

FRANCHISE DISCLOSURE DOCUMENT

VR Junkies Franchise, LLC
A Utah limited liability company
568 E 300 S, Salem, UT 84653
435-864-7600
franchise@vrjunkies.com
www.VRJunkies.com



The franchised business is to operate a retail based virtual reality arcade business offering services where customers can pay to use virtual reality equipment, content and systems, under the trade name “VR Junkies”.

The total investment necessary to begin operation of a VR Junkies franchise is \$83,800 to \$171,800. This includes \$20,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact McKay Christensen at 568 E 300 S, Salem, UT 84653 and 435-864-7600.

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: March 16, 2017

STATE COVER PAGE

Your state may have a franchise law that requires us 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.

Call the state franchise administrator listed in Exhibit A 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 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 UTAH. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN UTAH THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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 the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Not applicable
Indiana	Not applicable
Maryland	Not applicable
Michigan	Not applicable
Minnesota	Not applicable
New York	Not applicable
North Dakota	Not applicable
Rhode Island	Not applicable
South Dakota	Not applicable
Virginia	Not applicable
Washington	Not applicable
Wisconsin	Not applicable

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

State	Effective Date
Connecticut*	Not applicable
Florida	Not applicable
Kentucky*	Not applicable
Nebraska*	Not applicable
Texas*	Not applicable
Utah	Pending

* One-time filing

We do not have a federally-registered trademark, and therefore are subject to business opportunity laws in the following states:

State	Effective Date
Connecticut	Not applicable
Georgia	Not applicable
Louisiana	Not applicable
Maine	Not applicable
North Carolina	Not applicable
South Carolina	Not applicable

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

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

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

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

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EXHIBITS

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with (1) Software License and (2) Guaranty and Non-Compete Agreement)
 - C. Multi-Unit Development Agreement
 - D. Rider to Lease Agreement
 - E. Form of General Release
 - F. Financial Statements
 - G. Operating Manual Table of Contents
 - H. Current and Former Franchisees
 - I. State Addenda to Disclosure Document
 - J. State Addenda to Franchise Agreement
- Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

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

(1) Us, Any Parents, and Certain Affiliates.

Our name is VR Junkies Franchise, LLC. Our principal business address is 568 E 300 S, Salem, UT 84653. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees. Our affiliate, VR Junkies, LLC, licensed the use of its software and the “VR Junkies” brand name to five retail businesses in 2016.

(2) Our Predecessors

Our predecessor is VR Junkies LLC. In January 2017, VR Junkies LLC contributed its tangible assets (primarily consisting of the VR Junkies store in Orem, Utah) to us. It has the same business address as us.

(3) Our Business Name

We use the names “VR Junkies Franchise, LLC” and “VR Junkies”. We do not intend to use any other names to conduct business.

(4) Agent for Service of Process

Our agent for service of process in Utah is Kenneth McKay Christensen, and the agent’s principal business address is 568 E. 130 South Salem UT, 84653. Our agents for service of process in other states are disclosed in Exhibit A.

(5) Business Organization

We are a Utah limited liability company. We were formed on January 24, 2017.

(6) Information About Our Business and the Franchises Offered

(i) We operate one VR Junkies business in Orem, Utah.

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

(iii) If you sign a franchise agreement with us, you will develop and operate a retail business providing virtual reality services under the trade name VR Junkies. If you sign a Multi-

Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple VR Junkies outlets, on an agreed-upon schedule.

(iv) The general market for the VR Arcade business is relatively new but developing quickly. Our intent is to target high traffic facilities that provide the greatest exposure for the business. Although the market specifically for Virtual Reality Arcade businesses is new and developing, the market for arcades and entertainment is established and competitive. Our customers are primarily from middle to upper income demographics and tend to be in the age range of 16-35 years of age. Sales are not seasonal.

(v) We are not aware of any laws or regulations specific to our industry.

(vi) You will compete against locally owned businesses in some markets where virtual reality has been adopted, as well as more established arcades and entertainment businesses that do not offer VR experiences.

(7) Prior Business Experience

We have offered franchises since 2017. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees

Our affiliate, VR Junkies LLC has operated VR Junkies in Orem, Utah between June 2016 and January 2017. This affiliate has the same business address as us.

Item 2 BUSINESS EXPERIENCE

The following people are our directors, trustees, general partners, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of franchises offered by this document:

McKay Kenneth Christensen – President. McKay Christensen has been our President in Orem, Utah since our founding in January 2017. He has also been Owner of VR Junkies in Orem, Utah since June 2016 and Owner of Capdevate in Eagle Mountain, Utah since March 2016. He was Lead Software Engineer for Imsar in Springville, Utah, from August 2014 to February 2017. He was a Frontend Developer for Active Network in Drape, Utah from November 2013 to August 2014. He was Lead Software Developer for NovaQual in Logan, Utah, from January 2012 to April 2013.

Joshua Hintze – Chief Executive Officer. Joshua Hintze has been our Chief Executive Officer in Orem, Utah since our founding in January 2017. He has also been Owner of VR Junkies in Orem, Utah since June 2016. He has also been Vice President of IMSAR LLC in Springville, Utah, since October 2007.

Richard Simtob – Chairman. Richard Simtob has been our Chairman in West Bloomfield, Michigan since our founding in January 2017. He has also been President of Zoup! Holding LLC in Southfield, Michigan since April 2010. He has also been Owner of Simtob

Consulting Group Corporation in West Bloomfield, Michigan since January 2000, and Vice President of Restoration 1 Canada, Inc., in Toronto, Ontario since June 2012.

Devin Conner – Vice President of Franchise Development. Devin Conner has been our Vice President of Franchise Development in Rolling Hills Estate, California, since our founding in January 2017. He has also been Owner and Franchise Consultant with W.C. Franchise Developers in Rolling Hills Estate, California since January 2017. He was a Franchise Consultant with Devin Conner Consulting in Rolling Hills Estate, California from January 2012 to December 2016. He was a Manager for Hermosa Beach Restaurant Group, LLC in Hermosa Beach, California, from November 2010 to March 2013.

Item 3 LITIGATION

No litigation is required to be disclosed in this Item.

