendations on any issue.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 describes our requirements for approved supplies and approved suppliers. You must offer and sell from the Franchised Business all of the Products and Services that we periodically require, and you may not offer and sell from the Franchised Business any unapproved products or services. For instance, you must offer to your customers those games and applications listed as mandatory on our then-current games and applications menu to be offered by all U.S. CTRL V® franchisees to the general public, as this menu is updated by us from time to time. You may, at your option, offer to your customers those games and applications that are listed on the then-current menu as optional or non-mandatory. You may not use the premises of the Franchised Business for any purpose other than the operation of a CTRL V® Business. In addition, as further described in Item 12, you may not operate the Franchised Business from any location other than the premises, including, but not limited to, in a trailer or other mobile setting, without our prior written consent. We have the unlimited right to change the System and other items, equipment and related accessories and other products and services you may offer and sell from or use at the Franchised Business.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision		Section in Franchise or Other Agreement	Summary
a.	Length of the franchise term	Section 2.2	Commences on the effective date of the Franchise Agreement and ends 5 years after the effective date of the Franchise Agreement unless previously terminated.
b.	Renewal or extension of the term	Section 2.3	If you are in good standing, you can renew the Franchise Agreement for 3 consecutive renewal terms of 5 years each.
c.	Requirements for you to renew or extend	Section 2.3	Provide advance notice, comply with current franchise agreement, satisfactorily complete any new/refreshers training programs, sign new then-current agreement (which may contain materially different terms and conditions than your original Franchise Agreement), remodel, pay renewal fee, sign a general release of claims, etc.
d.	Termination by you	Not Applicable	Not Applicable
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Sections 11.1 and 11.2	We may terminate the Franchise Agreement only if you default.

Provision	Section in Franchise or Other Agreement	Summary
-----------	---	---------

~~[The remainder of this page was intentionally left blank]~~

g.	“Cause” defined – curable defaults	Section 11.2	You will be deemed to be in default of the Franchise Agreement, and the Franchise Agreement will terminate after the applicable cure period if you: operate the Franchised Business in a manner that presents a health or safety hazard (5 day cure period); misuse any Mark or commit any act that may materially impair the goodwill associated with the franchise system, the Franchised Business or any Mark (5 day cure period); make a material misrepresentation to us (5 day cure period); and/or fail to comply with any other agreement entered into between you (and/or your affiliates and Principals) and us and/or our affiliates concerning the Franchised Business (30 day cure period, or any shorter period specified by that agreement). And all other defaults under Franchise Agreement not listed in Sections 11.1 or 11.2 (30 day cure period).
----	------------------------------------	--------------	--

~~[The remainder of this page was intentionally left blank]~~

h.	“Cause” defined – non-curable defaults	Section 11.1 and 11.2	You will be deemed to be in default of the Franchise Agreement, and the Franchise Agreement will automatically terminate without notice if: you become insolvent or make an assignment for the benefit of creditors, file bankruptcy, liquidate, etc.; a receiver or custodian for your business or assets is filed and consented
----	--	-----------------------	--

Provision		Section in Franchise or Other Agreement	Summary
			to by you or not dismissed within 30 days; a seizure or any execution is levied against any substantial part of the assets of the Franchised Business and is not contested or remedied within 10 days fail to satisfactorily complete all required training. You will be deemed to be in default of the Franchise Agreement, and the Franchise Agreement will terminate upon notice if you: fail to pay fees when due; default under your lease for the Franchised Business premises or abandon control of the Franchised Business; misrepresent any fact statement or report; fail to submit financial statements and other information when due; are convicted of or plead guilty to certain crimes or offenses; make an unauthorized assignment of the franchise or an ownership interest in you; make any unauthorized use or disclosure of confidential information or trade secrets; are in default under any security document, agreement or any contract with any creditor, bank or financial institution; sell, purchase or attempt to sell or purchase any products and services other than those approved by us; die, revoke or cancel any guaranty granted under the Franchise Agreement (in cases of death, any guarantor must be replaced by another guarantor acceptable to us within 30 days); fail to open and commence full operations; fail to locate a premises and execute a lease for the Franchised Business within 120 days after the effective date of the Franchise Agreement; and transfer or assign the lease for the premises of the Franchised Business.
i.	Your obligations on termination/nonrenewal	Section 12	You must: pay all amounts owed to us within 15 days of termination or expiration; return all proprietary software, confidential information and other documentations provided by us or our affiliates; discontinue using the Marks, the CTRL V name and the System; transfer all telephone numbers or other communication services used in the Franchised Business to us; submit final reports; cancel all business registrations; comply with all post-term covenants; etc.
j.	Assignment of contract by us	Section 13.1	We can transfer and assign all or any part of our rights under the Franchise Agreement upon notice

Provision		Section in Franchise or Other Agreement	Summary
			to you.
k.	“Transfer” by you-defined	Section 13	Includes transfer of Franchised Business or its assets, or your interest in the Franchise Agreement or the franchisee entity.
l.	Our approval of transfer by franchisee	Section 13.2	We have the right to approve all transfers of the Franchise Agreement, but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Section 13.2	New franchisee qualifies and completes training, all amounts owed us or our affiliates are paid, and you are in good standing, new franchisee meets our current criteria and qualifications; new franchisee signs then-current agreement, we approve the transfer agreement, transfer fee paid, lease assigned (if applicable), you sign non-compete agreement and general release. No transfer fee for transfer to immediate family member.
n.	Our right of first refusal to acquire your business	Section 13.4	We can match any offer for your business.
o.	Our option to purchase your business	Section 5.6	When the Franchise Agreement expires or terminates, we may purchase the current reusable equipment and inventory used in the Franchised Business at a price equal to the lesser of (i) 75% percent of the current cost price to Franchisee as appears on Franchisor’s most current price list, and (ii) book value, provided that the equipment is not obsolete and can be reused in another CTRL V® Business, and in the case of inventory, is new and perfect condition and can be sold as new.
p.	Your death or disability	Section 13.3	Franchise or ownership in you (as applicable) must be assigned by estate to an approved buyer within reasonable time not exceeding 6 months.
q.	Non-competition covenants during the term of the franchise	Section 12.4	No involvement in any business involved in the retail or wholesale, sale or lease of products the same or similar to the products and services authorized under the Franchise Agreement, including any virtual reality systems or any virtual reality or augmented reality experience (a “Competitive Business”).
r.	Non-competition covenants after the franchise is	Section 12.4	For two years following the termination or expiration of the Franchise Agreement, no involvement in a Competitive Business within 10

Provision		Section in Franchise or Other Agreement	Summary
	terminated or expires		miles of the premises of the Franchised Business or within 10 miles of the premises of another CTRL V® Business.
s.	Modification of the agreement	Section 9.7	No modifications except in writing. We may modify Operations Manual, Marks, System and goods/services to be offered to your Franchised Business.
t.	Integration/merger clause	Section 15.7	The Franchise Agreement, and its schedules and exhibits, is the entire agreement of the parties. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim the express representations made in this disclosure document or its attachments or addenda.
u.	Dispute resolution by arbitration or mediation	Section 14	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to binding arbitration in Toronto, Canada (subject to state law).
v.	Choice of forum	Section 15.3	Litigation not subject to arbitration in Toronto, Canada must be in federal or state court where the Franchised Business is located (subject to state law).
w.	Choice of law	Section 15.4	The laws of the state where your Franchised Business is located applies (subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item 19 is based upon historical financial performance information from the one ~~corporate CTRL V® Business in Waterloo, Ontario, Canada, that is owned and operated by IP Owner (the “Canadian Corporate Location”)~~ during the period from January 1, 2017 to December 31, 2017 (the fiscal year end of IP Owner and us is December 31), as provided to us by IP Owner. ~~As of the issuance date of this disclosure document, the Canadian Corporate Location was the only CTRL V® Business that we or our affiliates had ever operated. In addition, as of the issuance date of this disclosure document, no franchised CTRL V® Businesses had been open and operating for one full year in Canada, and there were no corporate or franchised CTRL V® Businesses open or operating in the United States or elsewhere for one full year. Therefore, this financial performance representation only includes information pertaining to the Canadian Corporate Location.~~ franchised CTRL V® Business located in Howell, New Jersey (the “Howell Franchised Business”), which is owned and operated by franchisee OutlierVR, LLC. The Howell Franchised Business was open and operating during the entire period from January 1, 2018 to December 31, 2018, although it temporarily closed in January for a few weeks due to facility issues. The Howell Franchised Business is located within a facility in a strip plaza that has approximately 4,276 square feet and consists of 17 VR stations. The population of Howell, New Jersey is approximately 52,476 (as of 2017). The population of the region where Howell, New Jersey is located has approximately 250,000 people, when the population of Howell, New Jersey is combined with the populations of neighboring townships. The Howell Franchised Business The Canadian Corporate Location operates 52 weeks a year for 6 days a week, and the average sellable gaming hours are approximately 48 hours per week per VR Station. Customers of the Howell Franchised Business pay a rate of \$25 per hour.

As further described in Item 20, as of December 31, 2018, the Howell Franchised Business was the only operational franchised CTRL V® Business in the United States, and there were no company-owned CTRL V® Businesses in the United States. In addition, no franchised or company-owned CTRL V® Business in the United States closed during 2018.

The data in this Item 19 for the Howell Franchised Businesses is based on information OutlierVR, LLC reported to us. We have not audited or independently verified this information.

Data for ~~IP Owner’s Canadian Corporate Location (1) (2)~~

	01/2017	02/2017	03/2017	04/2017	05/2017	06/2017
Gross Revenue (3)	US\$43,352 (CAD\$55,946)	US\$34,627 (CAD\$44,686)	US\$39,943 (CAD\$51,542)	US\$31,356 (CAD\$40,458)	US\$34,161 (CAD\$44,075)	US\$30,349 (CAD\$39,153)
Utilization Rate (4)	74.74%	74.96%	74.70%	66.59%	66.64%	70.41%
Cost of Sales						
Game Royalties (5)	US\$1,372 (CAD\$1,770)	US\$1,558 (CAD\$2,010)	US\$1,857 (CAD\$2,396)	US\$3,173 (CAD\$4,094)	US\$5,196 (CAD\$6,705)	US\$2,335 (CAD\$3,013)
Total	US\$1,372 (CAD\$1,770)	US\$1,558 (CAD\$2,010)	US\$1,857 (CAD\$2,396)	US\$3,173 (CAD\$4,094)	US\$5,196 (CAD\$6,705)	US\$2,335 (CAD\$3,013)
Gross Profit(6)	US\$41,984 (CAD\$54,176)	US\$33,074 (CAD\$54,176)	US\$34,211 (CAD\$44,146)	US\$28,182 (CAD\$36,364)	US\$28,962 (CAD\$37,370)	US\$28,007 (CAD\$36,140)
Gross Profit Margin(7)	96.8%	95.5%	95.3%	89.9%	84.8%	92.3%

	07/2017	08/2017	09/2017	10/2017	11/2017	12/2017
Gross Revenue (3)	US\$29,285 (CAD\$37,799)	US\$33,982 (CAD\$43,854)	US\$30,003 (CAD\$38,719)	US\$32,162 (CAD\$41,502)	US\$35,841 (CAD\$46,256)	US\$37,842 (CAD\$48,831)
Utilization Rate (4)	62.15%	67.43%	54.24%	56.63%	64.32%	69.31%

Cost of Sales						
Game Royalties (5)	US\$3,621 (CAD\$4,673)	US\$2,418 (CAD\$3,120)	US\$3,500 (CAD\$4,516)	US\$3,359 (CAD\$4,335)	US\$1,048 (CAD\$1,352)	US\$5,084 (CAD\$6,561)
Total	US\$3,621 (CAD\$4,673)	US\$2,418 (CAD\$3,120)	US\$3,500 (CAD\$4,516)	US\$3,359 (CAD\$4,335)	US\$1,048 (CAD\$1,352)	US\$5,084 (CAD\$6,561)
Gross Profit(6)	US\$25,667 (CAD\$33,126)	US\$31,562 (CAD\$40,734)	US\$26,502 (CAD\$34,203)	US\$28,800 (CAD\$37,167)	US\$34,790 (CAD\$44,904)	US\$32,750 (CAD\$42,270)
Gross Profit Margin(7)	87.6%	92.9%	88.3%	89.6%	97.1%	86.6%

~~(1) CTRL V® Location in Waterloo. This facility is located at 170 Columbia St. W., Suite #5 in Waterloo, Ontario, Canada (N2L 3L3), and has been continuously owned and operated by IP Owner (which is owned by Robert Bruski, Ryan Brooks, and James Elligson) since it opened in June 2016. This facility has approximately 3,200 square feet. It is located at the back of an office building behind the administrative buildings of the University of Waterloo. The population of Waterloo, Ontario, Canada is approximately 100,000. The combined population of Waterloo, Ontario, Canada and its neighboring city of Kitchener, Ontario, Canada is about 330,000. There is no street signage that advertises the Canadian Corporate Location.~~

~~The Canadian Corporate Location operates 52 weeks a year for 6 days a week. The Canadian Corporate Location consists of 16 VR stations. The average sellable gaming hours for the Canadian Corporate Location is 42 per week per VR Station. IP Owner charges customers US\$20.25 (CAD\$25) per hour for VR sessions, which includes Harmonized Sales Tax ("HST") (the rate is US\$17.92 (CAD\$22.12) without HST). However, commencing in 2018, HST will not be included in these amounts.~~

~~(2) All amounts in the charts are in U.S. dollars, with the corresponding Canadian dollar amount in parenthesis beneath the U.S. dollar amount. Where applicable, the rate of exchange used in compiling these estimates was US\$.77=CAD\$1, which was the rate of exchange quoted in the Wall Street Journal on March 22, 2018. The exchange rate is of course subject to change. Except for the variables described in this note 2 and in note 1 above, we are not aware of any material financial or operational characteristics of the Canadian Corporate Location that are reasonably anticipated to differ materially from operational franchised CTRL V® Businesses.~~ Howell Franchised Business (1)

	<u>01.2018</u>	<u>02.2018</u>	<u>03.2018</u>	<u>04.2018</u>	<u>05.2018</u>	<u>06.2018</u>
<u>Gross Revenue (2)</u>	\$1,647	\$14,235	\$22,030	\$27,348	\$14,338	\$16,121
<u>Utilization Rate (3)</u>	3.98%	17.33%	22.34%	36.29%	20.01%	25.09%
<u>Cost of Sales</u>						
Game Royalties (4)	\$121	\$1,172	\$2,059	\$2,689	\$1,711	\$2,165
<u>Total</u>	\$121	\$1,172	\$2,059	\$2,689	\$1,711	\$2,165
<u>Gross Profit(5)</u>	\$1,526	\$13,063	\$19,971	\$24,659	\$12,627	\$13,956
<u>Gross Profit Margin(6)</u>	92.7%	91.8%	90.7%	90.2%	88.1%	86.6%

	<u>07.2018</u>	<u>08.2018</u>	<u>09.2018</u>	<u>10.2018</u>	<u>11.2018</u>	<u>12.2018</u>
<u>Gross Revenue (2)</u>	\$21,580	\$33,788	\$27,610	\$21,916	\$23,874	\$29,184
<u>Utilization Rate (3)</u>	31.90%	43.24%	33.71%	32.20%	35.55%	37.00%
<u>Cost of Sales</u>						
Game Royalties (4)	\$2,640	\$4,182	\$2,751	\$2,550	\$2,645	\$3,046
<u>Total</u>	\$2,640	\$4,182	\$2,751	\$2,550	\$2,645	\$3,046

<u>Gross Profit(5)</u>	<u>\$18,940</u>	<u>\$29,606</u>	<u>\$24,859</u>	<u>\$19,366</u>	<u>\$21,229</u>	<u>\$26,138</u>
<u>Gross Profit Margin(6)</u>	<u>87.8%</u>	<u>87.6%</u>	<u>90.0%</u>	<u>88.4%</u>	<u>88.9%</u>	<u>89.6%</u>

(1) Howell Franchised Business. The Howell Franchised Business is located at 4012 U.S. 9 S, Howell, New Jersey, 07731, and has been owned and operated by OutlierVR, LLC since it opened in January 2018.

(32) Gross Revenue. “Gross Revenue” for the purpose of this Item 19 means all ~~revenue~~revenues from sales of VR sessions in the various packages that are offered not including local tax. Gross Revenue takes into account discounts, allowances, and returns.

(43) Utilization Rate. “Utilization Rate” means the percentage of playable hours that are utilized by customers. As noted above, the average sellable gaming hours for the ~~Canadian Corporate Location is 42~~Howell Franchised Business is 48 per week per VR Station. For all ~~16~~17 VR stations at the ~~Canadian Corporate Location~~Howell Franchised Business, there would be ~~672~~816 gaming hours available per week. In a given week, if ~~471~~571 of those ~~672~~816 hours were utilized by customers, the Utilization Rate would be 70%~~, of the capacity that the playable hours are filled as a percentage.~~

(54) Game Royalties. “Game Royalties” means the royalties that are paid to third party developers for the use of the games and intellectual property. See Item 6. ~~As of the issuance date of this disclosure document, Game Royalties were the same for Canadian and U.S. CTRL V® Businesses. However, in the future, Game Royalties may be different for Canadian and U.S. CTRL V® Businesses.~~ Under our current arrangements with game developers, Game Royalties have typically ranged between ~~8~~10% and ~~10~~15%. We will negotiate different arrangements with game developers from time to time.

(65) Gross Profit. “Gross Profit” means the profit that is left at the ~~Canadian Corporate Location~~Howell Franchised Business after paying for cost of goods sold, which consist of only the Game Royalties. ~~As with the Canadian Corporate Location, Game Royalties are the only costs of goods sold that a franchised CTRL V® Business must subtract from its gross revenue to determine its gross profit.~~

(76) Gross Profit Margin. “Gross Profit Margin” means gross profit as a percentage of Gross Revenue. As noted in note 6 above, the only expense that is taken into account to calculate Gross Profit Margin in the table above is the Game Royalties. ~~May 2017 had an unusually low profit margin as a result of a bonus paid to game developers by CTRL V corporate to encourage the growth of relationships. July 2017 also had an unusually low profit margin because of a testing of a new, more expensive game for customer interaction that is optional to franchisees but has been commonly requested by patrons. November 2017 had unusually high gross profit margins because developers forgave royalty payments on account of a large charitable event, which caused a reduced game royalty. December 2017 had unusually low profit margins due to additional new game testing at the location.~~

——— ~~For franchisees, assuming that the Royalty Fees (7%), Marketing Fees (1.5%), and Game Royalties are all factored into the Gross Profit Margin, we do not expect that a franchisee’s Gross Profit Margin would be less than 80%.~~

The Gross Profit figures described above do not reflect all of the costs and expenses relating to the operation of a franchised ~~CTRL-V~~CTRLV® Business, including without limitation Royalty Fees and Marketing Fees ~~paid to us~~. All other costs such as rent, advertising and marketing, insurance, utilities, salary of the manager, maintenance and repairs, and bank and credit card fees ~~is~~are considered operating expenses, are variable based on the location, and ~~will~~ affect your net ~~income and~~ profit. These costs must be deducted to obtain your net ~~income or~~ profit. You should conduct an independent investigation of the costs and expenses you will incur in operating a franchised ~~CTRL-V~~CTRLV® Business. We recommend that you consult with an attorney and other advisors before signing a Franchise Agreement. ~~A new CTRL-V® Business' results will likely be different from the results stated in this financial performance representation.~~

You are responsible for developing your own business plan for your franchised ~~CTRL-V~~CTRLV® Business. In developing a business plan, ~~we recommend you~~ are cautioned to make necessary allowance for changes in financial results to income, expenses or both that may result from operation of a ~~franchised CTRL-V~~CTRLV® Business during periods of, or in geographic areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences. ~~We also recommend you make necessary allowances in financial results to income, expenses or both to take into account that you will be operating your CTRL-V® Business as a franchised location and in the United States, rather than in Canada.~~

One business has earned these amounts. Your individual results may differ. There is no assurance you'll earn as much.

~~Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.~~ Upon reasonable request, we will provide to you written substantiation for the information provided in this Item 19.

Other than as described in this Item, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robert Bruski, 170 Columbia St. W., Suite #5, Waterloo, Ontario, Canada, N2L 3L3, (519) 574-3075, the Federal Trade Commission, and the appropriate state regulatory agencies.

[The remainder of this page was intentionally left blank.]

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
Systemwide CTRL V® Business Summary
For Years ~~2015~~2016 to ~~2017~~2018

CTRL V® Business Type	Year	CTRL V® Businesses at the Start of the Year	CTRL V® Businesses at the End of the Year	Net Change
Franchised	2015 <u>2016</u>	0	0	0
	2016 <u>2017</u>	0	0	0
	2017 <u>2018</u>	0	0 <u>1</u>	0 <u>+1</u>
Company-Owned	2015 <u>2016</u>	0	0	0
	2016 <u>2017</u>	0	0	0
	2017 <u>2018</u>	0	0	0
Total CTRL V® Businesses	2015 <u>2016</u>	0	0	0
	2016 <u>2017</u>	0	0	0
	2017 <u>2018</u>	0	0 <u>1</u>	0 <u>+1</u>

TABLE NUMBER 2
Transfers of CTRL V® Businesses From Franchisee to New Owners (Other than the Franchisor)
For Years ~~2015~~2016 to ~~2017~~2018

State	Year	Number of Transfers
All States	2015 2016	0
	2016	0
	2017	0
	2018	<u>0</u>

TABLE NUMBER 3
Status of Franchised CTRL V® Businesses
For Years ~~2015~~2016 to ~~2017~~2018

State	Year	CTRL V® Businesses at the Start of the Year	CTRL V® Businesses Opened	Termina-ti ons	Non- Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	CTRL V® Businesses at the End of the Year
TOTAL	2015	0	0	0	0	0	0	0
<u>New Jersey</u>	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	<u>2018</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>TOTAL</u>	<u>2016</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2017</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2018</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

TABLE NUMBER 4
Status of Company-Owned CTRL V® Businesses(1)
For Years ~~2015~~2016 to ~~2017~~2018

State	Year	CTRL V® Businesses at the Start of the Year	CTRL V® Businesses Opened	CTRL V® Businesses Reacquired From Franchisees	CTRL V® Businesses Closed	CTRL V® Businesses Sold to Franchisees	CTRL V® Businesses at the End of the Year
TOTAL	2015 2016	0	0	0	0	0	0
	2016 2017	0	0	0	0	0	0
	2017 2018	0	0	0	0	0	0

TABLE NUMBER 5
Projected Openings
As of December 31, ~~2017~~2018

State	Franchise Agreements Signed But CTRL V® Business Not Opened	Projected New Franchised CTRL V® Businesses in the Next Fiscal Year	Projected New Company-Owned CTRL V® Businesses in the Next Fiscal Year
Florida	0	1	0

Georgia Delaware	0	1	0
Massachusetts	0	1	0
Minnesota	0	1	0
New Jersey York	1 0	1	0
North Carolina	0 1	1	0
Texas	0	1	0
Washington	0	1	0
TOTAL	1	8 4	0

~~* This franchise was offered pursuant to the minimum payment exemption under the FTC's Franchise Rule.~~
Note to All Tables

The information in the tables above are for our CTRL V® operations in the United States, and do not include information regarding IP Owner's CTRL V® operations in Canada.