Item 4 BANKRUPTCY

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

Item 5 INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us \$20,000 as the initial franchise fee. This fee is uniform.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

Purchasing Assistance

If you and we agree, you can purchase your virtual reality systems through us. You are not obligated to do so. If you purchase your systems through us, you will pay our costs for the systems.

Multi-Unit Development

If you and we agree that you will develop at least three franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure

document. Your franchise fees will be reduced to \$15,000 for the second franchise and \$10,000 for additional franchises. You will pay all franchise fees upon signing the MUDA. These franchise fees are refundable only under the same circumstances as described above under “Franchise Fee”.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your gross sales	Monthly, on the 3 rd day of the month	See Note 1.
Marketing Fund Contribution	2% of your gross sales	Monthly, on the 3 rd day of the month	
Game Licensing	Varies; typically, zero to 20 cents per minute of play	Monthly, on the 3 rd day of the month	Developers of certain games charge fees for use. We collect these fees (without markup) and pay them to the developers.
Technology Fee	Currently, \$50 per month	Monthly, on the 3 rd day of the month	You pay this fee for the VR Technology Systems software. We reserve the right to increase this fee as additional features and services are developed.
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, on the 3 rd day of the month	We have the right to establish local or regional advertising cooperatives.
Replacement / Additional Training Fee	Currently, \$300/day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third Party Vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together a reasonable markup or charge for administering the payment program.

Type of Fee	Amount	Due Date	Remarks
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

Type of Fee	Amount	Due Date	Remarks
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$15,000	When transfer occurs	Payable if you sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

Notes

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

Item 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee	\$20,000 - \$20,000	Check or wire transfer	Upon signing the franchise agreement	Us
Real Estate / Rent (see Note 2)	\$1,800 - \$10,500	Check	Upon signing lease	Landlord
Utilities	\$300 - \$600	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements (see Note 3)	\$10,000 - \$20,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$6,500 - \$20,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture and Fixtures (see Note 4)	\$9,000 - \$16,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
VR Systems (see Note 5)	\$15,000 - \$40,000	Check, debit, and/or credit	When purchased	Vendors and suppliers
POS System and Software (see Note 6)	\$1,500 - \$2,000	Check, debit, and/or credit	As incurred	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Insurance	\$300 - \$1,200	Check	Upon ordering	Insurance company
Signage	\$3,000 - \$8,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$2,000 - \$3,500	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits	\$1,000 - \$2,000	Check	Upon application	Government
Dues and Subscriptions	\$400 - \$1,000	Check, debit, and/or credit	As incurred	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.)	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$500 - \$2,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 3)	\$10,000 - \$20,000	Varies	Varies	Employees, suppliers, utilities
Total	\$83,800 - \$171,800			

Notes

1. The initial franchise fee is refundable only as described in Item 5. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay a security deposit equal to one month rent, and that you begin paying rent when (or shortly before) you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. A VR Junkies facility has a simple buildout. The estimates for leasehold improvements assume you have lease a space in a shopping mall or other retail space that needs no alterations to be functional.

4. Furniture and fixtures will typically consist of a front counter, walls between booths, couches, and televisions.

5 A VR Junkies facility will typically have between six and ten virtual reality hardware systems, each of which costs \$2,500 to \$4,000.

6. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a VR Junkies business by our affiliate, and our general knowledge of the industry.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

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

(1) Specific Obligations

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

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

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Computer Systems, Equipment and Software. You must use our VR Technology Systems software suite to manage your VR Junkies business. You will license virtual reality software through us. You must purchase computers and equipment that meet our specifications. See Item 11 for more details.

(2) Us or our Affiliates as Supplier

We will license virtual reality software to you, in exchange for the Game License Fee.

If you and we agree, you can purchase your virtual reality hardware systems through us. You are not obligated to do so. We do not charge a fee for this assistance.

Otherwise, neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

(3) Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

(4) Alternative Suppliers

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

(5) Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

(6) Revenue To Us and Our Affiliates

We will license virtual reality software to you, in exchange for the Game License Fee. If you and we agree, you can purchase your virtual reality hardware systems through us (but you are not obligated to do so); we do not charge a fee for this assistance. Otherwise, we currently do

not derive revenue from the required purchases and leases by franchisees. However, the franchise agreement does not prohibit us from doing so.

(7) Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 75% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 65% to 85% of your total purchases and leases of goods and services to operate your business.

(8) Payments by Designated Suppliers to Us

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

(9) Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

(10) Negotiated Arrangements

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

(11) Benefits Provided To You For Purchases

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

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11

Obligation	Section in agreement	Disclosure document item
d. Initial and ongoing training	§§ 5.5, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.7, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	N/A	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10 FINANCING

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

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

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

(1) Our Pre-Opening Obligations

Before you open your business:

A. *Your Site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.5). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

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

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

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

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required decor (Section 5.5).

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.4), suggested guidelines for hiring employees (Section 5.2), operational

instructions in the Manual which you can use as part of training new employees (Section 5.4), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

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

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.5).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.5).

I. *On-site opening support.* We will have a representative provide on-site support for at least two days in connection with your business opening. (Section 5.5).

J. *VR Technology System and Virtual Reality Games.* We will provide you with our VR Technology System (Section 5.2) and various games to offer at your VR Junkies business (Section 5.3).

K. *Purchasing Assistance.* If you and we agree, you can purchase your virtual reality hardware systems through us. (Section 5.5).

(2) Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 3-9 months depending primarily on real estate. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages or delayed installation of equipment, fixtures, and signs.

(3) Our Post-Opening Obligations

After you open your business:

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

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund. (Section 5.5).

G. *Website.* We will maintain a website for the VR Junkies brand, which will include your business information and telephone number. (Section 5.5)

H. *VR Technology System and Virtual Reality Games.* We will provide you with our VR Technology System (Section 5.2) and various games to offer at your VR Junkies business (Section 5.3).

I. *VR Technology System Support.* To the extent we deem appropriate, we will provide all ongoing maintenance, repairs, upgrades, and updates to the VR Technology System.