The names and addresses and telephone numbers of any franchised CTRL V® Businesses in the United States, as of March 31, ~~2018~~[2019](#), are listed in Exhibit C. The names and addresses and telephone numbers of any franchised CTRL V® Businesses in the United States, as of March 31, 2019, are listed in Exhibit C. Exhibit C includes the franchised CTRL V® Business that opened in Howell, New Jersey in January 2018, and the franchised CTRL V® ~~Business~~[Businesses](#) to be located in Charlotte, North Carolina and Dobbs Ferry, New York for which we signed ~~a~~ Franchise ~~Agreement~~[Agreements](#) in February ~~2018~~[2018 and March 2019, respectively](#). Also attached as Exhibit C is a list of all U.S. franchisees who have had a franchise in the United States terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement from January 1, ~~2017~~[2018](#) to March 31, ~~2018~~[2019](#). If you buy a CTRL V® Business, your contact information may be disclosed to other buyers when you leave the franchise system.

~~No~~[In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with CTRL V. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.](#) Some franchisees have signed confidentiality clauses [with us](#) during the last 3 fiscal years.

We are not aware of any trademark-specific franchisee associations.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements for the period from inception to December 31, 2016, and as of December 31, ~~2017~~[2017 and December 31, 2018](#), are attached as Exhibit A. We have not been in business for three years or more and cannot provide three years of financial statements, which we would be required to provide had we been in business for at least three years.

ITEM 22 CONTRACTS

The Franchise Agreement (including the electronic funds transfer authorization and guarantee) is attached as Exhibit B. The State Addenda are attached as Exhibit E. A general release form is attached as Exhibit F. The lease addendum is Exhibit C to the Franchise Agreement.

ITEM 23 RECEIPTS

Two copies of an acknowledgment of your receipt of this disclosure document are included at the end of this disclosure document (Exhibit H). You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

Ctrl V Partners LLC
Financial Statements
For the Year Ended December 31, 2018
(Expressed in U.S. Dollars)

Ctrl V Partners LLC
Financial Statements
For the Year Ended December 31, 2018
(Expressed in U.S. Dollars)

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Balance Sheet	3
Statement of Loss and Deficit	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10



Tel: 519-576-5220
Fax: 519-576-5471
Toll-free: 1-888-236-5482
www.bdo.ca

BDO Canada LLP
150 Caroline Street S Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

**To the member of
Ctrl V Partners LLC**

We have audited the accompanying financial statements of Ctrl V Partners LLC, which comprise the balance sheets as at December 31, 2018 and 2017, and the related statements of loss and deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ctrl V Partners LLC as as December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company had recurring losses from operations and has a net member's deficiency that raise doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
April 29, 2019

Ctrl V Partners LLC
Balance Sheet
(Expressed in U.S. Dollars)

December 31	2018	2017
Assets		
Current		
Cash	\$ 1,361	\$ 9,556
Accounts receivable	2,088	25,000
	<u>3,449</u>	<u>34,556</u>
Due from related parties (Note 2)	<u>3,961</u>	<u>3,895</u>
	<u>\$ 7,410</u>	<u>\$ 38,451</u>
Liabilities and Member's Deficiency		
Current		
Accounts payable and accrued liabilities	\$ 35,524	\$ 66,880
Deferred revenue (Note 4)	37,774	22,500
	<u>73,298</u>	<u>89,380</u>
Due to related party (Note 2)	<u>194,869</u>	<u>129,595</u>
	<u>268,167</u>	<u>218,975</u>
Member's Deficiency		
Member's units (Note 3)	1	1
Deficit	<u>(260,758)</u>	<u>(180,525)</u>
	<u>(260,757)</u>	<u>(180,524)</u>
	<u>\$ 7,410</u>	<u>\$ 38,451</u>

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

Ctrl V Partners LLC
Statement of Loss and Deficit
(Expressed in U.S. Dollars)

For the year ended December 31	2018	2017
Revenue (Note 4)	\$ 31,186	\$ 2,500
Operating expenses		
Interest and bank charges	1,838	332
Management fee (Note 2)	29,606	31,603
Office expenses	890	1,372
Professional fees	95,030	131,964
	<u>127,364</u>	<u>165,271</u>
Loss before other income (expenses)	<u>(96,178)</u>	<u>(162,771)</u>
Other income (expenses)		
Foreign exchange gain (loss)	<u>15,945</u>	<u>(4,735)</u>
Net loss	(80,233)	(167,506)
Member's Deficit, beginning of the year	<u>(180,525)</u>	<u>(13,019)</u>
Member's Deficit, end of the year	<u>\$ (260,758)</u>	<u>\$ (180,525)</u>

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

Ctrl V Partners LLC
Statement of Cash Flows
(Expressed in U.S. Dollars)

For the year ended December 31	2018	2017
Cash flows from (used in) operating activities		
Net loss	\$ (80,233)	\$ (167,506)
Changes in non-cash working capital:		
Accounts receivable	22,912	(25,000)
Accounts payable and accrued liabilities	(31,356)	56,880
Deferred contributions	15,274	22,500
	<u>(73,403)</u>	<u>(113,126)</u>
Cash flows from financing activities		
Net advances from related parties	<u>65,208</u>	<u>122,682</u>
Net change in cash	(8,195)	9,556
Cash, beginning of the year	<u>9,556</u>	<u>-</u>
Cash, end of the year	<u>\$ 1,361</u>	<u>\$ 9,556</u>

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

Ctrl V Partners LLC

Notes to the Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies

Nature of Business	Ctrl V Partners LLC (the "company") is a business whose planned operations are the franchising of virtual reality arcades. The company's activities are subject to significant risks and uncertainties, including failing to secure franchisees to operate under the trade name of Ctrl V Partners LLC.
Basis of Accounting	The financial statements have been prepared with accounting principles generally accepted in the United States of America ("GAAP"). The Company has experienced limited revenue growth since inception while continuing to incur professional fee expenses in relation to state franchise filings and has not reached profitable operations which raises substantial doubt about its ability to continue operating as a going concern within one year of the date of the financial statements. The Company has historically been able to manage liquidity requirements through funding from its Parent Company. To alleviate this situation, the Company has plans in place to improve its financial position and liquidity, while executing on its growth strategy, by signing additional franchisees. As of the date of these financial statements, the Company has signed another franchisee as discussed in Note 5 however has not been able to provide additional capital from the Parent Company. Therefore, the substantial doubt that has been raised has not fully been alleviated by management's plans.
Revenue Recognition	The company recognizes franchise fee, royalty fees, marketing fund and advertising fee revenue under the core principle of revenue from contracts with customers. The contract is identified, the performance obligations in the contract are identified, the transaction price is determined, the transaction price is allocated to the performance obligations, and revenue is recognized when (or as) each performance obligation is satisfied. The performance obligation of the license of the intellectual property is recognized on a straight-line basis over the term of the contract.

Ctrl V Partners LLC

Notes to the Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies (continued)

Financial Instruments	Financial instruments are recorded at fair value at initial recognition. Financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost. Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
Accounts Receivable	Trade accounts receivable are stated at the amount the company expects to collect. The company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments.
Use of Estimates	Preparing the company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
Income Taxes	As a limited liability company, the company is not a taxpaying entity for federal income tax purposes. Accordingly, the company's taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.
Foreign Currency Translation	Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

Ctrl V Partners LLC

Notes to the Financial Statements

December 31, 2018

2. Related Party Transactions and Balances

(a) Transactions during the year with Ctrl V Inc., a related party under common control, were as follows:

	<u>2018</u>	<u>2017</u>
Management fees	<u>29,606</u>	<u>31,603</u>

These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties).

(b) At the end of the year, the amounts due from/to related parties are as follows:

	<u>2018</u>	<u>2017</u>
Due from related parties		
Ctrl V US Inc., parent company owned by Ctrl V Holdings Inc., a company owned by shareholders under common control of Ctrl V Inc.	\$ 3,961	\$ 2,910
Ctrl V Holdings Inc., a company owned by shareholders under common control of Ctrl V Inc.	<u>-</u>	<u>985</u>
	<u>\$ 3,961</u>	<u>\$ 3,895</u>
Due to related party		
Ctrl V Inc., related party under common control	<u>\$ 194,869</u>	<u>\$ 129,595</u>

Amounts due to and from related parties are non-interest bearing, are unsecured and have no fixed terms of repayment.

Ctrl V Partners LLC

Notes to the Financial Statements

December 31, 2018

3. Member's Units

Issued and outstanding members' units:

	2018	2017
1 member's unit	\$ 1	\$ 1

All subscribed members' units have equal voting rights and proportionate rights to all earnings of the limited liability company. In the event of dissolution, all creditors, including members that extend credit to the company, shall be repaid prior to distributions to subscribed members' units.

4. Revenue

Per the franchise agreement, royalty and service fees are equal to seven percent of the annual gross revenue of the franchised business calculated on a monthly basis. The marketing fund and advertising fees are calculated at one and one half percent of gross revenue of the franchised business calculated on a monthly basis.

During the year, the company entered into a franchise agreement with Charlottes Hood, LLC. The transaction price of \$25,000 is allocated to the performance obligation that includes the license of the intellectual property. This performance obligation will be satisfied over the 5 year term of the franchise agreement and revenue will be recognized on a straight-line basis.

The amount of the franchise agreement is due six months upon the effective date of signing and is not refundable to the franchisee for any reason.

5. Subsequent Event

Subsequent to year end, the company signed another franchisee, Yandrew VR Time LLC located in New York, New York. The Company has received \$25,000 of the franchise fee on March 4, 2019.

6. Deferred Tax Asset

There are loss carry forward amounts available which are considered to be a deferred tax asset. However, the likelihood of recovery of the future benefit is not determinable at this time.

Ctrl V Partners LLC

Notes to the Financial Statements

December 31, 2018

7. Financial Instrument Risks

Technology risk

The company participates in a highly volatile industry that is characterized by rapid technological change. The company's results of operations are affected by a wide variety of factors, including general economic conditions, the timing of new product introductions and the effect of new technologies resulting in the rapid escalation of demand for some products in the face of equally steep decline in demand for others. Based on the factors noted herein, the company may experience substantial period-to-period fluctuations in future operating results.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Competition risk

Competition risk is any form of competition that could cause an impact to the sales of the company from other companies entering the market. The company is at risk to competition in various forms such as other companies developing in house virtual arcades as well as the potential for other companies to design similar virtual arcades.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The company is exposed to concentration risk as its cash is held at one chartered bank. The company is also exposed to credit risk arising from its notes receivable.

There have not been any changes in these risks from the prior year.

Ctrl V Partners LLC
Financial Statements
For the Year Ended December 31, 2017
(Expressed in U.S. Dollars)

Ctrl V Partners LLC
Financial Statements
For the Year Ended December 31, 2017
(Expressed in U.S. Dollars)

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Balance Sheet	3
Statement of Operations and Deficit	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11



Tel: 519 576 5220
Fax: 519 576 5471
Toll-Free: 888 236 5482
www.bdo.ca

BDO Canada LLP
The Bauer Buildings
150 Caroline Street S, Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

To the member of
Ctrl V Partners LLC

We have audited the accompanying financial statements of Ctrl V Partners LLC, which comprise the balance sheet as at December 31, 2017, and the statements of operations and deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ctrl V Partners LLC as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario

April 20, 2018

Ctrl V Partners LLC
Balance Sheet
(Expressed in U.S. Dollars)

December 31	2017	2016
Assets		
Current		
Cash	\$ 9,556	\$ -
Accounts receivable	25,000	-
	<u>34,556</u>	<u>-</u>
Due from related parties (Note 2)	<u>3,895</u>	<u>2,911</u>
	<u>\$ 38,451</u>	<u>\$ 2,911</u>
Liabilities and Member's Deficiency		
Current		
Accounts payable and accrued liabilities	\$ 66,880	\$ 10,000
Deferred revenue (Note 4)	22,500	-
	<u>89,380</u>	<u>10,000</u>
Due to related party (Note 2)	<u>129,595</u>	<u>5,929</u>
	<u>218,975</u>	<u>15,929</u>
Member's Deficiency		
Member's units (Note 3)	1	1
Deficit	<u>(180,525)</u>	<u>(13,019)</u>
	<u>(180,524)</u>	<u>(13,018)</u>
	<u>\$ 38,451</u>	<u>\$ 2,911</u>

Ctrl V Partners LLC
Statement of Operations and Deficit
(Expressed in U.S. Dollars)

	January 1 to December 31, 2017	November 2 to December 31, 2016
Revenue (Note 4)	\$ 2,500	\$ -
Operating expenses		
Interest and bank charges	332	-
Management fee (Note 2)	31,603	-
Office expenses	1,372	-
Professional fees	131,964	13,019
	<u>165,271</u>	<u>13,019</u>
Loss before other expenses	<u>(162,771)</u>	<u>(13,019)</u>
Other expenses		
Foreign exchange loss	(4,735)	-
	<u>(4,735)</u>	<u>-</u>
Net loss	<u>(167,506)</u>	<u>(13,019)</u>
Member's Deficit, beginning of the year	<u>(13,019)</u>	<u>-</u>
Member's Deficit, end of the year	<u>\$ (180,525)</u>	<u>\$ (13,019)</u>

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

Ctrl V Partners LLC
Statement of Cash Flows
(Expressed in U.S. Dollars)

	January 1 to December 31, 2017	November 2 to December 31, 2016
Cash flows from (used in) operating activities		
Net loss	\$ (167,506)	\$ (13,019)
Changes in non-cash working capital:		
Accounts receivable	(25,000)	-
Accounts payable and accrued liabilities	56,880	10,000
Deferred contributions	22,500	-
	<u>(113,126)</u>	<u>(3,019)</u>
Cash flows from financing activities		
Net advances from related parties	122,682	3,018
Issuance of members' equity	-	1
	<u>122,682</u>	<u>3,019</u>
Net change in cash	9,556	-
Cash, beginning of the year	<u>-</u>	<u>-</u>
Cash, end of the year	<u>\$ 9,556</u>	<u>\$ -</u>

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

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

Nature of Business	Ctrl V Partners LLC (the "company") is a business whose planned operations are the franchising of virtual reality arcades. The company's activities are subject to significant risks and uncertainties, including failing to secure franchisees to operate under the trade name of Ctrl V Partners LLC.
Basis of Accounting	The financial statements have been prepared with accounting principles generally accepted in the United States of America ("GAAP").
Revenue Recognition	The company recognizes franchise fee revenue under the core principle of revenue from contracts with customers. The contract is identified, the performance obligations in the contract are identified, the transaction price is determined, the transaction price is allocated to the performance obligations, and revenue is recognized when (or as) each performance obligation is satisfied. The performance obligation of the license of the intellectual property is recognized on a straight-line basis over the term of the contract.
Financial Instruments	Financial instruments are recorded at fair value at initial recognition. Financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost. Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
Accounts Receivable	Trade accounts receivable are stated at the amount the company expects to collect. The company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments.

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies (continued)

Use of Estimates	Preparing the company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
Income Taxes	As a limited liability company, the company is not a taxpaying entity for federal income tax purposes. Accordingly, the company's taxable income or loss is allocated to its members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.
Foreign Currency Translation	Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in net income.

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

2. Related Party Transactions and Balances

(a) Transactions during the year with Ctrl V Inc., a related party under common control, were as follows:

	<u>2017</u>	<u>2016</u>
Management fees	<u>31,603</u>	<u>-</u>

These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties).

(b) At the end of the year, the amounts due from/to related parties are as follows:

	<u>2017</u>	<u>2016</u>
Due from related parties		
Ctrl V US Inc., parent company owned by Ctrl V Holdings Inc., a company owned by shareholders under common control of Ctrl V Inc.	\$ 2,910	\$ 2,911
Ctrl V Holdings Inc., a company owned by shareholders under common control of Ctrl V Inc.	<u>985</u>	<u>-</u>
	<u>\$ 3,895</u>	<u>\$ 2,911</u>
Due to related party		
Ctrl V Inc., related party under common control	<u>\$ 129,595</u>	<u>\$ 5,929</u>

Amounts due to and from related parties are non-interest bearing, are unsecured and have no fixed terms of repayment.

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

3. Member's Units

Issued and outstanding members' units:

	2017	2016
1 member's unit	\$ 1	\$ 1

All subscribed members' units have equal voting rights and proportionate rights to all earnings of the limited liability company. In the event of dissolution, all creditors, including members that extend credit to the company, shall be repaid prior to distributions to subscribed members' units.

4. Revenue

Under US GAAP, ASC 606 "Revenue from Contracts with Customers", will come into effect for an annual reporting period beginning after December 15, 2018. However, as a nonpublic entity, the company has chosen to adopt the standard early and to apply the amendments for an annual reporting period beginning after December 15, 2016. Therefore, the current year financial statements will apply the new ASC 606 revenue recognition standards. The adoption of the new standard does not have an impact of the prior year figures.

During the year, the company entered into a franchise agreement with OutlierVR, LLC. The transaction price of \$25,000 is allocated to the performance obligation that includes the license of the intellectual property. This performance obligation will be satisfied over the 5 year term of the franchise agreement and revenue will be recognized on a straight-line basis.

The amount of the franchise agreement is due six months upon the effective date of signing and is not refundable to the franchisee for any reason.

5. Subsequent Event

Subsequent to year end, the company signed another franchisee, Charlottes Hood LLC located in Charlotte, North Carolina. The company has received \$12,500 as an initial payment of the franchise fee and will collect the remaining balance after the location has opened.

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

6. Revenue Concentration

The company earns all of its revenue from one franchisee, OutlierVR, LLC. These services are in the normal course of business and are measured at the exchange value, which is the amount of consideration established and agreed to between the two parties based on the signed contract.

7. Deferred Tax Asset

There are loss carry forward amounts available which are considered to be a deferred tax asset. However, the likelihood of recovery of the future benefit is not determinable at this time.

Ctrl V Partners LLC

Notes to Financial Statements

December 31, 2017

8. Financial Instrument Risks

Technology risk

The company participates in a highly volatile industry that is characterized by rapid technological change. The company's results of operations are affected by a wide variety of factors, including general economic conditions, the timing of new product introductions and the effect of new technologies resulting in the rapid escalation of demand for some products in the face of equally steep decline in demand for others. Based on the factors noted herein, the company may experience substantial period-to-period fluctuations in future operating results.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

Competition risk

Competition risk is any form of competition that could cause an impact to the sales of the company from other companies entering the market. The company is at risk to competition in various forms such as other companies developing in house virtual arcades as well as the potential for other companies to design similar virtual arcades.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The company is exposed to concentration risk as its cash is held at one chartered bank. The company is also exposed to credit risk arising from its notes receivable.

There have not been any changes in the risk from the prior year.

EXHIBIT B
FRANCHISE AGREEMENT



U.S. FRANCHISE AGREEMENT

FRANCHISEE

EFFECTIVE DATE
(To be completed by Franchisor)

TABLE OF CONTENTS

1.	PREAMBLE AND DEFINITIONS	2
1.1	Preamble and Definitions	2
2.	GRANT OF FRANCHISE, TERM AND LOCATION	4
2.1	Grant of Franchise	4
2.2	Term	5
2.3	Renewal	5
2.4	Location of Franchised Business	6
2.5	Mobile Events	7
3.	FEES AND ROYALTIES	7
3.1	Initial Franchise Fee	7
3.2	Royalty and Service Fee	7
3.3	Marketing Contributions	7
3.4	Electronic Funds Transfer	7
3.5	Application of Payments	8
3.6	Tax Indemnification	8
3.7	Late Payment or Late Report	8
4.	LEASE, DEVELOPMENT AND TRAINING	8
4.1	Lease	8
4.2	Development of Franchised Business	9
4.3	Pre-Start Up Assistance	9
4.4	Training and Retraining	10
4.5	Opening and Operation of Franchised Business	10
4.6	Hiring and Employees	11
4.7	Manual	11
5.	PRODUCTS	12
5.1	Products and Services	12
5.2	Purchase Prices for Equipment and Supplies	13
5.3	Notice of Franchisor's Potential Profit	13
5.4	Payment	13
5.5	Interest	13
5.6	Non-Obligatory Inventory Repurchase	13

6.	IMAGE AND OPERATING STANDARDS	14
6.1	Fixtures, Equipment and Signs	14
6.2	Systems and Software Tools	14
6.3	Participation in Certain Programs and Promotions	15
6.4	Operation, Condition, and Appearance of the Franchised Business	15
6.5	Franchised Business Use and Materials	16
6.6	Specifications, Standards and Procedures	16
6.7	Pricing	17
6.8	Management of the Franchised Business	17
6.9	Conflicts of Interest	17
6.10	Insurance	17
6.11	Confidential Information	18
6.12	Credit Cards and Other Methods of Payment	19
7.	ADVERTISING AND PROMOTION	19
7.1	Local Advertising	19
7.2	Grand Opening Advertising	19
7.3	Plans, Materials and Samples	20
7.4	National/Regional Advertising	20
7.5	Advertising Cooperative	21
7.6	Offset	21
7.7	Franchisee Advisory Council	21
7.8	Internet (Web) Presence	22
8.	RECORDS AND REPORTS	22
8.1	Accounting and Records	22
8.2	Revenue Reports	23
8.3	Tax Returns and Statements	23
9.	MARKS	23
9.1	Ownership	23
9.2	Limitations on Franchisee's Use of Marks	24
9.3	Improper Uses	24
9.4	Notification of Infringements	24
9.5	Assignment of Copyrighted Works	25
9.6	Indemnification of Franchisee	25

9.7	Modification	25
9.8	Quality Control	25
10.	INSPECTIONS AND AUDITS	26
10.1	Inspection of Franchised Business	26
10.2	Audit of Books and Records	26
10.3	Result of Audit; Under-Reported Gross Revenue	27
10.4	Credit Information	27
11.	TERMINATION OF FRANCHISE	27
11.1	Termination Without Notice	27
11.2	Termination With Notice	27
11.3	Recovery Costs	29
11.4	Alternatives to Termination	30
11.5	Liquidated Damages	30
12.	FRANCHISEE'S OBLIGATIONS UPON TERMINATION AND EXPIRATION, AND NON-COMPETITION	31
12.1	Payment of Amounts Owed to Franchisor	31
12.2	Return of Proprietary Software	31
12.3	Discontinuance of Use of Marks	31
12.4	Non-Competition	32
13.	ASSIGNMENT AND TRANSFER	33
13.1	By Franchisor	33
13.2	By Franchisee	33
13.3	Death or Incapacity of Franchisee	34
13.4	Franchisor's Right of First Refusal	35
14.	DISPUTE RESOLUTION	35
14.1	Mediation	35
14.2	Arbitration	35
14.3	Injunctive Relief	36
14.4	Attorneys' Fees	36
15.	ENFORCEMENT	36
15.1	Severability	36
15.2	Waiver of Obligations	36
15.3	Venue	37

15.4	Governing Law	37
15.5	Franchisee May Not Withhold Payments	37
15.6	Cumulative Rights	37
15.7	Entire Agreement	37
15.8	Effective Date	37
15.9	Construction	37
15.10	Waiver Of Punitive Damages	38
15.11	Mutual Waiver Of Class Actions	38
15.12	Mutual Waiver Of A Jury Trial	38
15.13	Limitation Of Actions	38
15.14	Interpretation of Rights and Obligations	38
16.	COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES	39
16.1	Compliance With All Laws	39
16.2	Franchisee Consent	39
17.	OTHER PROVISIONS	39
17.1	Franchisor's Designee	39
17.2	Independent Parties	40
17.3	Indemnification	40
17.4	Notices and Payments	40
17.5	Obligations Joint and Several	40
17.6	Guarantee	40
17.7	Security Interest	41
17.8	Acknowledgements and Independent Advice	41
17.9	Binding Effect	41
17.10	Force Majeure	41
17.11	Counterpart Clause	42

EXHIBITS

Exhibit A -1	List of Principals
Exhibit A -2	List of Principals
Exhibit A-3	Area within Which to Locate Franchised Business
Exhibit B	CTRL V – Guarantee Agreement (For Each Principal and Spouse))
Exhibit C	CTRL V – Lease Addendum
Exhibit D	Acknowledgement Addendum to CTRL V® Franchise Agreement
Exhibit E-1	Non-Disclosure and Non-Competition Agreement for Principals, Officers, and Directors
Exhibit E-2	Non-Disclosure and Non-Competition Agreement Between Franchisee and Key Employee with Access to Confidential Information
Exhibit F	Electronic Transfer of Funds Authorization

CTRL V[®] FRANCHISE AGREEMENT

BETWEEN:

CTRL V Partners LLC, a limited liability company organized under the laws of the State of Delaware, with a principal place of business at 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3, (hereinafter called “**Franchisor**”),

- and -

[**Name of Franchisee**], a [**Type of Entity**] formed and organized under the laws of the State of [**State**], or [**Name of Individual**], an individual, with a principal place of business or residence at [**Address of Individual or Entity**] (“**Franchisee**”), and shall become effective on the “**Effective Date**,” as described in Section 15.8. If Franchisee is a corporation, partnership, limited liability company or other entity, certain provisions of this Agreement also apply to Franchisee’s owners,

- and -

The Principals set out in Exhibit A-1 herein and defined below.

WHEREAS:

A. Franchisee acknowledges that IP Owner (as defined below) owns the proprietary CTRL V[®] information, knowledge, trade secrets, know-how and trademarks, and that IP Owner and Franchisor have developed and shall continue to develop a standardized, unique and uniform system for the establishment, development and operation of retail locations providing retail customers with a premium immersive virtual reality experience using state-of-the-art headsets, noise-cancelling headphones, proprietary software, consoles, motion controllers, and other leading-edge virtual reality technology (the “**VR Experience**”). The said System is identified by the trade names, marks and designs of “**CTRL V[®]**” and such other trade names, trademarks, designs, copyrights and logos as may be hereafter adopted, improved, further developed or modified by IP Owner or Franchisor as part of the System (the “**Marks**”);

B. “**IP Owner**” is Ctrl V Inc., a corporation incorporated under the laws of Canada with its principal office at 170 Columbia Street West, Suite 5, Waterloo, Ontario N2L 3L. IP Owner is an affiliate of Franchisor that owns the Marks and the System, including without limitation the Confidential Information, and IP Owner has granted Franchisor the right to use and sublicense the right to use the Marks and the System in connection with the development and operation of CTRL V[®] Businesses in the United States. IP Owner operates a franchise network in Canada for CTRL V[®] Businesses that are similar to the Franchised Business described in this Franchise Agreement; and

C. Franchisee and the Principal(s) identified in Exhibit A-1 herein are desirous of operating a Franchised Business utilizing the System and the Marks and acknowledge having read this Agreement and understood all of the clauses herein and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain CTRL V’s high standards of quality and service and the uniformity of those standards throughout the Franchise Network and at all CTRL V[®] Businesses and to protect and preserve the goodwill of the System and the Marks.

NOW THEREFORE in consideration of the franchise rights granted hereunder, for the mutual promises and covenants contained herein, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. PREAMBLE AND DEFINITIONS

1.1 Preamble and Definitions

The preamble shall be deemed to form an integral part hereof as if recited herein at length and shall bind the parties. The following words and phrases shall have the following meanings throughout this Agreement, save and except if the context requires otherwise:

- 1.1.1** “**Computer System**” means the hardware, software (including the “**Software Tools**”), point-of-sale system and related components that Franchisor may designate from time to time for use in the operation and management of a CTRL V® Business;
- 1.1.2** “**Confidential Information**” means the methods, techniques, formats, proprietary information, knowledge, trade secrets or know-how, marketing and promotional techniques and procedures, specifications, information, the Manual, systems, costs and financial information, and knowledge of and experience in the operation and franchising of CTRL V® Businesses that Franchisor or IP Owner communicates to Franchisee or that Franchisee otherwise acquires in operating the Franchised Business under the System. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by Franchisee.
- 1.1.3** “**CTRL V® Business**” means a business that bears the Marks in connection with the sale of the Products and Services, whether owned, acquired or operated by Franchisor, its subsidiaries, affiliates, agents, franchisees or otherwise;
- 1.1.4** “**Data**” means all financial data, including, but not limited to, detailed and summary sales information, profit and loss statements, balance sheets, cash flow information, usage data, category sales data and other related financial data generated by the Computer System or Equipment;
- 1.1.5** “**Designated Area**” means the geographic territory described in Exhibit A-2;
- 1.1.6** “**Equipment**” means all computer equipment, hardware, and software (including the Computer System), noise-cancelling headphones, consoles, motion controllers, machinery, equipment, furniture, fixtures, leasehold improvements, office furniture, office equipment and machines, materials, supplies, appliances, counters, displays, cabinets, vehicles, tools and accessories, and all attachments or accessories thereto or substitutions therefor, and installation services used in the operation of the Franchised Business and the offer and sale of Products and Services;
- 1.1.7** “**Franchise**” means the non-exclusive rights and licenses granted by Franchisor herein to Franchisee to operate a Franchised Business and to use only the System and the Marks in its operation thereof;

- 1.1.8** “**Franchised Business**” means the retail outlet and operations approved by Franchisor to be operated by Franchisee from the Premises using the System and the Marks, and includes and any new or substitute location approved in writing by Franchisor;
- 1.1.9** “**Franchise Network**” means the network of all CTRL V® Businesses in the United States;
- 1.1.10** “**Gross Revenue**” means the total gross receipts, revenues, gains or income from whatever source derived, whether or not collected by Franchisee, of all sales made and services performed from business conducted at or arising, directly or indirectly, from the Franchised Business or the Franchise, whether by cash, credit, check, charge account, exchange or otherwise. In the event of a conflict as to whether a transaction or receipt forms part of Gross Revenue, the determination of Franchisor’s accountants shall be final and binding on the parties hereto. Gross Revenue shall include all benefits and values received from the sale of any goods and services, the proceeds from business interruption insurance, fees and non-arm’s length or related party sales (deemed to occur at suggested retail prices) and shall not be reduced by bad debts, doubtful accounts or any provision or reserve therefor. Further, Gross Revenue shall extend to include Gross Revenue of any business or entity which Franchisee may have an interest, directly or indirectly, in breach of paragraph 12.4 of this Agreement, the whole without prejudice to Franchisor’s rights and recourses;
- In calculating Gross Revenue, the following shall be excluded: (a) the value of any goods or services donated by Franchisee to a 501(c)(3) charity or other recognized charity with the prior approval of Franchisor; and (b) amount of any federal, state, municipal or other sales, value added or retailer’s excise taxes paid or accrued by Franchisee, or any other tax imposed by any competent governmental authority directly on sales and collected from the customers, provided that such tax is shown separately on the customer’s invoice and, in fact, paid to the appropriate governmental authority.
- 1.1.11** “**Manual**” means collectively the set of confidential and proprietary operating manuals that pertain to administration, financial, accounting, health and safety and other matters, whether written or electronic, which is provided to Franchisee by Franchisor or its designee in connection with the operation of the Franchised Business;
- 1.1.12** “**Mobile Event**” has the meaning set out in Section 2.5;
- 1.1.13** “**Non-Traditional Location**” means transportation terminals, sports arenas, stadiums and facilities, hospitals, schools, college and university campuses, corporate campuses, health clubs, military bases, casinos, convention centers, theme and amusement parks, hotels, mall kiosks or enclosed shopping centers, fairs or festivals, or other similar types of “captive” locations that have a restricted trade area and are located within the geographic boundaries of the Designated Area.
- 1.1.14** “**Personal Information**” means personal information as defined in the Privacy Laws and including without limitation personally identifiable information such as an individual’s name, address, age, gender, identification number, income, family status, citizenship, employment, assets, liabilities, source of funds, payment records, credit information, personal references and health records;
- 1.1.15** “**Premises**” means the premises identified in Exhibit A-2 or a substitute or relocated premises approved in writing by Franchisor;

- 1.1.16** “**Principal**” means any person or entity who directly or indirectly owns a five percent (5%) or greater interest in Franchisee. If any corporation, limited liability company or partnership, or other entity other than a partnership is a Principal, a “Principal” will also mean a shareholder or owner of a five percent (5%) or greater interest in such corporation, limited liability company or partnership, or other entity. If a partnership is a Principal, a “Principal” will also mean each general partner of such partnership and, if such general partner is an entity, each owner of a five percent (5%) or greater interest in such general partner. If Franchisee is one or more individuals, each individual will be deemed a Principal of Franchisee. Franchisee must have at least one Principal. Franchisee’s Principal(s) are identified in Exhibit A-1. As used in this Agreement, any reference to Principal(s) includes all Principal(s);
- 1.1.17** “**Privacy Laws**” means all federal, state, and local laws and regulations governing the collection, use, disclosure, storage and retention of Personal Information relating to an identifiable individual;
- 1.1.18** “**Products and Services**” means (i) services comprising the rental of a virtual reality station, or “**VR Station**” which can be used for gaming, training, education, software development or other interactive immersive experiences; (ii) if approved by Franchisor, products relating to the services described in (i); and (iii) services ancillary to the foregoing;
- 1.1.19** “**Royalty Fee**” has the meaning set out in Section 3.2;
- 1.1.20** “**Software Tools**” means those software applications prescribed by Franchisor which Franchisee is required to install, use and maintain in the operation of the Franchised Business, including without limitation the line of business software, the System software and Franchisor’s reporting software and tools, if any; and
- 1.1.21** “**System**” means the standardized, unique and uniform CTRL V[®] system that operates in the United States under the Marks, which includes the sale of Products and Services and the VR Experience, using certain distinctive types of retail facilities, equipment (including the Equipment), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as Franchisor or IP Owner periodically may modify and further improve from time to time.

2. GRANT OF FRANCHISE, TERM AND LOCATION

2.1 Grant of Franchise

Subject to the provisions of this Agreement and the professional, financial and other qualifications of the Principals, Franchisor grants to Franchisee the Franchise to operate the Franchised Business from, and only from, the Premises within the Designated Area. Franchisee is licensed to use only the System and the Marks in its operation, and to sell and market Products and Services, exclusively through the Franchised Business, for the term of this Agreement or its prior termination. Provided that Franchisee at all times complies with the covenants, representations and warranties set out in this Agreement, Franchisor will neither grant a franchised CTRL V[®] Business to any other person or entity during the term of this Agreement, nor operate itself or through an affiliate a CTRL V[®] Business, within the Designated Area.

Franchisee shall not open any other CTRL V[®] Business within or outside the Designated Area, unless Franchisor permits Franchisee to do so under a separate franchise agreement. Franchisee will not have

the right to subfranchise or sublicense any of Franchisee's rights under this Agreement. Franchisee shall not use the Franchised Business for any purposes other than the operation of a CTRL V® Business.

Franchisee also understands and agrees that the Designated Area does not include any airports or other Non-Traditional Locations.

Except as otherwise set out above and herein, Franchisor does not grant any exclusive territorial rights, protection or other rights in the contiguous space, area or market of the Premises to Franchisee and retains all rights not expressly granted to Franchisee in this Agreement including, without limitation, those rights listed below. For instance, Franchisor specifically reserves the right, without any compensation to Franchisee or any other franchisee, and regardless of whether it competes with the Franchised Business:

- 2.1.1** to directly operate, and to grant other persons or entities the right to operate, a CTRL V® Business outside of the Designated Area;
- 2.1.2** to directly sell and market, and to grant other persons or entities the right to sell or market, Products and Services, and any other products and services, in connection with the Marks or any other trademarks or services other than the Marks, through similar or dissimilar channels of distribution other than the operation of a CTRL V® Business (including the internet) within and outside the Designated Area;
- 2.1.3** to advertise the System on the internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks;
- 2.1.4** to acquire, develop, and operate, or be acquired by, any company, including a company operating one (1) or more competitive businesses, regardless of proximity of such businesses to or economic impact upon the Franchised Business;
- 2.1.5** to directly operate, and to grant other persons or entities the right to operate, CTRL V® Businesses at Non-Traditional Locations within and outside the Designated Area; and
- 2.1.6** to directly operate, and to grant other persons or entities the right to operate, CTRL V® Businesses in a mobile setting, such as a trailer, within and outside the Designated Area.

2.2 Term

Unless previously terminated in accordance with this Agreement, the initial term of this Agreement shall be for a period equal to five (5) years commencing on the Effective Date and expiring on the fifth (5th) anniversary of the Effective Date, which is _____.

2.3 Renewal

Franchisee may, at its option, renew this Agreement under the same terms and conditions as contained herein, save and except for any changes thereto as a result of subparagraph 2.3.4 below, for up to three (3) consecutive renewal terms of five (5) years each. All renewals shall be subject to the following conditions being met:

- 2.3.1** Franchisee gives Franchisor written notice of renewal not less than six (6) months and not more than twelve (12) months prior to the expiry of the current term;

- 2.3.2** Franchisee is not currently in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates and all monetary obligations owed or owing by Franchisee to Franchisor have been satisfied prior to the renewal date;
- 2.3.3** Franchisee has not, in the twelve (12) month period immediately prior to the date of renewal, received from Franchisor two (2) or more notices of default under the Agreement and any other agreement between Franchisee and Franchisor or its affiliates;
- 2.3.4** Franchisee and its Principals agree to execute Franchisor's then-current standard form of franchise agreement, guarantees, and other agreements ancillary thereto, which may contain terms and conditions different from those set forth herein (including increases in fees and royalties) and consistent with those being offered to new franchisees;
- 2.3.5** Franchisee and Principals shall execute a release, in a form satisfactory to Franchisor, of any and all claims they may have against Franchisor, its affiliates and their officers, directors, shareholders, employees and agents;
- 2.3.6** Franchisee has paid Franchisor's renewal fee of Four Thousand Dollars (\$4,000.00);
- 2.3.7** Franchisee has the right to remain in possession of the Premises and to operate the Franchised Business from the Premises during the entire renewal term; and
- 2.3.8** Franchisee has completed, or has agreed to undertake and pay for, at its expense, all training and retraining; renovations or repairs; purchase and installation of hardware and Software Tools and systems; and other renovations, modifications, modernization and improvements to the Franchised Business (including upgrades and purchases of Equipment, signs and accessories) required by Franchisor in order to conform to the Franchisor's System standards and specifications for new CTRL V® Businesses in the Franchise Network as they exist at the time of renewal.

2.4 Location of Franchised Business

The location of the Premises and the Designated Area are identified in Exhibit A-2, or alternatively, Franchisor and Franchisee will complete and sign Exhibit A-3, in which Franchisor and Franchisee agree on a geographic area ("**Area**") in which the location of the Franchised Business will be established, subject to Franchisor's written consent. If Franchisor and Franchisee sign Exhibit A-3, Franchisee will have one hundred twenty (120) days after the Effective Date of this Agreement to select and obtain Franchisor's consent to a location for the Franchised Business within the Area, purchase or sign a Lease and the Lease Addendum (as these terms are defined in Section 4.1) for the premises of that location, and sign Exhibit A-2, which Franchisor will revise to identify the Premises of the Franchised Business and the Designated Area. Franchisee shall not receive any territorial rights upon designation of the Area on Exhibit A-3, and Franchisor and Franchisor's affiliates reserve all territorial rights within the Area, including without limitation, the right to directly operate, or grant to other parties or entities the right to operate, CTRL V® Business within the Area.

Franchisee agrees to operate the Franchised Business only at and from the Premises in accordance with the provisions of this Agreement. If the Lease for the Premises expires or terminates without fault of Franchisee or if the Premises are damaged, condemned or otherwise rendered unusable, to Franchisor's opinion and sole discretion, or if in the judgment of Franchisor there is a change in character of the location of the Franchised Business sufficiently detrimental to its business potential to warrant its relocation, Franchisee hereby agrees to relocate the Franchised Business and Franchisor will not

unreasonably withhold its consent to relocation upon receipt from Franchisee of a description of the proposed premises and plans. Franchisee shall not relocate the Premises without Franchisor's prior written consent. Franchisor shall have the right to terminate this Agreement, effective upon notice, should Franchisee relocate without Franchisor's prior written consent. Any such relocation shall be at Franchisee's sole expense, and must be completed within one hundred and eighty (180) days from the date of approval.

2.5 Mobile Events

Notwithstanding the obligation to operate the Franchised Business only from the Premises as set out in Section 2.4 above, Franchisee may from time to time offer the Products and Services offsite within the Designated Area (a "**Mobile Event**") at special events, parties, functions, conventions and for demonstration purposes. Franchisee shall notify Franchisor not less than five (5) days in advance of any Mobile Event providing particulars of the Mobile Event, including without limitation the times and location of the event. Franchisor may attend the event for promotional purposes. Franchisee shall provide Franchisor with such photos and other promotional material or information in relation to the Mobile Event as Franchisor may reasonably request. Franchisee shall not undertake any Mobile Event unless it has complied with the insurance requirements of the venue and any additional minimum insurance requirements we prescribe for Mobile Events, and is otherwise undertaking the Mobile Event in compliance with this Agreement, the mandatory requirements we prescribe for Mobile Events in the Manual or otherwise, and applicable law.

3. FEES AND ROYALTIES

3.1 Initial Franchise Fee

Franchisee agrees to pay to Franchisor an initial franchise fee in the amount of Twenty-Five Thousand Dollars (\$25,000), which shall be payable to and fully earned by Franchisor and non-refundable for any reason whatsoever upon the execution of this Agreement; except that if Franchisor terminates this Agreement due to Franchisee's failure to comply with Franchisor's initial training requirements, as further described in Section 4.4, Franchisor will refund Fifteen Thousand Dollars (\$15,000) to Franchisee. Unless otherwise noted, the initial franchise fee and all other fees payable to Franchisor and its affiliates under this agreement must be paid in U.S. Dollars.

3.2 Royalty and Service Fee

Franchisee agrees to pay to Franchisor a royalty and service fee (the "**Royalty Fee**") equal to seven percent (7%) of the annual Gross Revenue of the Franchised Business calculated on a monthly basis.

The Royalty Fee is payable by the tenth (10th) day of each month on Gross Revenue for the preceding calendar month and Franchisee will provide supporting details in a format as required by Franchisor.

3.3 Marketing Contributions

As discussed in Section 7, Franchisee must contribute to any Marketing Fund an advertising fee of one and one half percent (1.5%) of Gross Revenue, in addition to the amounts Franchisee is required to spend on local advertising and other marketing expenditures.

3.4 Electronic Funds Transfer

All payments due and owing by Franchisee to Franchisor shall be paid by electronic funds transfer unless otherwise agreed upon by Franchisor. Franchisee shall upon execution of this Agreement complete and deliver to Franchisor a pre-authorized electronic funds transfer authorization in the form set out in Exhibit F.

3.5 Application of Payments

Franchisor has discretion to apply against amounts due to Franchisor or any of its affiliates any payments received from Franchisee or any indebtedness of Franchisee to Franchisor.

3.6 Tax Indemnification

Franchisee will indemnify Franchisor and reimburse Franchisor for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business is located imposes as a result of Franchisee's operation of the Franchised Business or the license of any of Franchisor's intangible property in the jurisdiction in which the Franchised Business is located. If more than one (1) franchisee is located in such jurisdiction, they will share the liability in proportion to their Gross Revenue from the CTRL V[®] Business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to franchisees. If applicable, this payment is in addition to the Royalty Fee payment described above.

3.7 Late Payment or Late Report

Franchisee shall pay to Franchisor a late fee on any payment or report that Franchisee fails to submit to Franchisor when due. Franchisor's current late fee per late payment or late report is One Hundred Dollars (\$100). This late fee is in addition to any interest payments due under Section 5.5 of this Agreement.

4. LEASE, DEVELOPMENT AND TRAINING

4.1 Lease

Franchisee will be responsible for maintaining a suitable Premises for the Franchised Business that meets Franchisor's brand standards. If Franchisee does not own the Premises for the Franchised Business, it shall execute a lease agreement (the "**Lease**") with the owner (lessor) of the Premises. If Franchisee has identified a Premises of which Franchisor has approved on or before the Effective Date of this Agreement, and executed a Lease for such location, Franchisee shall deliver a copy of such executed Lease to Franchisor prior to the execution of this Agreement. Franchisee further agrees to sign and execute, and hereby undertakes to have the lessor for the Premises execute, the lease addendum annexed hereto as Exhibit D (the "**Lease Addendum**"), unless this obligation is waived by Franchisor. Franchisee represents and warrants that the unexpired term of its Lease is equal to or greater than the current term of this Agreement.

If Franchisee is entering into a new Lease or renewal Lease, it shall forward such Lease to Franchisor not less than ten (10) days prior to its execution by Franchisee for Franchisor's review and approval. Unless waived in writing by Franchisor, any Lease or sublease must either contain all of the provisions stated in

the Lease Addendum annexed hereto as Exhibit D, or the Franchisee and the lessor of the Premises must enter into the Lease Addendum.

Franchisor does not, by virtue of reviewing or approving any Lease, sublease or renewal, assume any liability or responsibility to Franchisee or to any third parties. Franchisee must deliver a copy of the fully signed Lease, sublease or renewal, together with any Lease Addendum attached thereto, to Franchisor within five (5) days after their execution.