(4) Advertising

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

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

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

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

(v) *Advertising Fund.* You and all other franchisees must contribute to our Marketing Fund. Your contribution is 2% of gross sales per month. All franchisees contribute the same percentage. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

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

(vi) *Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

(vii) *Required spending.* After you open, you must spend at least 2% of gross sales each month on marketing your business.

(5) Point of Sale and Computer Systems

We require you to buy (or lease) and use a point-of-sale system and computer systems as follows:

- VR Technology System software supplied by us
- iPad for point of sale

- Windows based computers with minimum: 250GB HD, Intel Core i5, 8GB RAM, and Nvidia 1060 GPU (we expect six to ten computers per VR Junkies facility)
- HTC (or other approved manufacturer) Virtual Reality Systems including handset, headphones and sensors
- 42” televisions
- QuickBooks Online

The VR Technology System manages your VR Junkies business. It includes several components such as License Portal, Rewards Portal, Time Clock, and Game Chooser. These systems will generate or store data such as customer transactions, customer contact information, financial information, scheduling data and other information pertinent to the operation of the franchised business.

We estimate that your computer systems will cost between \$18,500 and \$42,000 to purchase, depending on the number of gaming systems you install.

We (or our affiliate) will provide all ongoing maintenance, repairs, upgrades, and updates to the VR Technology System. We currently charge you \$50 per month for the VR Technology System. We do not require you enter into any such contract with a third party. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$600 to \$1,500.

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

(6) Operating Manual

See Exhibit G for the table of contents of our Operating Manual, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

(7) Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
VR Junkies Company Overview - Introduction - Review of the market - Understanding the Customer	1	-	Orem, Utah

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Culture and Orientation to the Business - Business Philosophy - Mission	1	-	Orem, Utah
POS Training - Managing the day to day business - Functionality - Reporting	1	-	Orem, Utah
Technology Training - Hardware and Software - Fixes - How to work with support	6	-	Orem, Utah
Game Training - Creating the Experience - Knowing the Choices and Themes - Understanding the Technology	-	2	Your location in your market
Staff Training - Roles and Responsibilities - Pay Structure - Staff Personality - Building a Team - Planning for Growth	-	4	Your location in your market
Marketing and business Development - Branding - Lead Generation - Converting the Sale - Messaging	1	4	Classroom: Orem, Utah On-the-job: your location in your market
Management - Operating the Business - Managing Cash Flow - Execution at your Location	2	6	Classroom: Orem, Utah On-the-job: your location in your market
TOTALS:	12	16	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. Training will be held at our offices and business location in Orem, Utah, plus two days of opening training at your location.

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

Training classes will be led by McKay Christensen and Crystal Hintze. McKay's experience is described in Item 2. He has two years of experience in our industry, and one year

of experience with us or our affiliates. Crystal has ten years of experience in our industry, and one year of experience with us or our affiliate.

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

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

Your business must at all times be under your on-site supervision or under the on-site supervision of or a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$300 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

(1) Your Location

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

(2) Grant of Territory

You will receive a territory equal to the mall or shopping center in which your business is located.

(3) Relocation; Establishment of Additional Outlets

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

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional VR Junkies business, (3) you must be in compliance with all brand requirements at your open VR Junkies business(es), and (4) you must not be in default under any other agreement with us.

(4) Options to Acquire Additional Franchises

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

(5) Territory Protection

We grant you an exclusive territory. In your territory, we will not open a VR Junkies outlet, nor license or franchise another party to open a VR Junkies outlet. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

(6) Other

(i) Restrictions on us from soliciting or accepting orders in your territory.

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

(ii) Soliciting By You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that we reserve the right to control all internet-based marketing.

(iii) Competition By Us Under Different Trademarks

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

**Item 13
TRADEMARKS**

(1) – (4) Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by our affiliate, VR Junkies, LLC. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

Trademark	Application Date	Identification Number
VR Junkies	August 22, 2016	87145792

(5) Determinations

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

(6) Litigation

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

(7) Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

VR Junkies, LLC our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and VR Junkies, LLC we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

(8) Protection of Rights

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

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

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

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

(9) Superior Prior Rights and Infringing Uses

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

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

(1) Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

(1) – (6) Copyrights

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

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

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

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

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

(7) Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information,

processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

(1) Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 4 to Exhibit B).

(2) “On-Premises” Supervision

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

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

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

(3) Restrictions On Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

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

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

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for up to two additional 5 year terms.
c. Requirements for franchisee to renew or extend	§ 3.2	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).

Provision	Section in franchise or other agreement	Summary
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.2	
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1	Unlimited

Provision	Section in franchise or other agreement	Summary
k. "Transfer" by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	§§ 15.4, 11.9	If you die or become incapacitated, your executor must transfer the business to a third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other VR Junkies business operating on the date of termination.
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Orem, Utah) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	Utah (subject to applicable state law).

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

**Item 18
PUBLIC FIGURES**

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

**Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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 McKay Christensen, 568 E 300 S, Salem, UT 84653, and 435-864-7600, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1
Systemwide Outlet Summary
For years 2014 to 2016**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Company-Owned*	2014	0	0	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
	2015	0	0	0
	2016	0	1	+1
Total Outlets	2014	0	0	0
	2015	0	0	0
	2016	0	1	+1

* “Company-owned” refers to the outlet opened by our affiliate, VR Junkies, LLC in 2016 and transferred to us in January 2017.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2014	0
	2015	0
	2016	0

Table 3
Status of Franchised Outlets
For years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
N/A								
Totals	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2014 to 2016

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Utah	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
Totals	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1

Table 5
Projected Openings As Of December 31, 2016

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
Arizona	0	2	0
Illinois	0	2	0
Michigan	0	2	0
Minnesota	0	2	0
Ohio	0	2	0
Utah	0	2	0
Totals	0	12	0

(4) Current Franchisees

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

(5) Former Franchisees

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

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

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

(6) Sale of Previously Owned Outlet

We are not selling a previously-owned franchised outlet now under our control.

(7) Confidentiality Clauses

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

(8) Franchisee Organizations

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

**Item 21
FINANCIAL STATEMENTS**

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit F contains our audited financial statements dated February 28, 2017. Our fiscal year end is December 31.