4.2 Development of Franchised Business

Promptly after Franchisee signs a Lease or acquires the Premises for the Franchised Business, and receives from Franchisor the prototype plans and specifications for the Franchised Business, Franchisee will:

- 4.2.1** prepare and submit to Franchisor for approval, which will not be unreasonably withheld, any proposed modifications to Franchisor's basic plans and specifications, which Franchisee may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and Lease or deed requirements and restrictions. Franchisee must submit such modifications to Franchisor prior to commencing construction, and Franchisee must submit any revised plans to Franchisor during construction. For the avoidance of doubt, Franchisee must not make any modifications to Franchisor's basic plans and specifications without first obtaining Franchisor's approval including, but not limited to, modifications to the floor plan of the Premises. If Franchisee is required to modify Franchisor's prototype plans and specifications for the Franchised Business, Franchisee will engage, at Franchisee's expense, an architect who meets Franchisor's standards and specifications to modify the prototype plans and specifications to comply with such local laws and restrictions;
- 4.2.2** obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;
- 4.2.3** construct all required improvements to the Premises, purchase and install all required fixtures and equipment and decorate the Premises in compliance with the plans and specifications approved by Franchisor and all applicable ordinances, building codes, permit requirements and Lease or deed requirements and restrictions;
- 4.2.4** purchase the types of construction and decorating materials, fixtures, equipment and signs Franchisor requires and has approved as meeting Franchisor's standards for quality, design, appearance, function, and performance;
- 4.2.5** establish filing and accounting systems complying with Franchisor's requirements; and
- 4.2.6** contract with a qualified, licensed, insured and bonded general contractor who meets Franchisor's standards and specifications to supervise the construction of the Franchised Business.

Time is of the essence.

4.3 Pre-Start Up Assistance

Once Franchisee has received shipment of all tools, supplies, material, Equipment and Software Tools necessary to install the VR Stations, equip the Premises, and operate the Franchised Business, it will so notify Franchisor. Upon receipt of notice, Franchisor will then schedule up to ~~threetwo~~ (32) days of onsite assistance at Franchisee's Premises during normal business hours in order to assist Franchisee with the setup and testing of not less than two (2) VR Stations. Franchisor will provide up to twenty (20) additional hours of telephone, email and videoconference support, in Franchisor's sole discretion, during normal business hours to further assist with start up and system integration as Franchisee builds out and deploys the remaining VR Stations. Additional assistance in setting up and integrating the remaining VR Stations shall be available at reasonable per diem fees and charges established from time to time by Franchisor.

4.4 Training and Retraining

Prior to commencing operations using the System and Marks, Franchisee or at least one Principal acceptable to Franchisor (if Franchisee is an entity), and Franchisee's manager shall undertake and successfully complete to Franchisor's satisfaction Franchisor's initial training program, which may require without limitation that Franchisee's attendees achieve a certain passing score that Franchisor may establish from time to time. This initial training program covers training with respect to the Franchised Business, Software Tools, franchise operations, monitoring, and reporting software, using Franchisor's virtual training center or at such physical location or locations prescribed by Franchisor, which may be in either the United States or in Canada. There shall be no fee charged by Franchisor for its initial training program for up to two (2) attendees who initially attend training at the same time. Franchisor may charge a fee for additional attendees to participate in its initial training program.

If Franchisee or a Principal acceptable to Franchisor (if Franchisee is an entity), or Franchisee's manager fails to successfully complete Franchisor's initial training program to Franchisor's satisfaction during his or her first attempt, Franchisee may re-attend the initial training program, re-send the same Principal or send a replacement Principal acceptable to Franchisor (if Franchisee is an entity), or re-send the same manager or send a different manager, as the case may be. Franchisor may charge a fee for any subsequent attendees who attend its initial training program. If any of these subsequent attendees fails to successfully complete Franchisor's initial training program to Franchisor's satisfaction, Franchisor may terminate this Agreement.

At all times during the term of this Agreement, Franchisee or at least one Principal acceptable to Franchisor (if Franchisee is an entity), and Franchisee's manager must be individuals who have attended and successfully completed to Franchisor's satisfaction, Franchisor's initial training program and any mandatory ongoing training. Notwithstanding the preceding sentence, Franchisee shall have thirty (30) days or a longer period agreed to in writing by Franchisor to comply with this Section if an individual that used to allow Franchisee to satisfy this requirement is being replaced.

Franchisor may, from time to time, request that Franchisee or at least one Principal acceptable to Franchisor (if Franchisee is an entity), its managers or any of its employees attend such conferences and meetings, and follow such retraining, product knowledge or skills training programs as Franchisor may reasonably require from time to time, for a fee. Franchisor has the right to designate when and where conferences, meetings and ongoing training takes place, which may be in either the United States or in Canada; the duration of the conferences, meetings and ongoing training, and the fees associated with them. Franchisor may also elect to offer conferences, meetings and ongoing training telephonically or over the Internet. All training may be conducted by Franchisor, IP Owner or another affiliate of Franchisor.

Franchisee shall be solely responsible for the applicable fee, if any, and the salaries, wages, benefits, travel and living expenses, and other related costs for all individuals affiliated with Franchisee and the Franchised Business who attend any initial and ongoing training, conventions and meetings, as described in this Section.

4.5 Opening and Operation of Franchised Business

Franchisee shall not open or commence operation of the Franchised Business using the System and Marks until the Franchisee has received written agreement from the Franchisor stating that the Franchisee has satisfied the following conditions to the Franchisor's satisfaction and setting out the targeted opening date:

- 4.5.1** The Equipment, furnishing and appearance of the Franchised Business are in accordance with Franchisor's specifications and System standards;
- 4.5.2** All required initial training has been completed to Franchisor's satisfaction;
- 4.5.3** If the Franchisee or its Principals will not be directly managing and supervising the Franchised Business, the Franchisee has hired a qualified manager approved by the Franchisor who is designated to manage the Franchised Business on a full time basis;
- 4.5.4** All franchise operations, monitoring, and reporting software, Software Tools, Equipment and Products and Services prescribed by the Franchisor have been installed and configured as required;
- 4.5.5** All tasks prescribed by Franchisor (including in the FranConnect Opener module) have been completed to the satisfaction of the Franchisor prior to the targeted opening date;
- 4.5.6** Franchisor has been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor requests or accepts; and
- 4.5.7** Franchisee has completed all other pre-opening requirements reasonably required by the Franchisor including without limitation those set out in the Manual.

Franchisee agrees to comply with all pre-opening obligations and open the Franchised Business for business within one hundred twenty (120) days after the Effective Date of Exhibit A-2 to this Agreement, which identifies the Premises of the Franchised Business and the Designated Area. Time is of the essence.

4.6 Hiring and Employees

Franchisee shall hire all employees of the Franchised Business, and shall be exclusively responsible for the terms of their employment, employee policies, compensation, scheduling, employee remittances and workplace safety insurance premiums, disciplining and all other personnel decisions respecting Franchisee's employees without any influence or advice from Franchisor. Franchisee shall implement proper training of such employees in the operation of the Franchised Business that complies with Franchisor's brand standards. Franchisee shall, upon Franchisor's request and at its expense, enroll its managers in initial training and retraining programs conducted by Franchisor. Franchisee will maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with Franchisor's brand standards.

4.7 Manual

Franchisor shall, during the term of this Agreement, provide Franchisee with access to a copy of the confidential and proprietary Manual in electronic or whatsoever other form or media in connection with the operation of the CTRL V® System. The Manual will contain mandatory and suggested specifications, standards and operating procedures that Franchisor develops for CTRL V® Businesses and information relating to Franchisee's other obligations. Any required specifications, standards and operating procedures exist to protect Franchisor's and IP Owner's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. Franchisor may formulate and modify standards, policies, and specifications as considered appropriate and useful, and Franchisor shall notify Franchisee through amendments to the Manual, articles, newsletters, other bulletins, email and other communication services. The master copy of the Manual that Franchisor maintains at Franchisor's principal office or on Franchisor's website, and makes available to Franchisee by electronic access, will control if there is a dispute involving the contents of the Manual. Franchisee must, at Franchisee's expense, comply with all provisions of the Manual.

5. PRODUCTS

5.1 Products and Services

Franchisee agrees that the Franchised Business will offer for sale only the Products and Services which Franchisor has approved as being suitable for sale and meeting the standards of quality and uniformity for the System. Specifically, Franchisee must offer to its customers those games and applications listed as mandatory on Franchisor's then-current games and applications menu to be offered by CTRL V® Businesses to the general public, as such menu is updated by Franchisor from time to time. Franchisee is not required, but may at its option, offer to its customers those games and applications which are listed on the then-current menu as optional or non-mandatory.

Franchisee shall pay all up front and recurring licensing, service and maintenance fees to Franchisor or other third party suppliers in order to subscribe for, license or otherwise obtain access to any Equipment or supplies prescribed by Franchisor. Franchisee acknowledges that such fees may change from time to time at the discretion of third party suppliers and that any such changes shall be borne proportionately by Franchisee.

Franchisor will provide Franchisee with lists of designated and approved manufacturers, suppliers and distributors (which may include Franchisor and/or Franchisor's affiliates) ("**Approved Suppliers List**"), and designated and approved products, inventory, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate the Franchised Business ("**Approved Supplies List**"). Franchisor shall have the right to modify these lists from time to time. Franchisee must comply with these lists and any modified versions of these lists. If Franchisor has not designated the brand and/or manufacturer, or the source or sources, of any item used in the operation of the Franchised Business, and Franchisor has not otherwise approved the specific brand and/or manufacturer, or the specific source or sources, of that item, Franchisee may request that Franchisor approve an alternative to that item, or an alternative supplier for that item. In that case, Franchisee must first notify Franchisor in writing and must submit to Franchisor, at its request, sufficient specifications, photographs, drawings or other information or samples for Franchisor to determine whether the alternative item complies with its specifications and standards, or the alternative supplier meets its approved supplier criteria. Franchisor will notify Franchisee of its decision within a reasonable period of time following its receipt of all information requested. Franchisor may further develop its procedures for the submission of requests for alternative items or suppliers, and may establish obligations that approved suppliers must assume (which may be

incorporated in a written agreement to be signed by approved suppliers). Franchisor will have the right to charge either Franchisee or each proposed supplier a reasonable fee to review the alternative item or supplier. Franchisor may reinspect the facilities and products of any supplier or approved item and revoke its approval of any item or supplier which fails to continue to meet any of its criteria. Franchisor will send written notice of any revocation of an approved supplier or item. Franchisor may impose limits on the number of suppliers and/or brands for any products, services or other items to be used in the Franchised Business. Franchisee agrees that certain products, materials, services, and other items and supplies may only be available from one source, and Franchisor or Franchisor's affiliates may be that source. Franchisee must at all times maintain an inventory of products sufficient in quantity and variety to realize the full potential of the Franchised Business. FRANCHISOR AND FRANCHISOR'S AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING THE PRODUCTS, EQUIPMENT, COMPUTER SYSTEM, SOFTWARE TOOLS, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT FRANCHISOR AND/OR ITS AFFILIATES DISTRIBUTE OR THAT THIRD PARTIES DESIGNATED OR APPROVED BY FRANCHISOR OR ITS AFFILIATES MANUFACTURE OR DISTRIBUTE FOR USE IN THE SYSTEM.

5.2 Purchase Prices for Equipment and Supplies

Except as otherwise agreed to by Franchisor, the prices to be charged to Franchisee for any Equipment or supplies to be purchased from or through Franchisor or its affiliates will be the prices in force and effect as by Franchisor's most current price list ("**Purchase Prices**").

5.3 Notice of Franchisor's Potential Profit

Franchisor and/or Franchisor's affiliates periodically may make available to Franchisee goods, products and/or services for use in the Franchised Business on the sale of which Franchisor and/or Franchisor's affiliates may make a profit. Franchisor further advises Franchisee that Franchisor and Franchisor's affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to Franchisee or in consideration for services provided or rights license to such persons. Franchisee agrees that Franchisor and Franchisor's affiliates will be entitled to such profits and consideration.

5.4 Payment

Franchisee agrees to pay the purchase prices for Equipment or supplies from Franchisor, its affiliates, or designated or approved suppliers when due and in accordance with the terms and conditions of sale established by Franchisor and/or such supplier from time to time.

5.5 Interest

In the case of a default by Franchisee to pay any amount under the present or any other agreement between Franchisee and Franchisor or its affiliates, including any Purchase Price for Equipment or supplies or any unpaid balances hereunder, Franchisee agrees to pay interest on such amount at a rate equal to the lesser of: (1) one and one-half percent (1.5%) per month; or (2) the maximum contract rate of interest permitted by law in the state in which the Franchised Business is located, with interest on such interest, the whole under reserve of any other rights and recourses of Franchisor.

5.6 Non-Obligatory Inventory Repurchase

In the event of the termination or expiration of this Agreement for any reason whatsoever, Franchisee agrees that Franchisor shall have, in addition to and without prejudice to any other rights and recourses, the right but not the obligation, at its option (unless required by applicable law), to repurchase, and Franchisee shall sell to Franchisor: (a) the current reusable Equipment used in the Franchised Business and purchased from Franchisor or other approved suppliers, at a price equal to the lesser of (i) seventy-five percent (75%) of the current cost price to Franchisee as appears on Franchisor's most current price list, and (ii) book value, provided such Equipment is not obsolete and can be reused in another CTRL V® Business; and (b) inventory, as long as it is new and in perfect condition and can be sold as new. The proceeds of the purchase price shall be applied first against any amounts owing to Franchisor or its affiliates and any excess shall be payable to Franchisee.

6. IMAGE AND OPERATING STANDARDS

6.1 Fixtures, Equipment and Signs

Franchisee agrees to purchase, acquire and use in the operation of the Franchised Business those brands or types of Equipment, components of the Computer System, accounting systems, and other materials that Franchisor has designated and approved as meeting its specifications and standards for design, appearance, function, performance and serviceability. Franchisee's obligation to purchase all Equipment required by Franchisor includes, but is not limited to, Franchisee's obligation to purchase software and pay licensing fees that Franchisor may designate to facilitate the VR Experience. Franchisee agrees to place or display at the Premises of the Franchised Business (interior and exterior) only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor.

6.2 Systems and Software Tools

6.2.1 Franchisee agrees to acquire, install and use in the development and operation of the Franchised Business the Computer System that Franchisor designates from time to time, to use the Computer System in the manner that Franchisor directs from time to time, and not to use any other computer system. All information and Data entered into, or stored on the Computer System will be owned solely by Franchisor. Franchisee agrees to transmit to Franchisor (and otherwise permit Franchisor to collect) in the form and at frequencies it specifies from time to time, such electronic information from the Computer System as Franchisor may designate. Franchisor reserves the right, at any time and at its option, to request and/or obtain Data in the Computer System. Franchisee agrees to install and maintain at the Franchised Business a fully managed, private DSL or cable modem or similar means of secure high-speed networking, and dedicated line that Franchisor may use to independently access sales information and other information on the Computer System. Franchisee is responsible for maintaining a secure network environment consistent with this Agreement and all applicable legal requirements.

6.2.2 Franchisee acknowledges that Franchisor and IP Owner have developed specifications for certain components of the Computer System and may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, Franchisor may require Franchisee to obtain specified computer hardware and/or Software Tools, including a license to use proprietary or other software developed by Franchisor or others. Franchisor may require Franchisee to pay to Franchisor a technology fee for the use of its or its affiliates' proprietary software, and/or other technology [or technology services](#).

(including, but not limited to, a designated email account and platform, as well as personnel to service, implement, administer, or/or oversee the technology). Franchisor's modification of its specifications for the components of the Computer System may require Franchisee to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to Franchisee of obtaining the Computer System (including software licenses) (or additions or modification thereto) may not be fully amortizable over the remaining term of this Agreement. Within sixty (60) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the components of the Computer System that Franchisor designates and requires.

- 6.2.3** Franchisee further acknowledges and agrees that Franchisor has the right to charge reasonable systems fees for software, hardware, or systems modifications and enhancements specifically made for Franchisor and its affiliates that are licensed to Franchisee and other maintenance and support services that Franchisor or its affiliates furnish to Franchisee related to the Computer System. Franchisee must execute all agreements and pay all fees that Franchisor, its affiliate, or a third-party supplier may require in connection with such services and the Computer System.

Information security is Franchisee's sole responsibility. Franchisee shall use its best efforts to protect its Computer System from vulnerabilities, including but not limited to, viruses, bugs, power disruptions, communication disruptions, internet access failures, denial of service attacks, unauthorized access. Franchisor recommends that best practices are established to update firewalls, use of strong passwords, ensure anti-virus is up-to-date and employ the use of backup systems. In addition to establishing and maintaining a secure networking environment, Franchisee must comply with all industry regulations and standards related to information technology, security and confidentiality. This may include, but is not limited to consumer credit reporting legislation, consumer protection laws, Payment Card Industry Data Security Standards (PCI DSS), the Privacy Laws, and other comparable laws of the Designated Area. Franchisee agrees to provide Franchisor, upon request, documentation evidencing such compliance. Franchisee expressly agrees that for customer service and quality control purposes, Franchisor may at any time without notice review any electronic communications located on the Franchisor's email server, including communications to and from the Franchisee from third parties and customers.

6.3 Participation in Certain Programs and Promotions

Franchisee must participate in all advertising and promotional programs Franchisor establishes in the manner Franchisor directs, which may include on-line directory advertising, customer loyalty programs, customer surveys or sponsorship of national charitable activities. If Franchisor establishes sponsorship of national charitable activities, Franchisee may have to contribute a small portion of sales or profits to the national charity, as described in the Manual. Franchisee must, at its expense, participate in, and honor all provisions of any loyalty, gift card or gift certificate program, or other advertising or promotional programs Franchisor establishes, as further described in the Manual, including without limitation provisions relating to the allocation of funds between CTRL V® Businesses based on where gift cards and gift certificates are purchased and used, and when the Franchisee must include the revenue from the sale of gift cards and gift certificates in Gross Revenue of the Franchised Business. Franchisee shall be responsible for paying any third-party vendor fees associated with any of the programs described in this Section.

6.4 Operation, Condition, and Appearance of the Franchised Business

- 6.4.1** Franchisee agrees to continuously keep the Franchised Business open and operate the same in accordance with all applicable laws and regulations thereto. To ensure a consistent brand experience, the Franchised Business shall also be open and operating during such business hours as are or may be recommended by Franchisor for the Franchise Network from time to time, or in accordance with the Lease for the Premises. Franchisee shall maintain the condition and appearance of the Franchised Business including without limitation all Equipment, signs, interior and exterior décor, paint and wall coverings, fixtures, furnishings, trade dress, color scheme, and presentation of the Marks consistent with the System and the image of a Franchised Business as Franchisor shall, in its discretion, determine for the best interest of the Franchise Network. Franchisee shall make no material alterations to the Premises or the Franchised Business nor shall Franchisee make any material replacements of or alterations to the fixtures, Equipment or layout, nor any alterations to the signs of the Franchised Business without prior written approval by Franchisor. Franchisee shall, on instruction of Franchisor, do such things as Franchisor deems necessary to conform to the foregoing.
- 6.4.2** In addition to all other requirements under this Agreement, including without limitation the purchase and maintenance requirements under Section 6.2.2 relating to the Computer Systems, Franchisee shall undertake such periodic and ongoing remodeling and upgrading of the Franchised Business, the Premises, and the furniture, fixtures, Equipment, décor, signage and trade dress of the Franchised Business, as required by Franchisor in the Manual or otherwise in writing. Without limiting the foregoing, not later than two and a half (2 1/2) years after the Effective Date, and again as a pre-condition to renewal, Franchisee shall refurbish the Franchised Business at its expense to conform to the building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for new CTRL V® Businesses, including without limitation remodeling, redecoration, and modifications to existing improvements, as Franchisor may require in writing (collectively, “**Facilities Remodeling**”).
- 6.4.3** Franchisee shall not be required to engage in Facilities Remodeling more than once every two and a half (2 1/2) years during the term of this Agreement. However, Franchisor may require Facilities Remodeling as a pre-condition to renewal.
- 6.4.4** Franchisee shall have six (6) months after receipt of Franchisor’s written notice, along with the specifications for such Facilities Remodeling, within which to complete Facilities Remodeling.
- 6.4.5** In addition to Facilities Remodeling, Franchisee shall make, from time to time, such upgrades and other changes to the electronic equipment utilized in the Franchised Business and the Computer System as Franchisor may request in writing (collectively, “**Equipment Upgrades**”). Franchisor shall have the right to require any Equipment Upgrades it deems necessary for Franchisee’s Franchised Business. The limitation on the frequency or scope of Facilities Remodeling shall not include repair to, or the normal upkeep of, the Franchised Business, nor shall it include Equipment Upgrades including, without limitation, those to the Computer System.

6.5 Franchised Business Use and Materials

Franchisee agrees that neither the Franchised Business nor the Premises which it occupies will be used for any other purpose but the operation of a Franchised Business in compliance with this Agreement and, without limitation, for the purpose of maintaining the integrity of the Franchise Network. Franchisee shall in the operation of the Franchised Business only use their corporate name to identify the ownership and operation thereof and shall only use such packaging, forms and other materials, labeled or imprinted with the Marks with such qualifications added thereto to show Franchisee's independent status from Franchisor, the whole in the manner as prescribed or approved from time to time by Franchisor.

6.6 Specifications, Standards and Procedures

Franchisee acknowledges that each and every detail of the operation of the Franchised Business is important to Franchisor and other CTRL V® Businesses and the Franchise Network. Franchisee shall endeavour to maintain the high standards of quality and service offered by all CTRL V® Businesses and to comply with all mandatory specifications, standards and operating procedures of the System relating to the operation of a CTRL V® Business as required from time to time by Franchisor for, inter alia, without limitation, the protection of the interests of the Franchise Network. The System may be different than the franchise system under which CTRL V® Businesses operate in Canada. To promote a consistent brand experience, Franchisee shall at all times give prompt, courteous, knowledgeable and efficient service to customers of the Franchised Business.

6.7 Pricing

Franchisor may periodically make suggestions to Franchisee with regard to Franchisee's pricing policies in a price list. Franchisee may decide whether or not to follow these suggestions. Franchisor also has the right to establish maximum prices and/or minimum prices to be charged by Franchisee for the Products and Services, but any exercise of that right will be specifically set forth in writing. Franchisee must honor all maximum prices and minimum prices Franchisor establishes in accordance with this Section.

6.8 Management of the Franchised Business

The Franchised Business shall at all times be under the direct supervision of Franchisee and its Principals. The person who is responsible for the day-to-day, on-Premises supervision of the Franchised Business (i.e., the manager) must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with Franchisee's obligations. The manager must meet Franchisor's prior management and general business experience requirements, and must otherwise satisfy Franchisor's standards and specifications. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as a regular manager of the Franchised Business.

6.9 Conflicts of Interest

Franchisee and its Principals agree that it will at all times faithfully, honestly and diligently use its best efforts to perform its obligations hereunder, and to continuously exert all its time and attention to promote and enhance the business of the Franchised Business.

6.10 Insurance

Franchisee agrees to purchase and maintain in force, at its expense, comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined

single limit of at least \$5,000,000 per occurrence and \$5,000,000 annual aggregate. Franchisee must purchase and maintain, at its expense, such other insurance coverage required by law or as Franchisor may require from time to time.

All insurance policies will: (1) be issued only by an insurance carrier(s) and through an agent meeting Franchisor's then-current minimum standards, or through an insurance carrier(s) designated by Franchisor, if so required by Franchisor; (2) will name Franchisor and its affiliates and their respective officers, directors and employees as an additional insured following such format and using such endorsements as Franchisor periodically may direct; (3) contain a waiver of the insurance company's right of subrogation against Franchisor; (4) provide that Franchisor will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as required by the insurance carrier and approved by Franchisor); and (5) as applicable, include primary and non-contributory endorsement or language in form and content as Franchisor periodically requires. To the extent Franchisee obtains a single policy for two (2) or more CTRL V® Businesses, Franchisor periodically will determine the levels of insurance coverage that Franchisee must obtain and other requirements that Franchisee must satisfy for each CTRL V® Business covered by such policy. Franchisor periodically may, with prior written notice to Franchisee, increase the minimum liability protection requirements, modify policy, endorsement or other requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If Franchisee at any time fails to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor, at its option, may obtain insurance coverage for Franchisee. Franchisee agrees to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor. Franchisee will provide Franchisor with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as Franchisor periodically requires within two (2) weeks before Franchisee takes possession and commences development of the Franchised Business Premises and at such other times as Franchisor may require. In addition, Franchisee will provide to Franchisor with a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. Franchisee's obligation to obtain and maintain these insurance policies in the amounts specified shall not be limited in any way by reason of any insurance that Franchisor may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Section 17.3. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

6.11 Confidential Information

~~6.11.1~~ Franchisee understands and agrees that it will come into possession of certain of Franchisor's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software and other technology; and Franchisor's materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Franchisor. Franchisee agrees that Franchisor derives independent economic value from the foregoing information, which is part of Franchisor's "Confidential Information," not being generally known to, and not being readily ascertainable through proper means by another person. Franchisee acknowledges and agrees that

Franchisee does not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Business pursuant to this Agreement during the term of this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is disclosed to Franchisee solely on the condition that Franchisee agrees that Franchisee: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures Franchisor directs to prevent unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure to CTRL V® Business employees; and (5) will require the Principals, the manager, and any other of Franchisee's officers, directors, owners, managers, and other employees and agents with access to Confidential Information to sign a nondisclosure and confidentiality agreement, in applicable forms satisfactory to Franchisor, samples of which are attached hereto as Exhibit E-1.

6.11.1 ~~6.11.2~~ Franchisee must fully and promptly disclose to Franchisor all ideas, concepts, products, process methods, techniques, improvements, additions and customer data relating to the development and/or operation of a CTRL V® Business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the CTRL V® Business, or any advertising or promotion ideas related to the CTRL V® Business (collectively, the “**Improvements**”) that Franchisee, the Principals or Franchisee's employees or agents conceive or develop during the term of this Agreement. Franchisee and Franchisee's Principals, agents and employees acknowledge and agree that any Improvements are Franchisor's property, and Franchisee and Franchisee's Principals, agents or employees must sign all documents necessary to evidence the assignment of the Improvements to Franchisor without any additional compensation. Franchisee acknowledges and agrees that Franchisor has the perpetual right to use and authorize others to use the Improvements without any obligation to Franchisee for royalties or other fees. Franchisee must not introduce any Improvements or any additions or modifications of or to the System into the CTRL V® Business without Franchisor's prior written consent.

6.12 Credit Cards and Other Methods of Payment

At all times, Franchisee must maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-funds-transfer systems that Franchisor designates as mandatory, and Franchisee must not use any such services or providers that Franchisor has not approved in writing or for which Franchisor has revoked its approval. Franchisor has the right to modify its requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke its approval of any service provider or method of payment. For purposes of clarification, Franchisor reserves the right, upon notice to Franchisee through the Manuals or otherwise, to prohibit Franchisee from accepting cash from its customers. Franchisee must comply with all credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Manuals.

7. ADVERTISING AND PROMOTION

7.1 Local Advertising

Franchisee agrees to use its best efforts to vigorously and aggressively promote and increase the business of the Franchised Business and agrees to spend not less than three percent (3%) of monthly Gross Revenue on approved local advertising during the term of this Agreement. Franchisor encourages

Franchisee, however, to spend additional amounts on local marketing, advertising and promotion beyond the minimum monthly amount required under this Agreement. If so required by Franchisor, on or before the day Franchisor designates, Franchisee shall provide Franchisor with an accounting of the funds that Franchisee has spent on approved local marketing, advertising and promotion for the period Franchisor periodically designates, which may be as often as monthly. If Franchisee fails to spend the minimum amount required under this Section for any designated period, Franchisee must, at Franchisor's sole option, pay Franchisor the difference between what Franchisee should have spent on approved local marketing, advertising and promotion during that period and what Franchisee actually spent on those items during that period, or spend that amount on approved local marketing, advertising and promotion during the next period. Franchisor will deposit in the Marketing Fund any amounts paid to Franchisor in accordance with the preceding sentence.

All advertising of the Franchised Business by Franchisee, including the local advertising indicated above, shall in each case be subject to the prior written approval of Franchisor. Franchisor may require Franchisee to participate at its expense (pro-rated in proportion to participation by other CTRL V® Businesses) in digital marketing campaigns and programs initiated by Franchisor from time to time, including texting programs, internet advertising, website(s), and other social and viral media.

7.2 Grand Opening Advertising

Prior to commencing operation as a CTRL V Franchisee using the System and the Marks, Franchisee shall expend not less than Twelve Thousand Dollars (\$12,000) on a local advertising, marketing and promotion to announce its association with and operation of the Franchised Business under the Marks (the “**Grand Opening Advertising Campaign**”).

Franchisee shall conduct the Grand Opening Advertising Campaign for the Franchised Business as Franchisor prescribes. Based on Franchisor's analysis of the Franchised Business location, its market and other factors Franchisor deems relevant, Franchisor has the right to designate: (1) the time and duration of Franchisee's Grand Opening Advertising Campaign; and (2) the advertising, public relations and marketing activities that will be a part of Franchisee's Grand Opening Advertising Campaign, which may include, without limitation, door prizes/giveaways, money mailers, door hangers, photographers, press releases, discount giveaways, and banners and signage. The amounts Franchisee spends on the Grand Opening Advertising Campaign are in addition to, and will not be credited towards, Franchisee's local marketing obligations described in Section 7.1. If Franchisor so requires, during the Grand Opening Advertising Campaign, Franchisee must provide Franchisor with a monthly report itemizing the amounts that Franchisee spent on designated or approved advertising, public relations and marketing activities in connection with the Grand Opening Advertising Campaign for the preceding month. If during the Grand Opening Advertising Campaign Franchisee fails to spend the minimum amount required under this Section on designated or approved advertising, public relations or marketing activities in connection with the Grand Opening Advertising Campaign, Franchisor has the right to collect from Franchisee the unspent portion of such amount and, in Franchisor's sole judgment, either use it to conduct grand opening marketing on Franchisee's behalf or contribute it to the Marketing Fund. Any amounts Franchisor collects from Franchisee relating to Franchisee's Grand Opening Advertising Campaign are not refundable.

7.3 Plans, Materials and Samples

Franchisor may, without obligation, at such time and from time to time furnish Franchisee with approved local marketing plans and materials, brochures, press releases, newspaper ads, radio commercial tapes, sales aids, flyers, posters, collateral promotional and novelty items, stationery, and other and promotional and marketing materials, on the same terms and conditions as such materials are furnished to other CTRL

V® Businesses. All advertising and promotional materials of any nature prepared by or on Franchisee's behalf must comply with CTRL V brand guidelines as published and provided by Franchisor from time to time. Prior to their use by Franchisee, samples of all advertising, marketing and promotional materials not prepared or previously approved by Franchisor must be submitted to Franchisor for approval, which approval shall not be unreasonably withheld. If Franchisee fails to submit any such advertising, marketing, or promotional materials to Franchisor and receive Franchisor's approval prior to use, Franchisor may charge Franchisee a fee for each item it failed to submit and get approved.

7.4 National/Regional Advertising

Franchisor shall have the right to participate in or organize an advertising program at a national or regional level, of which the content, form and media of transmission shall be determined by Franchisor. In such case, Franchisor will establish a marketing fund from which to fund such programs and campaigns (the "**Marketing Fund**"). Franchisee hereby agrees to contribute to any Marketing Fund an advertising fee of one and one half percent (1.5%) of Gross Revenue (the "**Marketing Fee**") in addition to any other amounts mentioned herein, for participation in such national or regional program. Franchisor declares and Franchisee acknowledges that there are no warranties that any advertising program will be of benefit to any particular franchisee or that said benefits will be enjoyed rateably between franchisees. Upon thirty (30) days' written notice to Franchisee, Franchisor may require Franchisee to participate in a separate Marketing Fund for the United States or in a Marketing Fund that is for both the United States and Canada, or to switch from one of these Marketing Funds to the other. Franchisee will not, however, be required to participate in more than one Marketing Fund at the same time. If separate marketing funds are formed for the United States and Canada, for efficiency purposes, certain administrative costs and expenses that benefit both the U.S. marketing fund and Canadian marketing fund may be shared by the two funds.

Franchisor will place all Marketing Fees it receives in the Marketing Fund and will manage such Fund. Disbursements from the Marketing Fund will be made for the payment of expenses Franchisor incurs in connection with the general promotion of the Marks and the System, including: (1) the cost of formulating, developing and implementing advertising, marketing, promotional and public relations campaigns; (2) network marketing; (3) digital marketing; (4) marketing research and analytics; and (5) the reasonable costs of administering the Marketing Fund, including the cost of employing advertising, public relations and other third party agencies to assist Franchisor; providing promotional brochures and advertising materials to CTRL V® Businesses and to regional and local advertising cooperatives; accounting expenses; and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the Marketing Fund. The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations regarding the Marketing Fund. Franchisor cannot insure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of CTRL V® Businesses to the Marketing Fund in that year. Franchisor may, through the Marketing Fund, furnish Franchisee with approved local marketing plans and materials on the same terms and conditions as plans and materials it furnishes to other franchisees. Franchisor will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, Franchisor will provide Franchisee an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

7.5 Advertising Cooperative

If so required by Franchisor, Franchisee will participate in, support and contribute to one or more regional or local cooperative advertising or marketing programs established in an area or region where Franchisee's

Franchised Business is located, as designated by Franchisor. If a cooperative is established, Franchisee must contribute an amount that Franchisor determines or that the Cooperative may determine (with Franchisor's approval), up to a total of three percent (3%) of the Gross Revenue of the Franchised Business each calendar year. Franchisor reserves the right to designate regional and local advertising or marketing markets, to establish regional advertising or marketing councils and to establish the bylaws and other rules under which each cooperative will operate.

7.6 Offset

Franchisee's contributions to regional and local advertising cooperatives under Section 7.5 will be credited toward Franchisee's required local advertising expenditure described in Section 7.1. In no event will Franchisor require Franchisee's combined monthly expenditure on local marketing obligations under Section 7.1 and contributions to regional and local advertising cooperatives under Section 7.5 to exceed three percent (3%) of Gross Revenue.

7.7 Franchisee Advisory Council

Franchisor reserves the right to create a "**Franchisee Advisory Council**," or similar advisory group, for the purpose of fostering communication among and between franchisees and Franchisor, as well as to establish, modify or discuss various policies applicable to CTRL V® Businesses operating under the System. If and when Franchisee Advisory Council is created, Franchisee shall be required to participate in such Franchisee Advisory Council meetings and programs as Franchisor shall designate. Franchisee may be required to pay such dues to Franchisee Advisory Council as Franchisor shall determine, and Franchisee shall pay all costs and expenses incurred in connection with participation in Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals.

7.8 Internet (Web) Presence

Franchisor and IP Owner shall have the exclusive right and responsibility to manage CTRL V's and the Franchised Business's online presence. Franchisee shall not, directly or indirectly, create, host or establish a website, Facebook page, Twitter, YouTube, Snapchat or other social media or internet presence ("**Online Media**") which in any manner uses or refers to the Marks or the Franchise Network unless permission to do so is expressly authorized in writing by Franchisor. For greater certainty, Franchisee may not use any of the Marks as part of any Internet domain name or URL, and may neither display nor use any of the Marks or other of Franchisor's or its affiliates' intellectual property in connection with, or associate the System with (through a link or otherwise) any website, website advertising, address or listing on the Internet including on any social networking or ecommerce sites or other Online Media, without Franchisor's prior written consent. Any Online Media making reference in any way to Franchisor, the Marks, or Franchisee's business shall be subject to Franchisor's review and approval as to content and appropriateness from time to time. Franchisee shall immediately comply with Franchisor's directives to deactivate any such site or remove, alter or modify content, or transfer such site and all related accounts, passwords and credentials to Franchisor from time to time to ensure that it conforms to the CTRL V brand guidelines, directives and website content policy as determined by Franchisor from time to time in its reasonable discretion.

Franchisor may, without obligation, grant Franchisee permission to market the Franchised Business online, on the condition that Franchisee first submits all pertinent marketing materials to Franchisor for review and approval, which approval shall not be unreasonably withheld.

8. RECORDS AND REPORTS

8.1 Accounting and Records

Franchisee shall obtain, install, download, and use such accounting software, links and software tools as may be designated and approved from time to time by Franchisor for use in maintaining the books of account and financial records of the Franchised Business. Franchisee shall in maintaining its books and records use the chart of accounts in the general ledger in the form prescribed by Franchisor. Franchisee shall not less than once monthly at the times designated by Franchisor upload all required accounting and financial information to Franchisor's financial benchmarking software, as directed by Franchisor from time to time.

Franchisee shall keep and maintain complete and precise books and records of the Franchised Business in accordance with generally accepted accounting principles applied on a consistent basis and shall further comply with any requirements prescribed by Franchisor for this purpose. These books and records, along with the information and data that Franchisee is required to store on Franchisee's computer system, shall be referred to herein as the **"Records."** Franchisee hereby agrees that it shall maintain for Franchisor's inspection at a mutually agreed upon location the Records of Franchisee for a period of three (3) years from the date of termination or expiration of this Agreement and for government and tax authorities for a minimum of seven (7) years or as required.

8.2 Revenue Reports

Franchisee shall furnish to Franchisor on the tenth (10th) day of the following month in the form, from time to time prescribed by Franchisor, including an electronic report, signed and verified by Franchisee, accurately reflecting the Gross Revenue and the royalties owing thereon for the preceding month and such other data, information and supporting records as Franchisor may from time to time require.

8.3 Tax Returns and Statements

Franchisee shall maintain readily available for inspection by Franchisor and shall promptly furnish to Franchisor upon its request, exact copies of all tax returns relating to the Franchised Business and of each of the Principals. In addition, Franchisee shall, at its expense, furnish to Franchisor as soon as possible after each financial year end of Franchisee, and in any event before the expiry of ninety (90) days thereafter, unaudited financial statements for the preceding year of the operation and status of the Franchised Business, including a balance sheet, income statement, statement of changes in financial position. In addition, Franchisee shall, at the same time, provide unaudited statement of Gross Revenue, sales and purchases. Notwithstanding the above, if Franchisee submits false or inaccurate financial statements to Franchisor on more than one occasion, in addition to all other remedies available to Franchisor hereunder, Franchisor shall have the right to require that the financial statements Franchisee submits under this Section 8.3 going forward are audited in accordance with U.S. generally accepted accounting principles and are prepared by a certified public accountant.

9. MARKS

9.1 Ownership

Franchisee acknowledges and agrees that the Marks are IP Owner's valuable property and that IP Owner has licensed the use of the Marks and the System to Franchisor with the right to sublicense to others, and that Franchisee's right to use the Marks is solely derived from this Agreement and may only be used in association with the sale of the Products and Services according to and in compliance with the System,

standards, procedures, specifications and methods from time to time furnished by and from Franchisor or its authorized representative. Franchisee further acknowledges and agrees that, as owner of the Marks, IP Owner is the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Franchised Business and of the business conducted at or from the Franchised Business and the Premises that is associated with or attributable to the Marks. Franchisee's use of the Marks will inure to Franchisor's and IP Owner's exclusive benefit. Franchisee may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm, contest, or be injurious or prejudicial to Franchisor or IP Owner's rights in any of the Marks or the goodwill associated with the Marks, including without limitation any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including without limitation print or electronic media.

Franchisee shall at all times, when using the Marks, indicate in such manner as Franchisor may direct, that Franchisee is an authorized or licensed user of the Marks and that Franchisor is the licensor of the Marks. Franchisee shall, in addition to the foregoing, display in a conspicuous location on the Premises, a notice which shall read as follows:

“This Franchised Business is operated by [*corporate name of Franchisee*] under license with CTRL V Partners LLC, the sublicensor of the CTRL V trademarks.”

During the term of this Agreement and after termination or expiration hereof, Franchisee agrees not to dispute or contest, for any reason whatsoever, directly or indirectly, the validity, ownership or enforceability of any of the Marks.

9.2 Limitations on Franchisee's Use of Marks

Subject to paragraph 6.4.1, Franchisee agrees to use the Marks solely and exclusively as the trade name and trade mark identification of the Franchised Business and the goods and services offered hereunder. Franchisee agrees to prominently display the Marks on all sales invoices, stationery and other forms and materials designated by Franchisor, and affix such notices, signs or other indicia indicating that it is an independent entity of Franchisor in the form and manner as prescribed by Franchisor. Franchisor has not authorized or empowered Franchisee to use the Marks and Franchisee shall not employ any of the Marks in its corporate name or as a business registration or otherwise in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation. Franchisee agrees to change the name of its company in the event said name shall be confusing with the name of Franchisor or any Marks or other trade names, trademarks or rights used by Franchisor.

9.3 Improper Uses

Franchisee and Franchisee's owners, affiliates and agents may not:

- 9.3.1** challenge the validity of any of the Marks or any registration or application for registration, or attempt to claim ownership of or to register anywhere any of the Marks or any derivation or colorable imitation thereof;
- 9.3.2** attempt to claim ownership of or to register anywhere any trademark, service mark, trade name, or trade dress confusingly similar to any of the Marks;
- 9.3.3** use any of the Marks or any other trademark or trade dress confusingly similar marks in any manner that would jeopardize Franchisor's rights in the Marks;

- 9.3.4** do any act that would invalidate registration for any of the Marks. Franchisee may not use any of the Marks as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to Franchisee through this Agreement), or in any modified form, nor may Franchisee use any of the Marks in connection with the performance or sale of any unauthorized products or services or in any other manner Franchisor has not expressly authorized in writing. Franchisee agrees to display the Marks prominently in the manner Franchisor prescribes, including at the Franchised Business, on packaging and serving materials that Franchisor designates and in connection with forms and advertising and marketing materials. Franchisee agrees to give such notices of trademark registrations and such other trademark notices as Franchisor specifies and to obtain any fictitious or assumed name registrations required under applicable law;
- 9.3.5** use any of the Marks to incur any obligation or indebtedness on its behalf or on behalf of Franchisor or its affiliates.

9.4 Notification of Infringements

Franchisee agrees to notify Franchisor immediately of any apparent infringement of, or challenge to, any of the Marks, or of any claim by any Person of any rights in any of the Marks, and Franchisee agrees not to communicate with any person other than Franchisor, IP Owner, Franchisor's legal counsel, IP Owner's legal counsel and Franchisee's legal counsel in connection with any such apparent infringement, challenge or claim. Franchisor and IP Owner have the option to take such action as Franchisor and IP Owner deem appropriate and the right to control exclusively any litigation or other proceeding arising out of any such apparent infringement, challenge or claim or otherwise relating to any of the Marks, including the exclusive right to utilize counsel of IP Owner's or Franchisor's choice to prosecute or defend any such litigation or proceeding. Any award recovered in any such action or proceeding will belong exclusively to IP Owner, or, as appropriate, Franchisor or Franchisor's affiliates. Franchisee agrees to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Franchisor and IP Owner and/or Franchisor's and IP Owner's legal counsel, may be necessary or advisable to protect and maintain Franchisor's and IP Owner's interests in any litigation or other proceeding or otherwise to protect and maintain Franchisor's and IP Owner's interests in the Marks.

9.5 Assignment of Copyrighted Works

Franchisee hereby assigns to Franchisor all rights, title, and interest in any copyrighted works derived from any of the Marks, and agrees to execute such further assignments as Franchisor may request. Franchisee will take all actions and sign all documents necessary to give effect to the purpose and intent of this Section. Franchisee irrevocably appoints Franchisor as the true and lawful attorney-in-fact for Franchisee and authorizes Franchisor to take such actions and to execute, acknowledge and deliver all such documents as may from time to time be necessary to convey to Franchisor all rights granted by this Agreement.

9.6 Indemnification of Franchisee

Should any action involving the Marks be threatened or instituted by any person against Franchisee and such action is not due to default or negligence of Franchisee, Franchisor agrees to defend such action and to hold Franchisee harmless from and indemnify Franchisee for any and all claims thereunder, provided that Franchisee has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement.

9.7 Modification

Franchisee shall not make any changes or substitutions to the Marks unless Franchisor so directs in writing. If it becomes advisable at any time in Franchisor's sole discretion to modify or discontinue use of any or all of the Marks or use one (1) or more additional or substitute trade names or trademarks, Franchisee agrees to comply to such changes, as are determined by Franchisor, within a reasonable time after notice by Franchisor at Franchisee's sole cost and expense.

9.8 Quality Control

Franchisee acknowledges that the Marks have established prestige and goodwill and are well recognized in the mind of the public and the trade, and that it is of great importance to Franchisor and IP Owner that the high standards and reputation symbolized by the Marks be maintained in the marketing, sale, installation, and configuration (as the case may be) of the various authorized products and services utilizing or delivered in connection with the Marks. Accordingly, all Products and Services marketed, or sold, and services rendered, by Franchisee pursuant to this Agreement will be of high quality as determined by Franchisor acting reasonably. Franchisor will have the right to, and will, exercise quality control over Franchisee's use of the Marks to the degree reasonably necessary to maintain the validity thereof and to protect the goodwill associated with the Marks, including but not limited to the right to inspect and monitor Franchisee's use of the Marks in any manner and time prescribed by Franchisor.

10. INSPECTIONS AND AUDITS

10.1 Inspection of Franchised Business

To determine whether Franchisee is complying with this Agreement, Franchisor may, at any time during business hours and without prior notice to Franchisee, inspect the Franchised Business and test, inspect and evaluate Franchisee's Equipment, Products, and supplies, as well as the operation, maintenance, storage and preparation of those items, as applicable. Franchisee will fully cooperate with Franchisor's representatives making any inspection and will permit Franchisor's representatives to take photographs or videotapes of the Franchised Business and to interview employees and customers of the Franchised Business. Franchisor may require Franchisee to remove any item which does not conform to Franchisor's specifications and/or standards. Franchisor may also, at Franchisee's expense, remove or discard any item which does not conform to Franchisor's specifications and/or standards. If Franchisor determines that any condition in the Franchised Business presents a threat to customers, or public health or safety, Franchisor may take whatever measures Franchisor deems necessary, including without limitation requiring Franchisee to immediately close the Franchised Business until the situation is remedied to Franchisor's satisfaction.

Additional guidance and assistance to Franchisee relating to the result of Franchisor's inspection shall, in the sole discretion of Franchisor, be available at per diem fees and charges established from time to time or on a case-by-case basis by Franchisor.