**Item 22
CONTRACTS**

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

- B. Franchise Agreement (with (1) Software License and (2) Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Franchise Agreement

Item 23
RECEIPTS

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

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

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

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814-4052 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	
New York	New York State Department of Law Investor Protection Bureau 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B
FRANCHISE AGREEMENT



JUNKIES

FRANCHISE AGREEMENT

SUMMARY PAGE		
1. Franchisee	_____	
2. Effective Date	_____	
3. Initial Franchise Fee	\$20,000	
4. Development Area	_____	
5. Business Location	_____	
6. Territory	_____ Shopping Center	
7. Opening Deadline	_____	
8. Principal Executive	_____	
9. Franchisee's Address	_____	

FRANCHISE AGREEMENT

This Agreement is made between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”), and Franchisee on the Effective Date.

Background Statement:

A. VR Franchising and its affiliates have created and owned a system (the “System”) for developing and operating an arcade business featuring virtual reality games under the trade name “VR Junkies”.

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

C. The parties desire that VR Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a VR Junkies business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

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

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

“**Business**” means the VR Junkies business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers which derives 10% or more of its annual gross sales from virtual reality games.

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

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

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

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

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

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

“Marketing Fund” means the fund established (or which may be established) by VR Franchising into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by VR Franchising from time to time for use in a VR Junkies business.

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

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

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

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

systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

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

“**Transfer**” means for Franchisee (or any owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

“**VR Technology System**” means the VR Junkies software system which manages the virtual reality games and customer activities for the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. VR Franchising grants to Franchisee the right to operate a VR Junkies business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a VR Junkies business at the Location for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business to meet VR Franchising’s minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

2.2 Protected Territory. VR Franchising shall not establish, nor license the establishment of, another VR Junkies business within the Territory. VR Franchising retains the right to:

- (i) establish and license others to establish and operate VR Junkies businesses outside the Territory;
- (ii) operate and license others to operate businesses anywhere that do not operate under the VR Junkies brand name; and
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than VR Junkies outlets.

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

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers

his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to VR Franchising's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to VR Franchising, in the form of Attachment 4.

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

ARTICLE 3. TERM

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

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

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

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

4.2 Royalty Fee. Franchisee shall pay VR Franchising a monthly royalty fee (the “Royalty Fee”) equal to 6% of Gross Sales. The Royalty Fee for any given calendar month is due on the 3rd day of the following month.

4.3 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay VR Franchising a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of Franchisee’s Gross Sales (or such lesser amount as VR Franchising determines), at the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution. If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

4.4 Game Licensing. Franchisee shall pay VR Franchising all licensing fees imposed by software developers for use of games and other software by Franchisee.

4.5 Technology Fee. Commencing when Franchisee opens for business, Franchisee shall pay a monthly technology fee (the “Technology Fee”) to VR Franchising for the VR Technology System license and support. The Technology Fee is payable at the same time as the Royalty Fee. As of the date of this Agreement, the Technology Fee is \$50 per month. VR Franchising may raise the Technology Fee as additional features and services are developed.

4.6 Replacement / Additional Training Fee. If Franchisee sends an employee to VR Franchising’s training program after opening, VR Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$300 per person per day.

4.7 Third Party Vendors. If VR Franchising requires Franchisee to use a designated third-party vendor, VR Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If VR Franchising does so, it may impose a reasonable markup or charge for administering the payment program.

4.8 Non-Compliance Fee. VR Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to VR Franchising) which Franchisee fails to cure after 30 days’ notice. Thereafter, VR Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of VR Franchising’s internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of VR Franchising’s other rights and remedies.

4.9 Reimbursement. VR Franchising may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If VR Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to VR Franchising within 15 days after invoice by VR Franchising accompanied by reasonable documentation.

4.10 Payment Terms.

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

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

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

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

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

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

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

ARTICLE 5. ASSISTANCE

5.1 Manual. VR Franchising shall make its Manual available to Franchisee.

5.2 VR Technology System. VR Franchising will license the VR Technology System to Franchisee on the terms and conditions of this Agreement and the Software License attached as Attachment 3. To the extent VR Franchising deems appropriate, it will provide all ongoing maintenance, repairs, upgrades, and updates to the VR Technology System.

5.3 Virtual Reality Games. VR Franchising will obtain the right to offer various reality games to Franchisee. Franchisee will select from VR Franchising which games Franchisee will offer at the Business. VR Franchising retains the right to require Franchisee to offer particular

virtual reality games. Franchisee acknowledges that some games will be subject to Game Licensing Fees.

5.4 Assistance in Hiring and Training Employees. VR Franchising shall provide its suggested staffing levels to Franchisee. VR Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.5 Pre-Opening Assistance.

(a) Selecting Location. VR Franchising shall provide its criteria for VR Junkies locations to Franchisee. VR Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, VR Franchising shall provide Franchisee with (i) VR Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as VR Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) VR Franchising's lists of Approved Vendors and/or Required Vendors.

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

(d) Pre-Opening Training. VR Franchising shall make available its standard pre-opening training to the Principal Executive and up to two other employees, at VR Franchising's headquarters and/or at a VR Junkies business designated by VR Franchising. VR Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(e) Purchasing Assistance. If VR Franchising and Franchisee agree, then Franchisee may purchase its initial virtual reality hardware systems through VR Franchising.

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

(g) On-Site Opening Assistance. VR Franchising shall have a representative support Franchisee's business opening with at least two days of onsite opening training and assistance.

5.6 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, VR Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent VR Franchising deems reasonable. If VR Franchising provides in-person support in

response to Franchisee's request, VR Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

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

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

(d) Marketing. VR Franchising shall manage the Marketing Fund.

(e) Internet. VR Franchising shall maintain a website for VR Junkies, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

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

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

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

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

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by VR Franchising, Franchisee must submit the proposed lease to VR Franchising for written approval, and (ii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by VR Franchising.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with VR Franchising's System Standards. If required by VR Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining VR Franchising's approval of Franchisee's plans. VR Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by VR Franchising or its representatives regarding any architectural, engineering or legal matters in the development and construction of the

Business, and VR Franchising assumes no liability with respect thereto. VR Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete VR Franchising's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to VR Franchising's satisfaction, or (ii) VR Franchising concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then VR Franchising may terminate this Agreement. In such event, VR Franchising shall refund the initial franchise fee to Franchisee (less any out-of-pocket costs incurred by VR Franchising), subject to Franchisee's prior execution of a general release of liability of VR Franchising and its affiliates, in a form prescribed by VR Franchising.