Franchisor may also from time to time establish a "mystery shopper" program to anonymously survey customer experience, service standards and compliance with System standards. If Franchisor establishes a mystery shopper program, Franchisor may require Franchisee to pay for the expense of mystery shopper visits at Franchisee's Franchised Business. Mystery shopper visits at the Franchised Business can be conducted by Franchisor or its designee(s), which may include outside third parties.

10.2 Audit of Books and Records

Franchisee will allow Franchisor or Franchisor's authorized representatives to enter the Franchised Business Premises without prior notice during regular business hours to inspect, audit, photocopy, and videotape Franchisee's business operations and Records, including the books, records and state and/or federal income tax records and returns of the Franchised Business, and to interview the Franchised Business's employees and customers. Instead of or in addition to the foregoing, Franchisee will, upon Franchisor's written request and at Franchisor's sole option, make photocopies of all Records Franchisor requests and forward them to Franchisor or Franchisor's authorized representatives at such address as Franchisor designates in writing, or scan all Records Franchisor requests and make them available to Franchisor electronically through Franchisee's Computer System or as Franchisor otherwise prescribes. Franchisor will reimburse Franchisee for the reasonable cost of photocopying or scanning documents that Franchisor requests. Franchisee agrees that Franchisor shall have the right to examine Franchisee's Records, and to perform such audits, inspections, tests and other analyses as Franchisor deems appropriate to verify Gross Revenue. Franchisee also grants Franchisor permission to examine without prior notice to Franchisee, all records of any supplier relating to Franchisee's purchases, and Franchisee hereby authorizes such suppliers to release Franchisee's purchase records to Franchisor at such times and places as Franchisor requests. Franchisee must allow Franchisor electronic and manual access to any and all Records relating to the Franchised Business. Franchisee will fully cooperate with Franchisor or Franchisor's authorized representative and independent accountants hired to conduct any examination or audit.

10.3 Result of Audit; Under-Reported Gross Revenue

If the auditor or such person reports to Franchisor that, in its opinion, the files and records of Franchisee are insufficient to permit a proper determination of the Gross Revenue of Franchisee for any period, or that the Gross Revenue reported to Franchisor by Franchisee are less than the Gross Revenue revealed by the inspection, Franchisee shall immediately remit to Franchisor twice the amounts owing, if any, with interest at the current prime rate plus five percent (5%) in respect of such difference under this Agreement or any other agreement between Franchisor and Franchisee. In addition, if the inspection reveals that the difference between the Gross Revenue revealed by the inspection and those reported by Franchisee is more than three percent (3%), then same shall constitute a default herein and Franchisee shall pay all costs of the audit and Franchisor shall have the right to terminate this Agreement under reserve of any other rights and recourses of Franchisor. Any report of Franchisor or of Franchisor's auditors rendered from time to time pursuant to this Section shall be final and binding upon all of the parties hereto.

10.4 Credit Information

Franchisor shall have the right to request and obtain, at all times, any credit or other financial information concerning Franchisee, the Principals, the Franchisee entity and any guarantors of Franchisee from all available sources. Franchisee and the Principals specifically consent hereto and acknowledge that the object thereof is the Franchise rights granted herein and that Franchisor has a serious and legitimate reason to do so.

11. TERMINATION OF FRANCHISE

11.1 Termination Without Notice

Franchisee is in material breach of this Agreement, and this Agreement will automatically terminate without notice if Franchisee, the Principals or the Franchised Business:

- 11.1.1 become insolvent or make an assignment or an arrangement with or for the benefit of creditors, file a voluntary assignment in bankruptcy or any pleading seeking a reorganization, liquidation, dissolution or other settlement with creditors under any law or a receiver or other custodian is appointed for a substantial part of the assets of Franchisee or the Franchised Business or a final judgment remains unsatisfied or of record for ninety (90) days or longer; or
- 11.1.2 a proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and is consented to by Franchisee, or is not dismissed within thirty (30) days; or
- 11.1.3 if a seizure, before or after judgment, or any execution is levied against any substantial part of the assets of the Franchised Business and is not continuously contested or remedied within ten (10) days after receipt of a written notice thereto.

11.2 Termination With Notice

In addition to Franchisor's right to terminate pursuant to other provisions of this Agreement and under applicable law, Franchisor may terminate this Agreement by written notice to Franchisee, without giving Franchisee an opportunity to cure, upon the occurrence of any of the following events:

- 11.2.1 Franchisee or any of its Principals fails to pay when due the Royalty Fee, advertising contributions, amounts due for products and services purchased from Franchisor, its affiliates or other suppliers, or other payments due to Franchisor or its affiliates (other than payments to third party suppliers which are subject to *bona fide* dispute);
- 11.2.2 Franchisee or any of its Principals or employees commits a default under or suffers a termination of the Lease for the Franchised Business or abandons, surrenders, transfers control of or fails to actively operate the Franchised Business for five (5) consecutive days, unless a closing of the Franchised Business has been approved by Franchisor or such failure is due to an event of "*force majeure*" as further described in Section 17.10;
- 11.2.3 any fact, statement or report represented by Franchisee or any Principal proves to be false or materially misleading including, without limitation, any understatement of Gross Revenue by Franchisee to Franchisor of more than three (3%) percent;
- 11.2.4 Franchisee or any of its Principals or employees fails or refuses to submit when due, on more than one (1) occasion, financial statements, reports or other data, information or supporting records;
- 11.2.5 Franchisee or any of its Principals is convicted of or pleads guilty to an indictable offense, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of Franchisor, the Franchised Business, the CTRL V® Businesses, the Franchise Network or the goodwill associated with the Marks, or if Franchisor has evidence of the commission of such an offense;
- 11.2.6 Franchisee or any of its Principals or employees operates the Franchised Business or any phase of its business in a manner that presents a material health or safety hazard to its customers, employees or the public and does not remedy same, within five (5) days after receipt of a written notice thereto;

- 11.2.7** Franchisee or any of its Principals makes an unauthorized assignment of the Franchise or an ownership interest in Franchisee or the Franchised Business or fails to assign the Franchise or an interest in Franchisee of a deceased or disabled Principal thereof as herein required;
- 11.2.8** Franchisee or any of its Principals or employees materially misuses or makes an unauthorized use of any Mark or commits any act or carries on any activity which can reasonably be expected to materially impair or conflict with the goodwill associated with the Franchise Network, the Franchised Business or any Mark and does not remedy same within five (5) days after receipt of a written notice thereto;
- 11.2.9** Franchisee or any of its Principals or employees makes any unauthorized use or disclosure of any Confidential Information, including without limitation any know-how or trade secret of Franchisor;
- 11.2.10** Franchisee or any of its Principals or employees has made a material misrepresentation to Franchisor before or after being granted the Franchise and such misrepresentation is not able to be remedied or Franchisee fails to remedy same, within five (5) days, after receipt of a written notice thereto;
- 11.2.11** Franchisee is in default under any security document, agreement or any other contract with any creditor, bank or other financial institution, and any cure period provided under such contract for such default has lapsed;
- 11.2.12** Franchisee or any of its Principals or employees sells, purchases or attempts to sell or purchase any Products and Services in connection with the Franchised Business other than from Franchisor or approved suppliers thereto or other than in accordance with the System or the provisions herewith in or out of the Franchised Business;
- 11.2.13** Franchisee or any of its Principals dies, revokes or cancels any guarantee granted herein and in the event of the death of any guarantor, such guarantor is not replaced by another person reasonably acceptable to Franchisor within six (6) months thereto;
- 11.2.14** Franchisee or any of its Principals or employees fails to comply with any provision of any other agreement entered into between Franchisee and Franchisor or its affiliates, or any mandatory specification, standard or operating procedure prescribed therein, and fails to remedy same within thirty (30) days after written notice or within the cure period specified in the other agreement, if shorter. Franchisee shall also be deemed to be in default under this Section 11.2.14 if any other company or entity controlled, directly or indirectly, by Franchisee or any one (1) or all of the Principals thereto is in default of any other agreement with Franchisor or any of its affiliates;
- 11.2.15** Franchisee or at least one Principal acceptable to Franchisor (if Franchisee is an entity), Franchisee's manager, and/or any individuals who are required to attend training, as designated by Franchisor, fail to satisfactorily complete all required training or fail to open and commence full operations of the Franchised Business at such time as provided in this Agreement;
- 11.2.16** in the event that a Premises has not been located and a Lease for the Franchised Business that is satisfactory to Franchisor has not been executed (or legal possession of the Premises has not been acquired), within one hundred and twenty (120) days after the Effective Date of this Agreement; and

- 11.2.17** Franchisee transfers or assigns the Lease for the Premises to, or permits a default or surrender of the Lease that will or may cause the Premises to be owned, leased, or operated by, any person or entity that will not operate a CTRL V® Business at the Premises, without the prior written consent of Franchisor.

Except as described above, Franchisee will have thirty (30) days, or such longer period as applicable law may require, after Franchisee receives from Franchisor a written notice of default within which to remedy any default hereunder, and to provide evidence thereof to Franchisor. If Franchisee fails to correct the alleged default within that time, Franchisor has the right to terminate this Agreement, upon written notice to Franchisee, effective immediately when the thirty (30)-day period expires, or such longer period as applicable law may require.

11.3 Recovery Costs

In addition to any amount which is owing by Franchisee, Franchisor shall have the right to claim and recover from Franchisee any other amount which Franchisor incurred as a result of the default, including any amounts disbursed to enforce this Agreement or to remedy any default of Franchisee, or to recover any amount owing including, without limitation, all interest, cost and expenses, including reasonable legal fees. Also, Franchisor shall have the right, at any time, at its option, to remedy, at the costs of Franchisee, any such default by Franchisee to this Agreement, to the Lease or any other lease between Franchisee and the lessor of the Premises in which is doing business for the operation of the Franchised Business, being specifically understood that Franchisor is not obliged to do so and that, in such case, Franchisor shall have the right to recover from Franchisee, who shall then reimburse Franchisor any amount so disbursed by Franchisor to fulfill the obligation of Franchisee toward its lessor, its suppliers or any other person with whom Franchisee is dealing in relation to the operation of the Franchised Business.

11.4 Alternatives to Termination

Franchisor has the right to undertake any one or more of the following actions instead of terminating this Agreement:

- 11.4.1** Franchisor may terminate or modify any rights that Franchisee may have with respect to protection, “exclusivity,” or quasi-exclusivity in the Designated Area, effective ten (10) days after delivery of written notice thereof to Franchisee;
- 11.4.2** Franchisor may modify, or eliminate completely, the Designated Area;
- 11.4.3** Franchisor may withhold from Franchisee certain benefits, plans, promotions or products that might be available to other franchisees, and/or Franchisor may not authorize Franchisee to engage in certain activities, or participate in certain meetings or events, unless and until Franchisee cures Franchisee’s default(s) and operates in compliance with this Agreement and Franchisor’s rules, policies and standards; and
- 11.4.4** Franchisor may require that Franchisee participate in additional training for a fee and at Franchisee’s expense.

If any of such rights, options, arrangements, or areas are terminated or modified in accordance with this Section 11.4, such action shall be without prejudice to Franchisor’s right to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

11.5 Liquidated Damages

If Franchisor is entitled to terminate this Agreement in accordance with Section 11.1 or 11.2 above and in the event that actual damages are not easily measured or quantifiable under Section 11.3, the parties hereto agree that Franchisor shall be entitled to damages equal to two (2) times the royalty payments due from Franchisee during the twelve (12) full months prior to termination or, if Franchisee has not been in operation for twelve (12) full months prior to termination, two (2) times an annualized amount of royalty payments due from Franchisee during the full months it was in operation prior to termination. Notwithstanding the foregoing, in the event of termination due to (a) a breach of Section 11.2.16 or (b) Franchisee's default or termination under the Lease, or (c) any other reason which results, or may result, in the ownership, lease or operation of the Premises as a business other than as a CTRL V® Business, Franchisee and its Principals shall pay to Franchisor as damages, and not as a penalty, an amount equal to (i) the average monthly royalty payments paid or owed by Franchisee for the twelve (12) full months prior to termination, times (ii) the number of months remaining under the Lease, including all potential options, extensions and renewal of the Lease. The parties hereto agree that calculation of damages for many of the defaults under Sections 11.1 and 11.2 will be difficult to measure and quantify, and the damages described in this Section 11.5 are a reasonable approximation of such damages, and are not a penalty.

12. FRANCHISEE'S OBLIGATIONS UPON TERMINATION AND EXPIRATION, AND NON-COMPETITION

12.1 Payment of Amounts Owed to Franchisor

Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of termination or expiration of the Franchise, all amounts owed to Franchisor or its affiliates.

12.2 Return of Proprietary Software

Upon termination or expiration of the Franchise, Franchisee will immediately return to Franchisor all Confidential Information, including without limitation any know-how or trade secrets, and any and all copies thereof, all of which have been loaned to Franchisee by Franchisor and all accounting, proprietary and other software and documentation provided by Franchisor or its affiliates.

12.3 Discontinuance of Use of Marks

Franchisee agrees that immediately upon termination or expiration of this Agreement, it will:

- 12.3.1** cease immediately to use, in advertising, operation of the Franchised Business, or by any other means, the CTRL V name or any other Marks, and the System and any methods associated therewith, all and any of the Marks, any trade secrets or Confidential Information, any logos, signs, symbols or any other items which are part of the System or which are otherwise used in relation to the operation of the Franchised Business;
- 12.3.2** immediately cancel all business registrations bearing the Marks, cease to operate the Franchised Business and forthwith deliver to Franchisor, at its head office, all documents, signs, advertising material, procedures, forms or information prepared by Franchisor or relating to the operation of the Franchised Business including, but not limited to, the Manual, and keep no copy thereof;

- 12.3.3 immediately remove at Franchisee's expense, all signs, fascia, business cards, stationery, promotional material and any other indicia bearing the Marks;
- 12.3.4 transfer to Franchisor or to any other person designated by Franchisor all the rights of Franchisee in any phone number; website, social media site, or other Online Media; or other communication code or other communication services used in the operation of the Franchised Business;
- 12.3.5 complete and forward the last monthly sales and other reports to Franchisor;
- 12.3.6 pay all expenses in connection with the foregoing;
- 12.3.7 subject to applicable law, promptly deliver to Franchisor, or, at Franchisor's option, destroy all customer data, including without limitation lists (with addresses and telephone numbers) of all customers of the Franchised Business; and
- 12.3.8 comply with all other applicable provisions of this Agreement, including without limitation the post-term non-compete, post-term non-solicitation and confidentiality provisions.

12.4 Non-Competition

Franchisee, the Principals and Franchisee's officers and directors (the "**Covenantors**") shall not during the term and for a period of two (2) years following expiration or termination of this Agreement (the "**Restrictive Period**"), either directly or indirectly, either individually or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any other manner whatsoever, except as a shareholder of less than ten (10%) percent of a company listed on a recognized stock exchange or as a franchisee in another franchise with Franchisor, carry on or be engaged in or be concerned with or interested in or advise, lend money, directly or indirectly, in order to guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed in, any business involved in the retail or wholesale, sale or lease of products and of the same, or similar, to the Products and Services, including, without limiting, the generality of the foregoing, any type of VR Experience.

Covenantors agree that the length of time in this Section 12.4 will be tolled for any period during which Covenantors are in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement.

12.4.1 The foregoing prohibitions shall apply and bind the Covenantors within the geographic territories defined below:

- (a) during the term hereof, anywhere in the world; and
- (b) after termination or expiration of this Agreement, within a radius of ten (10) miles from the Premises and the premises of any other CTRL V[®] Business at the time of such termination or expiration.

Franchisee hereby acknowledges that it shall be informed of the location of all CTRL V[®] Businesses by Franchisor through notices, general information bulletins or circulars thereto from time to time and that such notices, bulletins or circulars shall be sufficient for the application of the provisions herein.

12.4.2 During the Restrictive Period, the Covenantors shall not:

- (a) solicit, directly or indirectly, business competitive with the Franchised Business from:
 - (i) any person who was a customer of the Franchised Business during the term; or
 - (ii) any customer of the Franchised Business developed at any time during the period from the date hereof until the termination or expiry of the Franchise Agreement; or
 - (iii) any person who was known by Covenantor to be a customer of any CTRL V® Businesses during the term,

(collectively, the “**Customers**” and individually a “**Customer**”).

~~(b)~~ (b) direct any Customer toward an establishment that competes with any of the businesses conducted by or at any of the CTRL V® Businesses;

~~(c) — employ or try to employ any person who, at the time of the termination or expiry of the Franchise Agreement, is or was employed at a management level by Franchisor or by any other franchisee or sub-franchisee of Franchisor within the past six (6) months (unless terminated by such employer) or try, directly or indirectly, to incite such person to quit his or her employment without the prior written approval of Franchisor, unless for any person the Covenantor hires the Covenantor pays to the prior employer an agreed upon amount as compensation for the training the prior employer provided to that person; or~~

~~(d)~~ (c) communicate or divulge or use for their benefit or for the benefit of any other person, firm, partnership, association, corporation or other entity the Confidential Information, including, without limitation, any information concerning the clients, suppliers, price lists, competitors, trademarks, trade names, trade secrets, know-how, marketing studies, accounting documents, software, names and addresses of employees, Equipment, descriptions and generally any other information concerning the Marks, the System, the business and the operation of Franchisor, the Franchise Network and any franchisees of Franchisor.

12.4.3 Franchisee and each Covenantor acknowledges and represents that the restrictive provisions mentioned in this Section 12.4, including without limitation the Restrictive Period and territories, are reasonable as to their scope, size and duration and are necessary for the protection of the legitimate interests of Franchisor, the CTRL V® Businesses and the Franchise Network hereto and do not prevent them from reasonably earning a living. Franchisee and each Covenantor also acknowledge and represent that Franchisor is an intended third-party beneficiary of the restrictive provisions set forth in this Section 12.4.

13. ASSIGNMENT AND TRANSFER

13.1 By Franchisor

Franchisor shall have the right to transfer and assign all or any part of its rights under the present Agreement and the ancillary agreements relating hereto to any person, partnership, syndicate or company

upon notice to Franchisee. In the event of an absolute assignment Franchisor shall cease to be bound by any of its obligations under the present Agreement.

13.2 By Franchisee

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and in the event Franchisee is a partnership, corporation or other entity to the Principals thereto. Therefore, Franchisee and the Principals agree that neither the Premises, the Franchise, the Franchised Business or any shares in the capital stock or any partnership or other interest of Franchisee nor any rights granted to Franchisee may be voluntarily, involuntarily, directly or indirectly transferred, assigned, sold, ceded, hypothecated, encumbered, charged or otherwise disposed of (including without limitation, in the event of the death of Franchisee or its Principals, by will, declaration of or transfer in trust or by the laws of intestate succession) without the prior written approval of Franchisor. Subject to the foregoing, Franchisor shall not approve any transfer unless the following conditions have been fulfilled to Franchisor's satisfaction, acting reasonably:

- 13.2.1** Franchisee is not currently in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates and all monetary obligations owed or owing by Franchisee to Franchisor have been satisfied prior to the proposed transfer date;
- 13.2.2** transferee and its principals meet Franchisor's current criteria and qualifications for new franchisees;
- 13.2.3** transferee and its principals shall sign and execute the current standard form of franchise agreement, lease addendum, guarantees and all ancillary documents thereto;
- 13.2.4** transferee and its principals satisfactorily complete all required initial training;
- 13.2.5** Franchisee shall pay the transfer fee in effect at that time, which is currently in the amount of Four Thousand Dollars (\$4,000.00) plus all legal and other costs and expenses incurred by Franchisor, and all applicable taxes for such transfer;
- 13.2.6** Franchisee has undertaken at its expense, all renovations or repairs, purchase and installation of new hardware, Software Tools and systems, and other renovations, modifications, modernization and improvements to the Franchised Business (including upgrades and purchases of Equipment, signs and accessories) required by Franchisor in order to conform to the standards of the System and the Franchise Network as they exist at the time of the proposed transfer;
- 13.2.7** Franchisee and the Principals shall agree to remain bound by the restrictive provisions mentioned in Section 12.4 above.
- 13.2.8** Franchisee and its Principals shall execute a release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor, its affiliates and their officers, directors, shareholders, employees and agents; and

13.2.9 the transferee has the right to remain in possession of the Premises and to operate the Franchised Business from the Premises during the entire unexpired term of the Franchise Agreement as assigned.

13.3 Death or Incapacity of Franchisee

Upon the death or incapacity of Franchisee or any one (1) of the Principals or controlling shareholder or partner thereof, the executor and/or liquidator, administrator or other personal representative of such person must continue to operate the Franchised Business and shall transfer the deceased's or incapacitated person's interest to a third party or to another Principal as approved by Franchisor within six (6) months thereafter failing which, Franchisor may, at its discretion, at any time thereafter terminate this Agreement, in addition to any other rights and recourses it may have in respect thereof. Such transfers, including without limitation, transfers by demise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer and if the heirs or beneficiaries of such person are unable to meet the conditions of paragraph 13.2 above, such personal representative shall within the above six (6) month delay dispose of the interest of the deceased or incapacitated, as the case may be, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. In the event that Franchisee shall be a partnership, corporation or limited liability company, then death or incapacity of Franchisee shall be deemed to occur upon the death or incapacity of any one (1) of the Principals.

13.4 Franchisor's Right of First Refusal

If Franchisee shall at any time determine to sell, transfer or otherwise dispose of any interest in the Franchised Business or the Franchise or an ownership or controlling interest in Franchisee, including any transfer pursuant to paragraphs 13.2 or 13.3 above, Franchisee shall obtain a bona fide executed written offer (the "**Offer**") from a responsible and fully disclosed purchaser and shall submit an exact copy of the Offer to Franchisor, which shall, for a period of fifteen (15) business days from the date of delivery of the Offer, have the right, exercisable by written notice to Franchisee to purchase or designate any of its subsidiaries, affiliates or any other party to purchase such interest in the Franchised Business or such ownership interest in Franchisee for the price and on the terms and conditions contained in the Offer, and notwithstanding the Offer, Franchisor shall have not less than thirty (30) days to prepare for closing from the date of exercise of its right of first refusal. If Franchisor does not exercise its right of first refusal, Franchisee may complete the sale to such purchaser pursuant to and on the terms of the Offer and not on more favorable terms thereof, subject always to Franchisor's approval of the purchaser as provided in paragraph 13.2 above, and provided that if the sale to such purchaser is not completed within one hundred and twenty (120) days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor shall again have the right of first refusal herein provided.

14. DISPUTE RESOLUTION

14.1 Mediation

Except as otherwise stated in this Section 14, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes involving franchises, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization within fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation in the city and state or province where Franchisor's headquarters is located. The

costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within ninety (90) days after conferring with the mediator, either party may submit such claim, controversy or dispute to arbitration under Section 14.2 below. Either party may bring an action under the applicable provisions of this Section 14 without first submitting the action to mediation under this Section 14.1: (i) for monies owed, (ii) for injunctive relief, or (iii) involving the possession or disposition of, or other relief relating to, real property. Mediation is a comprise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential.