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

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

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

7.2 Compliance With Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by VR Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by VR Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations.

7.4 Prices. Franchisee acknowledges that the System Standards determined by VR Franchising may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed VR Franchising's training program.

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

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

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

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and VR Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of VR Franchising.

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

7.7 Guaranties and Warranties. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that VR Franchising may require.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. VR Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and VR Franchising may require Franchisee to reimburse VR Franchising for any expenses.

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

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by VR Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships

necessary to accept payments as required by VR Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by VR Franchising, in the manner specified by VR Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another VR Junkies business. Franchisee shall comply with all procedures and specifications of VR Franchising related to gift cards, certificates, and other pre-paid system, or related to customer loyalty or customer incentive programs.

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

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, VR Franchising may require Franchisee to undertake and complete a Remodel of the Location to VR Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by VR Franchising. VR Franchising may require the Franchisee to submit plans for VR Franchising's reasonable approval prior commencing a required Remodel. VR Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

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

7.15 Insurance.

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

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);

- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

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

7.16 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding VR Junkies, the Business, or any particular incident or occurrence related to the Business, without VR Franchising’s prior written approval.

7.18 Association With Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without VR Franchising’s prior written approval.

7.19 No Other Activity At the Location. Franchisee shall not engage in any activity at the Location other than operation of the VR Junkies Business.

7.20 No Other Businesses. If Franchisee is an entity, Franchisee shall not own or operate any other business except VR Junkies businesses.

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

7.22 No Co-Branding. Franchisee shall not “co-brand” or associate any other business activity with the VR Junkies Business in a manner which is likely to cause the public to perceive it to be related to the VR Junkies Business.

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

ARTICLE 8. SUPPLIERS AND VENDORS

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

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

8.3 Alternate Input Approval. If VR Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by VR Franchising. VR Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. VR Franchising may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. VR Franchising may receive rebates or payments from vendors in connection with purchases by franchisees. VR Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as VR Franchising may determine.

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

8.6 Product Recalls. If VR Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from VR Franchising or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

ARTICLE 9. MARKETING

9.1 Implementation. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that

have not been approved by VR Franchising. Franchisee shall implement any marketing plans or campaigns determined by VR Franchising.

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

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

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

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

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

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

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

9.4 Marketing Cooperatives. VR Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of

such Market Cooperative within 30 days. VR Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If VR Franchising establishes a Market Cooperative:

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

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

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

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

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

(f) Termination. VR Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Required Spending. After opening, Franchisee shall spend at least \$500 each month on marketing the Business. Upon request of VR Franchising, Franchisee shall furnish proof of its compliance with this Section. VR Franchising has the sole discretion to determine what activities constitute "marketing" under this Section. VR Franchising may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

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

9.7 Internet Marketing. VR Franchising has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as VR Franchising may specify, and only with VR Franchising’s consent. VR Franchising retains the right to approve any linking to or other use of VR Franchising’s website. Franchisee must comply with any internet, online commerce and/or social media policy that VR Franchising may prescribe.

ARTICLE 10. RECORDS AND REPORTS

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

10.2 Reports.

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

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month of VR Franchising’s fiscal year, and
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of VR Franchising’s fiscal year.

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

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

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

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to VR Franchising a report detailing Franchisee’s investment costs to develop and open

the Business, with costs allocated to the categories described in Item 7 of VR Franchising's Franchise Disclosure Document and with such other information as VR Franchising may request.

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

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

10.6 Remote Access To VR Technology System. Franchisee acknowledges that VR Franchising shall at times have unlimited access to the VR Technology System, by any means designated by VR Franchising.

ARTICLE 11. FRANCHISOR RIGHTS

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

11.2 Inspections. VR Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with VR Franchising's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. VR Franchising may videotape and/or take photographs of the inspection and the Business. Without limiting VR Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If VR Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then VR Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 VR Franchising's Right To Cure. If Franchisee breaches or defaults under any provision of this Agreement, VR Franchising may (but has no obligation to) take any action to

cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse VR Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, VR Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by VR Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by VR Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of VR Franchising are in addition to any other right or remedy available to VR Franchising.

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

11.6 Innovations. Franchisee shall disclose to VR Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. VR Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

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

11.8 Delegation. VR Franchising may delegate any duty or obligation of VR Franchising under this Agreement to a third party.

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

ARTICLE 12. MARKS

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

12.2 Change of Marks. VR Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after VR Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

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

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

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

ARTICLE 13. COVENANTS

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

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other VR Junkies business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the

parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of VR Franchising. Franchisee agrees that the existence of any claim it may have against VR Franchising shall not constitute a defense to the enforcement by VR Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

13.3 Employee Recruitment. During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by VR Franchising or by any other VR Junkies franchisee.

13.4 General Manager and Key Employees. If requested by VR Franchising, Franchisee will cause its general manager and other key employees to sign VR Franchising's then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

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

14.2 Termination by VR Franchising.

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

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

(c) Without Cure Period. VR Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee intentionally submits any false report or intentionally provides any other false information to VR Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for

the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels VR Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by VR Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in VR Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from VR Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) VR Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xiii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in VR Franchising's opinion is reasonably likely to materially and unfavorably affect VR Franchising's brand.

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

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

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

14.5 Other Claims. Termination of this Agreement by VR Franchising will not affect or discharge any claims, rights, causes of action or remedies (including claims for VR Franchising's lost future income after termination), which VR Franchising may have against Franchisee, whether arising before or after termination.