14.2 Arbitration

Except to the extent Franchisor elects to enforce the provisions of this Agreement by injunction as provided in Section 14.3 below, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Section 14.1 above will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in Toronto, Canada. The arbitrator(s) shall have no authority to select a different hearing locale for the arbitration. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association, or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The decision of the arbitrator(s) will be final and binding on all parties; provided, however, the arbitrator(s) may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Franchisor. This Section 14 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During any arbitration proceeding, Franchisor and Franchisee will fully perform their respective obligations under this Agreement. The arbitration proceedings and arbitration award shall be maintained by the parties as strictly confidential, except as is otherwise required by law or court order or as is necessary to confirm, vacate or enforce the award and for disclosure in confidence to the parties' respective attorneys and tax advisors.

14.3 Injunctive Relief

Notwithstanding Sections 14.1 and 14.2 above, Franchisee recognizes that a single Franchisee's failure to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all other CTRL V® Businesses. Therefore, if Franchisee breaches or threatens to breach any of the terms of this Agreement, Franchisor will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

14.4 Attorneys' Fees

Except as provided under Section 11.3 and Section 14.3, the nonprevailing party will pay all costs, expenses and interest, including reasonable attorneys' fees, costs and expenses (and interest on such fees, costs and expenses) the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

15. ENFORCEMENT

15.1 Severability

Each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a decision of any court, agency or tribunal with competent jurisdiction it shall not impair the operation of, or have any other effect upon, the remaining portions of this Agreement.

15.2 Waiver of Obligations

Any failure by any party at any time to insist upon strict performance of any term, condition or covenant contained in this Agreement or the acceptance of any payment or report shall not be deemed a waiver of any party's rights at any time thereafter to insist upon the strict performance thereof, or of any other term, condition or other covenant contained herein.

15.3 Venue

Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought exclusively in the federal or state court where the Franchised Business is located. Each of Franchisor and Franchisee irrevocably consents to the jurisdiction of such courts and waives all rights to challenge personal jurisdiction and venue. The provisions of this Section 15.3 will survive the termination of this Agreement.

15.4 Governing Law

Subject to Franchisor's rights under federal trademark laws and the parties' rights under the Federal Arbitration Act respecting Section 14 above, all claims arising out of or relating to this Agreement and/or the parties' relationship will be governed by ~~and construed under the, and will be interpreted in accordance with, the substantive~~ laws of the state in which the Franchised Business is located, without regard to any conflict of laws principles of such state. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Franchised Business is located.

15.5 Franchisee May Not Withhold Payments

Franchisee agrees that it will not, on grounds of the alleged non-performance by Franchisor of any of its obligations hereunder withhold or offset, by compensation or otherwise, any payment of any amounts due to Franchisor herein or under any other agreement entered into between Franchisee and Franchisor.

15.6 Cumulative Rights

The rights of Franchisor hereunder are cumulative and no exercise or enforcement by Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor of any other right or remedy hereunder or which Franchisor is entitled by law to enforce.

15.7 Entire Agreement

Except as described below in this Section 15.7, notwithstanding anything to the contrary, this Agreement and its schedules and exhibits constitutes the entire agreement between the parties and no other oral or written understandings, representations or agreements between Franchisor and Franchisee exist which shall govern, bind or relate to the subject matter of this Agreement. Further, this Agreement supersedes all previous representations oral and written hereto. Notwithstanding the above, nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document.

15.8 Effective Date

Franchisor will designate the “**Effective Date**” of this Agreement in the space provided on the cover page. If no Effective Date is designated on the cover page, the Effective Date is the date when Franchisor signs this Agreement. However, as described in Section 4.5, Franchisee does not have the right to, and may not, open the Franchised Business for business until Franchisee receives Franchisor’s prior written approval.

15.9 Construction

The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. Time is of the essence of this Agreement and all delays and conditions are essential and must be strictly adhered thereto. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine and vice versa as the context may require.

15.10 WAIVER OF PUNITIVE DAMAGES

FRANCHISEE AND FRANCHISOR AND THEIR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, EXCEPT FOR THE LIQUIDATED DAMAGES DESCRIBED IN SECTION 11.5.

15.11 MUTUAL WAIVER OF CLASS ACTIONS

ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION. FRANCHISEE HEREBY AGREES NOT TO SEEK JOINDER OF ANY CLAIMS WITH THOSE OF ANY OTHER PARTY.

15.12 MUTUAL WAIVER OF A JURY TRIAL

FRANCHISOR AND FRANCHISEE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY LITIGATION.

15.13 LIMITATION OF ACTIONS

EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 15.13, ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE

RELATIONSHIP OF FRANCHISEE AND FRANCHISOR, OR FRANCHISEE'S OPERATION OF THE FRANCHISED BUSINESS, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. CLAIMS OF FRANCHISOR ATTRIBUTABLE TO UNDERREPORTING OF SALES OR UNDER THE PROVISIONS OF THIS AGREEMENT THAT PERTAIN TO INSURANCE, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.

15.14 Interpretation of Rights and Obligations

The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

- 15.14.1** Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.
- 15.14.2** Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees or is required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises "reasonable business judgment" in making its decision or exercising its rights. A decision or action by Franchisor will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Franchisor. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither Franchisee nor any third party (including a trier of fact), will substitute its judgment for Franchisor's reasonable business judgment.

16. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES

16.1 Compliance With All Laws

Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including labor and employment laws. Franchisee must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish.

Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, award or decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of Franchisee or the Franchised Business. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Franchised Business. Franchisee will not conduct any business or advertising practice which injures Franchisor's business, the System or the goodwill associated with the Marks and the Franchise Network.

16.2 Franchisee Consent

Franchisee hereby expressly consents to the receipt from Franchisor or Franchisor's affiliates of commercial electronic messages, and to the receipt, downloading, installation, modification or upgrading of any software or applications, whether from or through Franchisor, its affiliates, or its service providers, which Franchisee is required to implement pursuant to this Agreement or the System standards from time to time.

17. OTHER PROVISIONS

17.1 Franchisor's Designee

The parties acknowledge and agree that any services Franchisor is required or allowed to perform under this Agreement may be completed by a designee appointed by Franchisor, which may be IP Owner.

17.2 Independent Parties

It is understood and agreed by the parties hereto that Franchisor and Franchisee shall be independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. Neither Franchisor nor Franchisee shall make any express or implied agreements, warranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor or franchisee and neither Franchisor nor Franchisee shall be obligated by or have any liability under any agreements or representations made by the other. Franchisor is not the employer of Franchisee's employees.

17.3 Indemnification

Franchisor shall not be liable for any damages or obligated to any person or property directly or indirectly arising out of the operation of this Agreement, the Franchised Business, the actions or inactions of Franchisee's employees or the business authorized by or conducted pursuant to the Franchise. Franchisee agrees to indemnify and hold Franchisor, its affiliates, shareholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, all obligations actual and special indirect and consequential damages and taxes for which any of them is held liable and for all fees, costs and expenses (and interest on such fees, costs and expenses) reasonably incurred by any of them in the defense of any such claim arising out of or in any way related to this Agreement, the relationship between Franchisor and Franchisee, the operation of the Franchised Business or the Franchise. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17.4 Notices and Payments

All notices shall be deemed given or delivered if by hand, upon receipt; one calendar (1) day after sending, if sent by communications media including email transmissions (provided that no email notice will be valid if not accompanied by an electronic receipt); one (1) business day after sent by a recognized overnight delivery service which requires a written receipt; or two (2) days after being placed in the mail by Registered Mail, postage prepaid and addressed to the party to be notified at the addresses set out on the first page of this Agreement or such other address or addresses as the parties may be notified from time to time.

All payments and reports required by this Agreement shall be directed to Franchisor at the address notified to Franchisee from time to time, or to such other persons and places as Franchisor may direct from time to time. Notwithstanding the foregoing, any required payment or report not actually received by Franchisor during regular business hours on the date due shall be deemed delinquent.

17.5 Obligations Joint and Several

Franchisee and Principals acknowledge and agree that each of the obligations of Franchisee is deemed to be a joint and several obligation of each Principal and guarantor hereunder.

17.6 Guarantee

All present and future Principals of Franchisee, and their spouses, will execute a written guarantee in the form set out in Exhibit C personally, irrevocably and unconditionally guaranteeing, jointly and severally with all other guarantor, the full payment and performance of Franchisee's obligations to Franchisor and to its affiliates. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Franchisor's request, the Principals of the transferee shall execute a written guarantee in the current form prescribed by Franchisor.

17.7 Security Interest

For valuable consideration, as security for the payment of all amounts owing or to be owed by Franchisee to Franchisor or any of its affiliates under this Agreement or any other agreements, and Franchisee's performance of all obligations, Franchisee grants to Franchisor a security interest in the proceeds of the Franchised Business and in all of the assets, including equipment, appliances, furniture, fixtures and signs, used by, at or in connection with, the Franchised Business (the "**Collateral**"). Franchisee will not remove the Collateral or any portion thereof without Franchisor's prior written consent. Franchisee represents and warrants that the security interest granted is prior to all other security interests in the Collateral except for (1) bona fide purchase money security interests and (2) the security interest granted to a third party in connection with Franchisee's original financing for the Franchised Business, if any. In connection with any request for Franchisor's approval of a security interest, Franchisor will make commercially reasonable efforts to accommodate reasonable lender's requirements, including the subordination of Franchisor's interests to the lender's and/or lessor's, as applicable, in its business judgment, bearing in mind the interests of the borrower, lender, itself and the System. On the occurrence of any event entitling Franchisor to terminate this Agreement or any other agreement between the parties, or if Franchisor reasonably determines that Franchisor is not assured that Franchisee's obligations will be timely and fully paid and/or performed, Franchisor will have all rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Franchised Business is located, including without limitation the right to take possession of the Collateral. Franchisee must execute and deliver to Franchisor financing statements and/or such other documents as Franchisor reasonably deems necessary

to perfect its interest in the Collateral within ten (10) days of Franchisee's receipt of such documents from Franchisor.

17.8 Acknowledgements and Independent Advice

Franchisee and Principals acknowledge that each has conducted an independent investigation of the business contemplated by this Agreement and has received full and independent advice as to the consequences of the execution and obligations in respect hereof. Further, Franchisee and Principals recognize that the operation of this Franchise and the Franchised Business involves business risks which make the success of the venture largely dependent upon the business abilities of Franchisee. Franchisor makes no warranties or guarantees upon which Franchisee and Principals may rely, and assumes no liability or obligation to Franchisee.

17.9 Binding Effect

This Agreement shall be binding upon, insofar as is herein permitted, the parties hereto, their heirs, executors, personal representatives, administrators, successors and permitted assigns respectively.

17.10 Force Majeure

If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include without limitation strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

17.11 Counterpart Clause

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original of this agreement and all of which together shall constitute one (1) and the same agreement.

[Signatures on next page]

AND THE PARTIES HAVE HERETO SIGNED ON THE RESPECTIVE DATES AND AT THE PLACES HEREINAFTER SET FORTH.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the dates indicated below, which shall become effective on the Effective Date.

SIGNED _____ by _____ Franchisee _____ at _____.

[Name of Franchisee]

Franchisee

a _____

(If Franchisee is a corporation or limited liability company)

By: _____

Name: _____

Its: _____

Title: _____

(If Franchisee is an individual owner, Franchisee must sign below; if a partnership, all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

SIGNED by Franchisor at 170 Columbia Street West, Suite 5, in Waterloo, Ontario, Canada.

CTRL V Partners LLC
a Delaware limited liability company

By: _____

Name: _____

Its: _____

Title: _____

EXHIBIT A-1

LIST OF PRINCIPALS

This Exhibit A-1 is attached to and is an integral part of the CTRL V® Franchise Agreement between Franchisor and Franchisee with an Effective Date of _____, 20____ (the “Franchise Agreement”).

1. List of Principals and Their Ownership Interests (and addresses)

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>

2. Defined Terms. All capitalized terms contained in this Exhibit A-1 and not defined herein will have the same meaning as provided in the Franchise Agreement.

3. Effective Date. This Exhibit A-1 is effective as of this _____ day of _____, 20____.

[Signatures on next page]

CTRL V Partners LLC

By _____
Its _____

Date _____

[Name of Franchisee]

(If Franchisee is a corporation or limited liability company)

By: _____

Name: _____

Its: _____

Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership,
all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

Date _____

EXHIBIT A-2

PREMISES AND DESIGNATED AREA

This Exhibit A-2 is attached to and is an integral part of the CTRL V® Franchise Agreement between Franchisor and Franchisee with an Effective Date of _____, 20____ (the “**Franchise Agreement**”).

1. Address of Premises. Franchisor and Franchisee agree that the Franchised Business will be located at the following premises: _____

_____ (the Premises).
Franchisee acknowledges that Franchisor's consent to a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location for a CTRL V® Business.

2. Designated Area. Franchisor and Franchisee agree that the Designated Area will consist of the following geographic area: _____

3. Franchised Business Opening. Franchisee agrees to complete the development and open the Franchised Business for business within one hundred twenty (120) days after the effective date of this Exhibit A-2.

4. **Defined Terms.** All capitalized terms contained in this Exhibit A-2 and not defined herein will have the same meaning as provided in the Franchise Agreement.

5. Effective Date. This Exhibit A-2 is effective as of this _____ day of _____, 20____.

[Signatures on next page]

CTRL V Partners LLC

By _____
Its _____

Date _____

[Name of Franchisee]

(If Franchisee is a corporation or limited liability company)

By: _____

Name: _____

Its: _____

Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership,
all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

Date _____

EXHIBIT A-3

AREA WITHIN WHICH FRANCHISED BUSINESS TO BE LOCATED

This Exhibit A-3 is attached to and is an integral part of the CTRL V® Franchise Agreement between Franchisor and Franchisee with an Effective Date of _____, 20____ (the “Franchise Agreement”).

1. Area within which Franchised Business to be Located. Within one hundred twenty (120) days after the Effective Date of the Franchise Agreement, Franchisee will select and obtain Franchisor’s consent to a location for the Franchised Business within the geographical area described below (the “Area”), and purchase or sign a lease and the Lease Addendum attached as Exhibit C to the Franchise Agreement for the premises of that location, all in accordance with the provisions of this Exhibit A-3: ____

2. Consent to Location of Premises within Area, and Franchised Business Opening. To obtain Franchisor’s consent to the proposed Franchised Business Premises, Franchisee must deliver to Franchisor a complete site report (containing information Franchisor requires) for the location within the Area at which Franchisee proposes to establish and operate the Franchised Business and which Franchisee reasonably believes will satisfy the standardized site selection criteria Franchisor has established. The proposed location is subject to Franchisor’s prior written consent. In evaluating the proposed location, Franchisor will consider matters it deems material, including without limitation, size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, proximity to downtown, proximity to schools, availability of public transit, safety, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms (including those that Franchisor requires be in the lease). Within thirty (30) days following Franchisor’s receipt of the complete site report and other materials it requests, Franchisor will consent to or reject (in writing) the location Franchisee proposes for the Franchised Business.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR’S CONSENT TO A PROPOSED LOCATION DOES NOT REPRESENT A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A CTRL V® BUSINESS.

3. Purchase or Lease of Location of Premises. Once Franchisee has obtained Franchisor’s consent to a proposed Franchised Business location within the Area, Franchisee must purchase or sign a lease and the Lease Addendum for that location, and sign Exhibit A-2, which Franchisor will revise to identify the Premises and Designated Area.

4. Termination of Franchise Agreement. Franchisor has the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee fails to (i) obtain our consent to a location for the Franchised Business within the Area, (ii) purchase or sign a lease and the Lease Addendum for the premises of that location or (iii) sign a revised Exhibit A-2 for that location within one hundred twenty (120) days after the Effective Date of the Franchise Agreement.

5. Defined Terms. All capitalized terms contained in this Exhibit A-3 and not defined herein will have the same meaning as provided in the Franchise Agreement.

CTRL V Partners LLC

By _____
Its _____

Date _____

[Name of Franchisee]

(If Franchisee is a corporation or limited liability company)

By: _____
Name: _____
Its: _____
Title: _____

(If Franchisee is an individual owner,
Franchisee must sign below; if a partnership,
all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

Date _____

Confidential

© ~~2018~~2019 CTRL V U.S. Franchise Agreement
GP: ~~4852-8158-8319-v6~~ 4832-2939-9176 v4

EXHIBIT B

CTRL V – GUARANTEE AGREEMENT (FOR EACH PRINCIPAL AND SPOUSE)

In consideration of CTRL V Partners LLC (the “**Franchisor**”) execution of that certain Franchise Agreement of even date (the “**Agreement**”) with _____ (the “**Franchisee**”), each of the undersigned (a “**Guarantor**”) jointly and severally agree as follows:

A. Guarantors personally and unconditionally guarantee to Franchisor and its successors and assigns that: (i) Franchisee will timely pay Franchisor and its affiliates all monies Franchisee owes to Franchisor and its affiliated and related entities, including all monies payable by Franchisee under the Agreement; (ii) Franchisee will timely perform all other undertakings, agreements and covenants stated in the Agreement; and (iii) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (collectively, “**Franchise Agreement Obligations**”).

B. Each of the Guarantors waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability.

C. Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, Franchisee and the other Guarantors of Franchisee;

(2) Guarantor will make any payment or perform any Franchise Agreement obligation upon demand if Franchisee fails to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Franchisee or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which Franchisor may grant to Franchisee, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee or any other Guarantor; and

(6) Guarantors will indemnify, defend and hold harmless Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents, against and from all losses, damages, costs, and expenses, which Franchisor or its affiliates may sustain, incur, or become liable for as a result of:

a. Franchisee’s or Guarantor’s failure to pay or perform any of the Franchise Agreement Obligations; or

b. any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Agreement.

(7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses Franchisor incurs in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

This Guaranty will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by Franchisee or the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Guarantors will continue in full force and effect.

The provisions of Sections 14 and 15 of the Agreement will apply as to any interpretation or enforcement of this Guaranty, and the provisions of Section 17.4 of the Agreement will apply to any notice to either party, except that notice to Guarantors will be provided at the following alternative address (if applicable): _____. If no address is provided, any notice to Guarantors will be sent to the address designated in Section 17.4 of the Agreement.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN FRANCHISEE

[Name:_____]

[Name:_____]

[Name:_____]

[Name:_____]

[Name:_____]

[Name:_____]

EXHIBIT C

CTRL V – LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease (defined below) by and between _____ (“**Landlord**”) and _____ (“**Tenant**”).

Landlord and Tenant are parties to that certain Lease dated _____ (the “**Lease**”) covering the premises located at _____, which Tenant will use to operate a CTRL V® franchised business (the “**CTRL V® Franchised Business**”) under a Franchise Agreement between Tenant and CTRL V Partners LLC (“**Franchisor**”). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for the CTRL V® Franchised Business and Tenant may operate a virtual reality business at the premises.

2. Notice of Default. Landlord will provide Franchisor, by certified U.S. mail or a recognized overnight delivery service at the address provided in Section 8, a minimum thirty-day (30-day) notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor after Cure. If Franchisor commences cure of any default under the Lease within the thirty-day (30-day) notice period described in Section 2, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant’s rights under the Lease to Franchisor at any time during the term of the Lease. Landlord will give Franchisor notice of expiration of the term of the Lease at least three (3) months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the premises at reasonable times on not less than twenty-four (24) hours’ notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the CTRL V® Franchised Business for compliance with Franchisor’s requirements, to remove from the CTRL V® Franchised Business any items bearing Franchisor’s marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor’s rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

8. Notices. Any notices to Franchisor hereunder will be sent to:

CTRL V Partners LLC
170 Columbia Street West, Suite 5
Waterloo, Ontario, Canada N2L 3L3

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of us and that we are an intended beneficiary hereof.

10. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:

TENANT:

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT D

ACKNOWLEDGMENT ADDENDUM TO CTRL V® FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of CTRL V® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question. Capitalized terms not defined in this Acknowledgment Addendum shall have the same meanings as in the Franchise Agreement.

Acknowledgments and Representations.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
2. Have you studied and reviewed carefully our Franchise Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
3. If we unilaterally and materially altered the terms and conditions of the basic Franchise Agreement or any related agreements attached to the Franchise Disclosure Document (except as the result of negotiations you initiated), did you receive a copy of the revised Franchise Agreement or related agreement at least 7 calendar days prior to the date on which the Franchise Agreement or related agreement was signed? Check one: ☐ No ☐ Yes. If no, please comment: _____
4. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____
6. Except for the information contained in Item 19 of the Franchise Disclosure Document, did any employee or other person speaking on our behalf make any oral, written or visual representation that stated, suggested, predicted or projected, expressly or by implication, a specific level or range of actual or potential sales, income, gross profits or net profits at any CTRL V® Franchised Business, or the likelihood of success at your CTRL V® Franchised Business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____
7. Do you understand that we and our affiliates cannot and do not make any predictions, promises, representations or guarantees of any kind as to the future success of CTRL V® Franchised Business, or that a particular CTRL V® Franchised Business will achieve any particular results or a specific level or range of actual or potential sales, income, gross profits, or net profits? Check one: ☐ Yes ☐ No. If no, please comment: _____
8. Do you understand that the franchise granted under the Franchise Agreement is for the right to operate a Franchised Business at the Premises within the Designated Area only and includes no

area protection other than as provided in Section 2.1 of the Franchise Agreement, and that, we and our affiliates have the right to issue franchises, sell competitive products and services, and operate competing businesses for or at locations, as we determine, near the Premises, consistent with the terms of Section 2.1 of the Franchise Agreement? Check one: () Yes () No. If no, please comment: _____

9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: () Yes () No. If no, please comment: _____
10. Do you understand that the success or failure of the Franchised Business will depend in large part upon your skills and experience, your business acumen, your capital and financing, your training, the hours you work, your level of effort, your Franchised Business location and its physical condition and size, the local market for the Products and Services, interest rates, the number of managers and other employees you hire, the salaries, wages and other benefits you pay to them and how many of them are full-time and part-time employees, the salaries and wages you pay your owners, the amounts you spend on local marketing, advertising and promotion, the varying costs of ingredients, supplies and equipment, your lease terms, the state of the economy, inflation and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open the Franchised Business may change? Check one () Yes () No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

APPROVED ON BEHALF OF
CTRL V PARTNERS LLC

Signed: _____

Print Name: _____

Date: _____

EXHIBIT E-1

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT FOR PRINCIPALS, OFFICERS, AND DIRECTORS

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (“**Agreement**”) is made this _____ day of _____, 20____, by and between _____ (the “**Franchisee**”), and _____ (the “**Covenantor**”).

RECITALS:

WHEREAS, CTRL V Partners LLC (“**Franchisor**”) has developed a distinctive set of specifications and operating procedures (collectively, the “**System**”) for the operation of CTRL V® Businesses (“**CTRL V® Businesses**”).

WHEREAS, Franchisor and Franchisee have executed a Franchise Agreement (“**Franchise Agreement**”) granting Franchisee the right to operate a CTRL V® Business under the terms and conditions of the Franchise Agreement (the “**Franchised Business**”).

WHEREAS, the Covenantor, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Covenantor will not communicate, divulge or use, for any purpose other than the operation of the Franchised Business, any confidential information, proprietary information, knowledge, trade secrets or know-how which may be communicated to Covenantor or which Covenantor may learn by virtue of Covenantor’s relationship with Franchisee. All information, knowledge, and know-how relating to Franchisor, its business plans, CTRL V® Businesses or the System (“**Confidential Information**”) is deemed confidential, except for information that Covenantor can demonstrate came to Covenantor’s attention by lawful means prior to disclosure to Covenantor or which, at the time of the disclosure to Principal, had become a part of the public domain.

2. Covenants Not to Compete.

(a) Covenantor specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his or her position with Franchisee, Covenantor will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System.

(b) Covenantor shall not during the term of Covenantor’s employment with and/or ownership interest in Franchisee and for a period of two (2) years following (a) a transfer permitted under Section 13 of the Franchise Agreement with respect to Covenantor; and/or (b) termination of Covenantor’s employment with, and/or ownership interest in, Franchisee (the “**Restrictive Period**”), either directly or indirectly, either individually or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any other manner whatsoever, except as a shareholder of less than ten (10%) percent of a company listed on a recognized stock exchange or as a franchisee in another franchise with Franchisor, carry on or be engaged in or be

concerned with or interested in or advise, lend money, directly or indirectly, in order to guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed in, any business involved in the retail or wholesale, sale or lease of products and of the same, or similar, to the products and services offered by CTRL V® Businesses, including, without limiting, the generality of the foregoing, any types of providing retail customers with a premium immersive virtual reality experience using state-of-the-art headsets, noise-cancelling headphones, proprietary software, consoles, motion controllers, and other leading-edge virtual reality technology (the “**VR Experience**”).

Covenantor agrees that the length of time in this Section 2 will be tolled for any period during which Covenantor or Franchisee is in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement.

3. The foregoing prohibitions shall apply and bind the Covenantor within the geographic territories defined below:

- (a) during the Restrictive Period, anywhere in the world; and
- (b) after the Restrictive Period, within a radius of ten (10) miles from the Designated Area and any CTRL V® Business at the time of such termination or expiration.

Franchisee shall be informed of the location of all CTRL V® Businesses by Franchisor through notices, general information bulletins, or circulars thereto from time to time and that such notices, bulletins or circulars shall be sufficient for the application of the provisions herein.

4. During the Restrictive Period, Covenantor shall not:

- (a) solicit, directly or indirectly, business competitive with the Franchised Business from:
 - (i) any person who was a customer of the Franchised Business during the term; or
 - (ii) any customer of the Franchised Business developed at any time during the period from the date hereof until the termination or expiry of the Franchise Agreement; or
 - (iii) any person who was known by Covenantor to be a customer of any CTRL V® Businesses during the term,

(collectively, the “**Customers**” and individually a “**Customer**”).

(b) direct any Customer toward an establishment that competes with any of the businesses conducted by or at any of the CTRL V® Businesses;

(c) employ or try to employ any person who, at the time of the termination or expiry of the Franchise Agreement, is or was employed at a management level by Franchisor or by any other franchisee or sub-franchisee of Franchisor within the past six (6) months (unless terminated by such employer) or try, directly or indirectly, to incite such person to quit his or her employment without the prior written approval of Franchisor, unless for any person the Covenantor hires the Covenantor pays to the prior employer an agreed upon amount as compensation for the training the prior employer provided to that person; or

(d) communicate or divulge or use for their benefit or for the benefit of any other person, firm, partnership, association, corporation or other entity the Confidential Information or any confidential

or proprietary information relating thereto, including, without limitation, any information concerning the clients, suppliers, price lists, competitors, trademarks, trade names, trade secrets, marketing studies, accounting documents, software, names and addresses of employees, equipment, descriptions and generally any other information concerning the Marks, the System, the business and the operation of Franchisor, the Franchise Network, and any franchisees of Franchisor.

5. Covenantor acknowledges and represents that the restrictive provisions mentioned in paragraphs 2 to 4 above, including the Restrictive Period and territories, are reasonable as to their scope, size and duration and are necessary for the protection of the legitimate interests of Franchisor, the CTRL V® Businesses, and the Franchise Network hereto and do not prevent them from reasonably earning a living.

6. Injunctive Relief. Covenantor acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Covenantor agrees to pay all court costs and reasonable attorneys' fees, costs, and expenses (including interest) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

7. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, are held invalid by any court of competent jurisdiction for any reason, then Covenantor agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Franchisee's legitimate business needs as permitted by applicable law and public policy. In so doing, Covenantor agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

8. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

9. Third-Party Beneficiary. Covenantor hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Covenantor attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE

COVENANTOR

Signature

By: _____

Name: _____

Name: _____

Title: _____

Its: _____

Date: _____

EXHIBIT E-2

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT BETWEEN FRANCHISEE AND KEY EMPLOYEES WITH ACCESS TO CONFIDENTIAL INFORMATION

This Employee Agreement is made this ____ day of _____, 20__, by and between _____ (the “**Franchisee**”) and _____ (the “**Employee**”).

1. Franchisee has entered into an agreement with CTRL V Partners LLC (the “**Franchisor**”) giving Franchisee the right to operate a franchised CTRL V® Business (the “**Franchised Business**”) pursuant to a distinctive and proprietary set of specifications and operating procedures.
2. Employee by virtue of his/her employment with Franchisee will gain access to certain of Franchisee’s and Franchisor’s confidential information and acknowledges that both the Franchisee and Franchisor need to protect this information.
3. Employee will, during and after his/her term of employment, hold in confidence and not disclose or use to his/her own advantage or the advantage of others any confidential or proprietary information belonging to the Franchisor or the Franchisee, except on their behalf, without their express written consent.

For the purposes of this paragraph, confidential or proprietary information shall be deemed to include all information which Employee learns or to which he/she has access as a result of his/her employment, such as: (a) names or addresses of any customers of the Franchisee or information relating to the services provided to such customers; (b) names or address of any of the employees of the Franchisee or the Franchisor; (c) proprietary, confidential or secret processes, plans, devices or material relating to the business, products, or activities of the Franchisee or Franchisor; (d) proprietary, confidential or secret engineering, development or research of the Franchisee or Franchisor; (e) financial information relating to the Franchisee or Franchisor; or (f) other proprietary, confidential or secret aspects of the business, products or activities of the Franchisee or Franchisor. Excepted from the terms of this paragraph is confidential or proprietary information that: (i) is currently in the public domain; (ii) becomes part of the public domain other than through Employee’s act or omission; (iii) is revealed to Employee by a third party without restrictions on its disclosure or use; or (iv) is known to Employee before such time as he/she shall have access to it as a result of his/her employment with the Franchisee.

Employee recognizes that the above limitation may include within its scope some information, the disclosure of which could not reasonably be expected to cause damage to the Franchisee or Franchisor. Employees understands that it is the intent of the Franchisee and Franchisor to interpret and apply this Employee Agreement reasonably. At any time, should Employee have a question on whether any matter within the scope of the above definition might nonetheless be disclosed, Employee will consult with his/her manager.

4. Employee agrees that on leaving the employment of the Franchisee, or at the request of the Franchisee or Franchisor at any time during his/her employment, Employee shall immediately deliver to the Franchisee or Franchisor (or destroy, at the Franchisee’s or Franchisor’s discretion) all confidential or proprietary information and other such materials in Employee’s possession, custody or control.
5. Employee will notify the Franchisee promptly in writing of any and all ideas, inventions, discoveries and improvements, including without limitation, programs, methods and procedures (for the purposes of this paragraph, “**Improvements**”), whether patentable or not, which are made, discovered or

conceived either solely by Employee or jointly with others, at the Franchisee's expense, or at the Franchisee's request, or as a result of his/her employment with the Franchisee, or based on his/her knowledge or information obtained from the Franchisee or Franchisor, whenever or wherever such Improvements were conceived, and Employee will assign all right, title and interest to them to the Franchisor. Employee will assign to the Franchisor all interest in any patents, patent applications or other intellectual property rights relating to such Improvements and will assist the Franchisor in obtaining, maintaining, and prosecuting such patents, patent applications and intellectual property rights. Employee will assign and does hereby assign to the Franchisor all such Improvements (including, but not limited to all patent rights, copyrights and rights of authorship therein), free and clear of any liens, claims or encumbrances. Employee will take all steps both during and after his/her employment with the Franchisee (but at the Franchisor's expense) that may be necessary in order to effectuate the assignment to the Franchisor or to enforce any patents, copyrights or any proprietary rights relating to the Improvements and Employee will execute all documents necessary to give to the Franchisor full legal ownership to such Improvements. Employee irrevocably designates and appoints the Franchisor and its duly authorized officers and agents as his/her agent and attorney in fact to act for and on Employee's behalf and stead, to execute and file any application, assignment or other document and to do all other lawfully permitted acts to further the assignment, prosecution and/or issuance of a patent, copyright, mask work and/or trademark with respect to the Improvements and/or other works created by Employee with the same legal force and effect as if executed and filed by Employee.

7. Employee will not, while in the employ of the Franchisee and for a period of one (1) year after termination of his/her employment, interfere with or attempt to disrupt any relationship the Franchisee may have with any customer, employee or agent, attempt to induce any person or company to purchase or use products or services marketed in competition with those available from the Franchisee or disparage the Franchisee's or Franchisor's products or services.

[Note to Franchisee: Section 8 of this Agreement, which includes a covenant not to compete, is optional. CTRL V does not require you to include this language, and it is noted here only for your convenience. Your decision to have your employees execute this Agreement with this Section 8 included, and for you to enforce it, is your decision alone. If you elect to include this Section 8, that decision does not suggest that CTRL V is an employer of your employees.]

8. Employee will not, while in the employ of the Franchisee and for a period of one (1) year after termination of his/her employment, own, manage, engage in, be employed by, advise, consult for, or have any other interest in any business that operates or grants franchises or licenses to operate, a business that offers products or services substantially similar to those offered by CTRL V® Businesses within a ten (10) mile radius of any CTRL V® Business, whether or not owned by the Franchisee.

9. While in the employ of the Franchisee, Employee will notify the Franchisee promptly in writing if Employee becomes involved in any way in any business that is or may be competitive with the Franchisee, or may affect his/her job performance for the Franchisee.

10. The Franchisee or Franchisor, as the case may be, shall be entitled to injunctive and/or other equitable relief to prevent a breach of the foregoing provisions and to secure their enforcement, because a breach by Employee of any of the foregoing would cause one or both of them irreparable injury and damage. Employee also agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisee or Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Employee Agreement. Nothing herein shall be construed as prohibiting either the Franchisee or Franchisor from pursuing any other remedies for such breach or threatened breach.

11. Employee hereby acknowledges and agrees that the Franchisor is an intended third party beneficiary of this Employee Agreement with the right to enforce it, independently or jointly with the Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Employee attest that each has read and understands the terms of this Employee Agreement.

FRANCHISEE:

By:_____

Name:_____

Its:_____

Date:_____

EMPLOYEE:

Signature

Name:_____

Title/Position:_____

Date:_____

EXHIBIT F

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes CTRL V Partners LLC or any affiliated entity (collectively, “**Franchisor**”), to initiate ACH debit entries against the account of the undersigned with you in payment of amounts for monthly Royalty Fees and advertising contributions, or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary. Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until ninety (90) days’ prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

_____	Account Name		
_____	Street Address		
_____	City	State	Zip Code
_____	Telephone Number		
_____	By _____		
_____	Its _____		
_____	Date _____		
_____	Bank Name		
_____	Branch		
_____	Street Address		
_____	City	State	Zip Code
_____	Bank Telephone Number		
_____	Bank’s Account Number		
_____	Client’s Account Number		

EXHIBIT C

LIST OF FRANCHISED CTRL V® BUSINESSES OPEN AND OPERATING IN THE UNITED STATES AS OF MARCH 31, ~~2018~~2019

NAME	ADDRESS	CITY	STATE	ZIP	PHONE OR EMAIL
OutlierVR, LLC	Howell Plaza Shopping Center 4012 Route 9 South Store #2B	Howell	NJ	07731	krichlin@gmail.com Howell@ctrlvarcade.com

LIST OF FRANCHISED CTRL V® BUSINESSES FOR WHICH THE FRANCHISE AGREEMENT HAS BEEN SIGNED BUT THE BUSINESS TO BE OPENED IN THE UNITED STATES HAS NOT OPENED AS OF MARCH 31, ~~2018~~2019

NAME	ADDRESS	CITY	STATE	ZIP	PHONE OR EMAIL
Charlottes Hood LLC	2801 Independence Blvd.	Charlotte	NC	28205	charlotte@ctrlvarcade.com (704) 421-4644
Yandrew VR Time, LLC	19 Henry Ct.	Dobbs Ferry	NY	10522	andrew3z@yahoo.com narcissi777@yahoo.com 646-647-6851 914-606-1912

LIST OF FORMER FRANCHISEES IN THE UNITED STATES FOR PERIOD FROM JANUARY 1, ~~2017~~2018 TO MARCH 31, ~~2018~~2019

NAME	CITY	STATE	PHONE
None			

If you buy a CTRL V® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT D
STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Department Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street, Room 203 Honolulu, Hawaii HI 96813 (808) 586-2722
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	Attention: New York Secretary of State New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation Securities Division	1511 Pontiac Avenue John O. Pastore Center Bldg. Complex - Building 69-1 1511 Pontiac Avenue Cranston, RI- 02920 401-462-9527
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501

Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 <u>4822 Madison Yards Way, North Tower</u> Madison, WI 53703 <u>53705</u>

EXHIBIT E

STATE ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010) and voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of the state in which the Franchised Business is located. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

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

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

The franchise agreement requires binding arbitration. The arbitration will occur in Toronto, Canada with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law. California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of the state in which the Franchised Business is located. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to the franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Toronto, Canada with the cost being borne by the prevailing party. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchise is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

_____This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

~~To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1—482E-12 applies, the terms of this Addendum apply.~~

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

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, 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, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.~~

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

Item 5, Additional Disclosure:

~~Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.~~

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

~~To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1—482E-12 applies, the terms of this Addendum apply.~~

~~1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:~~

~~Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.~~

~~2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.~~

~~3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.~~

~~— This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.~~

~~— IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.~~

FRANCHISOR: _____ FRANCHISEE: _____

By: _____ By: _____

— Its: _____ Its: _____

Date: _____ Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, 815 ILCS 701/1-44 (West 2014) applies, the terms of this Addendum apply.

DURING THE TERM OF YOUR FRANCHISE AGREEMENT, FRANCHISOR WILL CONTINUE TO NEGOTIATE LICENSING ARRANGEMENTS FOR NEW & UPDATED SOFTWARE THAT IS VITAL TO YOUR FRANCHISED BUSINESS. YOU AGREE TO PAY ALL SOFTWARE FEES WITHIN 10 DAYS' RECEIPT OF INVOICE.

FRANCHISOR RESERVES THE RIGHT TO DETERMINE THE MINIMUM AND/OR MAXIMUM PRICES YOU MAY CHARGE CUSTOMERS IN THE OPERATION OF YOUR FRANCHISED BUSINESS. IF IMPLEMENTED, YOU MUST COMPLY WITH THE MINIMUMS AND MAXIMUMS AMOUNTS ESTABLISHED.

AS SECURITY FOR ALL AMOUNTS YOU OWE FRANCHISOR UNDER THE FRANCHISE AGREEMENT, YOU ARE REQUIRED TO GRANT FRANCHISOR A SECURITY INTEREST IN ALL OF THE PROCEEDS AND ASSETS OF YOUR FRANCHISED BUSINESS (See section 17.7 of the Franchise Agreement).

THROUGHOUT THE TERM OF YOUR FRANCHISE AGREEMENT, YOU ARE REQUIRED TO CONDUCT AND PAY FOR PERIODIC & ONGOING REMODELING AND UPGRADING OF YOUR FRANCHISED BUSINESS (INCLUDING FURNITURE, FIXTURES, EQUIPMENT, DECOR, SIGNAGE, ELECTRONIC EQUIPMENT AND TRADE DRESS) AS REQUIRED BY FRANCHISOR.

Item 5 Additional Disclosure:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

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

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

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

Franchisee Acknowledgment / Compliance Certification:

The representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, 815 ILCS 701/1-44 (West 2014) applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

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

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and the franchise is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on the franchisor's financial statements.

Franchisee Acknowledgment Addendum (Exhibit D): The representations under this Franchisee Acknowledgment Addendum are not intended, nor shall they act, as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

DURING THE TERM OF YOUR FRANCHISE AGREEMENT, FRANCHISOR WILL CONTINUE TO NEGOTIATE LICENSING ARRANGEMENTS FOR NEW & UPDATED SOFTWARE THAT IS VITAL TO YOUR FRANCHISED BUSINESS. YOU AGREE TO PAY

ALL SOFTWARE FEES WITHIN 10 DAYS RECEIPT OF INVOICE.

FRANCHISOR RESERVES THE RIGHT TO DETERMINE THE MINIMUM AND/OR MAXIMUM PRICES YOU MAY CHARGE CUSTOMERS IN THE OPERATION OF YOUR FRANCHISED BUSINESS. IF IMPLEMENTED, YOU MUST COMPLY WITH THE MINIMUMS AND MAXIMUMS AMOUNTS ESTABLISHED.

AS SECURITY FOR ALL AMOUNTS YOU OWE FRANCHISOR UNDER THE FRANCHISE AGREEMENT, YOU ARE REQUIRED TO GRANT FRANCHISOR A SECURITY INTEREST IN ALL OF THE PROCEEDS & ASSETS OF YOUR FRANCHISED BUSINESS (see section 17.7 of the Franchise Agreement).

THROUGHOUT THE TERM OF YOUR FRANCHISE AGREEMENT, YOU ARE REQUIRED TO CONDUCT AND PAY FOR PERIODIC & ONGOING REMODELING AND UPGRADING OF

YOUR FRANCHISED BUSINESS (INCLUDING FURNITURE, FIXTURES, EQUIPMENT, DECOR, SIGNAGE, ELECTRONIC EQUIPMENT AND TRADE DRESS) AS REQUIRED BY FRANCHISOR.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as franchisor completes its initial obligations under the franchise agreement.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

— Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

— Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

— The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

— Payment of the initial franchise fee is deferred until such time as franchisor completes its initial obligations under the franchise agreement.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

— IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

—Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

—According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

—Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

_____The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

_____Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

_____The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

_____Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

_____Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

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

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

— Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside the State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

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

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Item 17, Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

The choice of law other than the State of Washington may not be enforceable under the Washington Franchise Investment Protection Act and are subject to state law.

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

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

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

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

~~_____~~The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

~~_____~~In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

~~_____~~Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

By: _____

Its: _____

Its: _____ ~~Date:~~

Date: _____ Date:

EXHIBIT F
GENERAL RELEASE FORM

RELEASE OF CLAIMS

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, CTRL V Partners LLC (“CTRL V Partners LLC”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

A. CTRL V Partners LLC and Franchisee entered into a Franchise Agreement dated _____, ____.

B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release.** Franchisee hereby releases CTRL V Partners LLC, its officers, directors, shareholders, and agents, and their respective successors, assigns, heirs, and personal representatives, from all debts, representations, agreements, liabilities, actions, and causes of action of every kind and nature arising out of or relating to the Franchise Agreement between CTRL V Partners LLC and Franchisee, the offer and sale of that franchise and the franchise relationship between the parties.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

FRANCHISEE:

CTRL V Partners LLC

BY: _____

BY: _____

ITS: _____

ITS: _____

DATE:_____

DATE:_____

EXHIBIT G

TABLE OF CONTENTS OF THE MANUAL

Article I:	Welcome to Ctrl V – 3 pages
Article II:	Franchisor Management - 1 page
Article III:	Franchise Obligations – 1 page <u>5 pages</u>
Article IV:	Our Basic Principles - 1 page <u>2 pages</u>
Article V:	New Hire Process – 4 <u>5</u> pages
Article VI:	Interview Follow-Up – 6 pages
Article VII:	Post Hiring Procedures – 3 pages
Article VIII:	Employee Benefits – 1 page
Article IX:	Specialty Setup, Rules and Procedures – 12 pages
Article X:	Facility Guidelines – 4 pages
Article XI:	Booking Procedures – 1 page
Article XII:	Hardware and Software – 3 pages
Article XIII:	Sanitation – 3 pages
Article XIV:	Administrative – 11 pages
Article XVI:	Legal and Safety Requirements – 15 pages
Article XVII:	Standards Enforcement / Supervisor Field Inspections – 1 page
Article XVIII:	Financial Reporting Requirements and Format – 3 pages
Article XIX:	Marketing – 2 pages
Article XX:	Business Information References – 1 page
Article XXI:	Glossaries – 31 <u>30</u> pages
Article XXII:	Specialty Glossaries – 2 pages
TOTAL – 109<u>114</u> pages	

EXHIBIT H
RECEIPTS

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 CTRL V Partners LLC offers you a franchise, CTRL V Partners LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CTRL V Partners LLC or our affiliate in connection with the proposed franchise sale. Iowa and New York require that CTRL V Partners LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that CTRL V Partners LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CTRL V Partners LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit D.

The franchisor is CTRL V Partners LLC located at 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3. Its telephone number is 1-519-804-5583.

Issuance Date: April ~~20, 2018~~29, 2019

The franchise seller involved in offering and selling the franchise to you is CTRL V Partners LLC, 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3, 1-519-804-5583, Robert Bruski, Ryan Brooks or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

CTRL V Partners LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a disclosure document dated April ~~20, 2018~~29, 2019 that included the following Exhibits:

- | | |
|--|-------------------------------------|
| (A) Financial Statements | (E) State Addenda |
| (B) Franchise Agreement | (F) General Release Form |
| (C) List of Franchised CTRL V®
Businesses in the United States | (G) Table of Contents of the Manual |
| (D) List of State Administrators; Agents for
Service of Process | (H) Receipts |

Date: _____

(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Prospective Franchisee's Copy

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 CTRL V Partners LLC offers you a franchise, CTRL V Partners LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CTRL V Partners LLC or our affiliate in connection with the proposed franchise sale. Iowa and New York require that CTRL V Partners LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that CTRL V Partners LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CTRL V Partners LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit D.

The franchisor is CTRL V Partners LLC located at 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3. Its telephone number is 1-519-804-5583.

Issuance Date: April ~~20, 2018~~29, 2019

The franchise seller involved in offering and selling the franchise to you is CTRL V Partners LLC, 170 Columbia Street West, Suite 5, Waterloo, Ontario, Canada N2L 3L3, 1-519-804-5583, Robert Bruski, Ryan Brooks or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

CTRL V Partners LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for us in the particular state.

I have received a disclosure document dated April ~~20, 2018~~29, 2019 that included the following Exhibits:

- | | |
|--|-------------------------------------|
| (A) Financial Statements | (E) State Addenda |
| (B) Franchise Agreement | (F) General Release Form |
| (C) List of Franchised CTRL V [®] Businesses in the United States | (G) Table of Contents of the Manual |
| (D) List of State Administrators; Agents for Service of Process | (H) Receipts |

Date: _____

(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for CTRL V Partners LLC: Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Robert Bruski by email to franchising@ctrlvarcade.com.