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

Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. VR Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. VR Franchising may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

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

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

- (i) VR Franchising receives a transfer fee equal to \$15,000;
- (ii) the proposed assignee and its owners have completed VR Franchising's franchise application processes, meet VR Franchising's then-applicable standards for new franchisees, and have been approved by VR Franchising as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes VR Franchising's then-current form of franchise agreement, which form may contain materially different provisions;
- (v) Franchisee has paid all monetary obligations to VR Franchising in full, and Franchisee is not otherwise in default or breach of this Agreement;
- (vi) the proposed assignee and its owners and employees undergo such training as VR Franchising may require;
- (vii) Franchisee, its Owners, and the transferee and its owners execute a general release of VR Franchising in a form satisfactory to VR Franchising; and
- (viii) the Business fully complies with all of VR Franchising's most recent System Standards.

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

corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

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

15.5 VR Franchising's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or Section 15.4), VR Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its owners) shall provide to VR Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of VR Franchising's receipt of such copy, VR Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that VR Franchising may substitute cash for any other form of payment). If VR Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

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

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

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to VR Franchising) VR Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against VR Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from claims arising as a result of any Indemnatee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by VR Franchising. VR Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation)

shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

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

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

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

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

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term due to Franchisee's default, VR Franchising's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to VR Franchising but for the termination.

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

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

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

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and

other expenses of the legal proceeding. “Prevailing party” means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. VR Franchising is not a fiduciary of Franchisee and does not control Franchisee or its Business. VR Franchising has no liability for Franchisee’s obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, VR Franchising, and VR Franchising’s affiliates.

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

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

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

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

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

18.8 Governing Law. The laws of the state of Utah (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to VR Franchising, addressed to 568 E 300 S, Salem, UT 84653. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return

receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, VR Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

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

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

ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in VR Franchising’s Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.
- (3) That no person acting on VR Franchising’s behalf made any statement or promise regarding the costs involved in operating a VR Junkies franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on VR Franchising’s behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on VR Franchising’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a VR Junkies franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on VR Franchising’s behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between VR Franchising and Franchisee concerning the VR Junkies franchise,

which means that any oral or written statements not set out in this Agreement will not be binding.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

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

_____ Illinois
_____ Indiana
_____ Maryland
_____ Minnesota
_____ New York
_____ North Dakota
_____ Rhode Island
_____ Washington
_____ Other

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

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

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

State of incorporation / organization / residence: _____

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

Name	Shares or Percentage of Ownership

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

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by VR Junkies Franchise, LLC for your VR Junkies franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

2. The Territory of the Business is:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

Attachment 3 to Franchise Agreement

END USER LICENSE AGREEMENT AND LIMITED WARRANTY

Rights Summary

1. License to use Software (defined below)
2. Software License for one PC at a time
3. License to install Software on one PC at a time per license

Restrictions Summary

1. No resale, transfer, or export of the Software or any associated software to any entity or individual without express written consent of VR Junkies.
2. No attempting or allowing another to attempt to reverse engineer any of the software or hardware comprising the Software.

Terms and Conditions

IMPORTANT-READ CAREFULLY: This End-User License Agreement (“EULA”) is a legal agreement between you (either an individual or a single entity) and VR Junkies Franchise, LLC (“VR Junkies”) for the Arcade Management Software Suite that accompanies this EULA, which includes computer software and may include associated media, printed materials, “online” or electronic documentation (collectively, the “Software”). BY INSTALLING, COPYING, OR OTHERWISE USING THE SOFTWARE OR HARDWARE, YOU MANIFEST YOUR AGREEMENT TO BE BOUND BY THE TERMS OF THIS EULA. IF YOU DO NOT WISH TO BE LEGALLY BOUND BY THE BELOW TERMS AND CONDITIONS, DO NOT INSTALL, COPY, OR USE THE SOFTWARE.

1. GRANT OF LICENSE. VR Junkies grants you the following rights provided that you comply with all terms and conditions of this EULA:
 - a. Installation and use. You may install and use the Software on any vehicle or platform.
 - b. Imagery or any other work product generated by the Software may be displayed and/or distributed to any user or individual. You may install and run one copy of the Software on a single computer, such as a workstation, terminal or other device (“Computer”) at time.
 - c. The Software may be transferred to another Computer provided that before use on the second Computer, the Software is uninstalled from the original Computer on which it was installed. Notwithstanding the foregoing, before uninstalling the Software from the first Computer, you may run the Software on the second Computer once to ensure that it is functioning properly without violating this Section 1(c).

2. **RESERVATION OF RIGHTS AND OWNERSHIP.** VR Junkies reserves all rights not expressly granted to you in this EULA. The Software is protected by copyright and other intellectual property laws and treaties. VR Junkies owns the title, copyright, and other intellectual property rights in the Software. The Software is licensed, not sold.

3. **LIMITATIONS ON REVERSE ENGINEERING, DECOMPILATION, AND DISASSEMBLY.** You may not reverse engineer, decompile, or disassemble the Software or any accompanying hardware, nor may you allow any other party to do so. You may not copy, reproduce, re-manufacture or in any way duplicate all or any part of VR Junkies' products whether modified or translated into another language or not, or in any documentation, or in any other material provided by VR Junkies in association with the Software except as specified in this EULA and in accordance with the terms and conditions of this EULA which remain in force. You agree that unauthorized distributing, copying, duplications, or otherwise reproducing all or any part of the Software provided by VR Junkies or the failure to protect such Software will actually and materially damage VR Junkies. You agree that in the event that you breach this agreement, you will be liable for damages as may be determined by a court of competent jurisdiction.

4. **ADDITIONAL SOFTWARE.** This EULA applies to updates, supplements and add-on components of the Software that VR Junkies may provide to you or make available to you after the date you obtain your initial copy of the Software, unless we provide other terms along with the update, supplement or add-on component.

5. **UPGRADES.** To use software identified as an upgrade, you must first be licensed for the Software identified by VR Junkies as eligible for the upgrade. After upgrading, your license to use the Software that formed the basis for your upgrade eligibility terminates and you agree to abide by the terms of this EULA with respect to the upgraded software if no other EULA is distributed together with the upgraded software.

6. **NOT FOR RESALE.** The Software is identified as "Not For Resale" or "NFR." You may not sell or otherwise transfer the Software to another user, individual, or entity, nor may you use it for any purpose other than demonstration, test, or evaluation without express written consent by VR Junkies and the U.S Government as necessary.

7. **TERMINATION.** Without prejudice to any other rights, VR Junkies may terminate this EULA if you fail to comply with the terms and conditions of this EULA. In such event, you must destroy all copies of the Software and all of its component parts. It is understood and agreed that, notwithstanding any other provisions of this EULA, VR Junkies has the unequivocal right to obtain timely injunctive relief to protect its proprietary rights. This right to injunctive relief shall in no way limit the availability to VR Junkies of any other remedies at law or in equity.

8. a. **LIMITED WARRANTY FOR SOFTWARE/HARDWARE.** VR Junkies warrants that the Software will perform substantially in accordance with the accompanying materials for a period of one year from the date of receipt. **AS TO ANY DEFECTS DISCOVERED AFTER THE ONE YEAR PERIOD, THERE IS NO WARRANTY OR CONDITION OF ANY KIND UNLESS EXPRESS WRITTEN CONSENT IS GIVEN BY VR JUNKIES.**

b. **LIMITATION ON REMEDIES; NO CONSEQUENTIAL OR OTHER DAMAGES.** Your exclusive remedy for any breach of this Limited Warranty is as set forth below: Except for any refund granted by VR Junkies at its sole discretion, YOU ARE NOT ENTITLED TO ANY DAMAGES, INCLUDING BUT NOT LIMITED TO CONSEQUENTIAL DAMAGES, if the Software/Hardware does not meet VR Junkies' Limited Warranty. This exclusion of damages applies to the maximum extent allowed by applicable law, even if any remedy fails its essential purpose. The terms of Section 10 ("Exclusion of Incidental, Consequential and Certain Other Damages") are also incorporated into this Limited Warranty. Some states /jurisdictions do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you. This Limited Warranty gives you specific legal rights. You may have other rights which vary from state/jurisdiction to state/jurisdiction.

c. **YOUR EXCLUSIVE REMEDY.** VR Junkies' and its suppliers' entire liability and your exclusive remedy for any breach of this Limited Warranty or for any other breach of this EULA or for any other liability relating to the Software shall be, at VR Junkies' option from time to time exercised subject to applicable law, (i) return of the amount paid (if any) for the Software, or (ii) repair or replacement of the Software, that does not meet this Limited Warranty and that is returned to VR Junkies with a copy of your receipt. You will receive the remedy elected by VR Junkies without charge, except that you are responsible for any expenses you may incur (e.g. cost of shipping to VR Junkies). This Limited Warranty is void if failure of the Software has resulted from accident, abuse, misapplication, abnormal use or a virus. Any replacement unit will be warranted for the remainder of the original warranty period or thirty (30) days, whichever is longer, and VR Junkies will use commercially reasonable efforts to provide your remedy within a commercially reasonable time of your compliance with VR Junkies' warranty remedy procedures.

9. **DISCLAIMER OF WARRANTIES.** The Limited Warranty that appears above is the only express warranty made to you and is provided in lieu of any other express warranties or similar obligations (if any) created by any advertising, documentation, packaging, or other communications. Except for the Limited Warranty and to the maximum extent permitted by applicable law, VR Junkies and its suppliers provide the Software and support services (if any) AS IS AND WITH ALL FAULTS, and hereby disclaim all other warranties and conditions, whether express, implied or statutory, including, but not limited to, any (if any) implied warranties, duties or conditions of merchantability, of fitness for a particular purpose, of reliability or availability, of accuracy or completeness of responses, of results, of workmanlike effort, of lack of viruses, and of lack of negligence, all with regard to the Software, and the provision of or failure to provide support or other services, information, software, and related content through the Software or otherwise arising out of the use of the Software. ALSO, THERE IS NO WARRANTY OR CONDITION OF TITLE, QUIET ENJOYMENT, QUIET POSSESSION, CORRESPONDENCE TO DESCRIPTION OR NON-INFRINGEMENT WITH REGARD TO THE SOFTWARE.

10. **EXCLUSION OF INCIDENTAL, CONSEQUENTIAL AND CERTAIN OTHER DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL VR JUNKIES OR ITS SUPPLIERS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES

WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS OR CONFIDENTIAL OR OTHER INFORMATION, FOR BUSINESS INTERRUPTION, FOR PERSONAL INJURY, FOR LOSS OF PRIVACY, FOR FAILURE TO MEET ANY DUTY INCLUDING OF GOOD FAITH OR OF REASONABLE CARE, FOR NEGLIGENCE, AND FOR ANY OTHER PECUNIARY OR OTHER LOSS WHATSOEVER) ARISING OUT OF OR IN ANY WAY RELATED TO THE USE OF OR INABILITY TO USE THE SOFTWARE, THE PROVISION OF OR FAILURE TO PROVIDE SUPPORT OR OTHER SERVICES, INFORMATION, SOFTWARE, AND RELATED CONTENT THROUGH THE SOFTWARE OR OTHERWISE ARISING OUT OF THE USE OF THE SOFTWARE, OR OTHERWISE UNDER OR IN CONNECTION WITH ANY PROVISION OF THIS EULA, EVEN IN THE EVENT OF THE FAULT, TORT (INCLUDING NEGLIGENCE), MISREPRESENTATION, STRICT LIABILITY, BREACH OF CONTRACT OR BREACH OF WARRANTY OF VR JUNKIES OR ANY SUPPLIER, AND EVEN IF VR JUNKIES OR ANY SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11. LIMITATION OF LIABILITY AND REMEDIES. Notwithstanding any damages that you might incur for any reason whatsoever (including, without limitation, all damages referenced herein and all direct or general damages in contract or anything else), the entire liability of VR Junkies and any of its suppliers under any provision of this EULA and your exclusive remedy hereunder (except for any remedy of repair or replacement elected by VR Junkies with respect to any breach of the Limited Warranty) shall be limited to the greater of the actual damages you incur in reasonable reliance on the software up to the amount actually paid by you for the software. The foregoing limitations, exclusions and disclaimers (including Sections 9, 10 and 11) shall apply to the maximum extent permitted by applicable law, even if any remedy fails its essential purpose.

12. ENTIRE AGREEMENT; SEVERABILITY. This EULA (including any addendum or amendment to this EULA which is included with the Software) is the entire agreement between you and VR Junkies relating to the software and the support services (if any) and they supersede all prior or contemporaneous oral or written communications, proposals and representations with respect to the Software or any other subject matter covered by this EULA. Extended warranty and support packages purchased by the user will extend this agreement as specified in the terms of the extended warranty and support agreement. If any provision of this EULA is held to be void, invalid, unenforceable or illegal, the other provisions shall continue in full force and effect.

13. Certificate of end-user. By installing or using the Software, you certify that you are the end-user of the Software. Except as specifically authorized in writing by VR Junkies and the U.S. Government (as required), you also certify that you will not re-export, resell or otherwise dispose of any of these software or hardware associated with the Software to any other person. You further certify that all of the facts contained in this certificate are true and correct to the best of your knowledge and belief and you do not know of any additional facts that are inconsistent with this certification.

14. CHOICE OF LAW; JURISDICTION; VENUE. You agree that the formation, interpretation and performance of this EULA shall be governed by the laws of the State of Utah, excluding its conflict of law rules. You further agree that the courts of the State of Utah shall have exclusive jurisdiction over any dispute arising under this EULA and that the courts of the State of Utah

shall be the exclusive venue for resolution of any such dispute. You also agree to submit to the jurisdiction of the courts of the State of Utah for the resolution of any such dispute.

Attachment 4 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”).

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

Guarantor agrees as follows:

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

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

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

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee’s Territory or the territory of any other VR Junkies business operating on the date of termination or transfer, as applicable.

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

4. Employee Recruitment. During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by VR Franchising or by any other franchisee of VR Franchising.

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

6. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Utah. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between _____, a _____ (“VR Franchising”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, VR Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a VR Junkies business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). VR Franchising and Franchisee desire that Franchisee develop multiple VR Junkies businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open VR Junkies businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee
1		1	\$_____
2		2	\$_____
3		3	\$_____
4		4	\$_____
5		5	\$_____
Total Initial Franchise Fee:			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to VR Franchising. The Initial Franchise Fee is non-refundable except as provided in Section 6.4 of the Franchise Agreement.

2. Form of Agreement. For Store #1, Franchisee and VR Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional VR Junkies franchise, Franchisee shall execute VR Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a VR Junkies business, and Franchisee acknowledges that Franchisee may construct, open, and operate each VR Junkies business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such VR Junkies business.

3. **Development Area.** Franchisee shall locate each VR Junkies business it develops under this MUDA within the following area: _____ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate VR Junkies businesses in the Development Area.

4. **Default and Termination.** VR Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) VR Franchising has the right to terminate any franchise agreement between VR Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not VR Franchising actually terminates such franchise agreement).

5. **Limitation of Liability.** Franchisee’s commitment to develop VR Junkies businesses is in the nature of an option only. If VR Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to VR Franchising for lost future revenues or profits from the unopened VR Junkies businesses.

6. **Conditions.** Franchisee’s right to develop each VR Junkies franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional VR Junkies business, in the reasonable judgment of VR Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open VR Junkies businesses, and not in default under any Franchise Agreement or any other agreement with VR Franchising.

7. **Dispute Resolution; Miscellaneous.** The laws of the State of Utah (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Franchisee shall not Transfer this MUDA without the prior written consent of VR Franchising, and any Transfer without VR Franchising’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]

Agreed to by:

FRANCHISOR:

VR Junkies Franchise, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

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

EXHIBIT D

RIDER TO LEASE AGREEMENT

Landlord: _____

Notice Address: _____

Telephone: _____

Tenant: _____

Leased Premises: _____

Franchisor: VR Junkies Franchise, LLC

Notice Address: 568 E 300 S, Salem, UT
84653

Telephone: 435-864-7600

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

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

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

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

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the VR Junkies brand.

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

7. Right to Enter. Upon the expiration or termination the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to

remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

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

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E

FORM OF GENERAL RELEASE

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

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

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

Agreed to by:

Name: _____

Date: _____

EXHIBIT F
FINANCIAL STATEMENTS



A. ANDREW GLIANODIS

CERTIFIED PUBLIC ACCOUNTANT

VR JUNKIES FRANCHISE, LLC

FEBRUARY 28, 2017

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

VR JUNKIES FRANCHISE, LLC

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BALANCE SHEET.....	2
STATEMENT OF OPERATIONS.....	3
STATEMENT OF CHANGES IN OWNER'S EQUITY.....	4
STATEMENT OF CASH FLOWS.....	5
NOTES TO FINANCIAL STATEMENTS.....	6 - 7



A. ANDREW GLANIODIS
CERTIFIED PUBLIC ACCOUNTANT

March 9, 2017

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
VR Junkies Franchise, LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of VR Junkies Franchise, LLC (a limited liability company) as of February 28, 2017 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as 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 of material misstatement.

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.

-1-

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VR Junkies Franchise, LLC (a limited liability company) as of February 28, 2017 and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "A. Andrew Gianiodis CPA". The signature is fluid and cursive, with the "CPA" part written in a slightly different, more legible script.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

VR Junkies Franchise, LLC

Balance Sheet February 28, 2017

Assets

Current assets	
Cash	\$ 58,131
Miscellaneous Receivables	4,938
Total Current Assets	<u>63,069</u>
Fixed assets	
Equipment	50,000
Accumulated depreciation	<u>-</u>
Total fixed assets	<u>50,000</u>
Other assets	
Intangible assets (net)	60,000
	<u>60,000</u>
Total Assets	<u><u>\$ 173,069</u></u>

Liabilities & Equity

Current liabilities	
Accounts Payable	\$ 3,298
Total Current Liabilities	<u>3,298</u>
Note Payable	<u>40,674</u>
Total liabilities	<u>43,972</u>
Member's Equity	
Member's Equity	<u>129,097</u>
Total equity	<u>129,097</u>
Total liabilities and equity	<u><u>\$ 173,069</u></u>

See accompanying notes

- 2 -

VR Junkies Franchise, LLC
Statement of Operations
Period ending February 28, 2017

Revenues	
Franchise revenue	\$ 31,625
	-
Total revenue	<u>31,625</u>
Cost of Sales	<u>848</u>
Gross Margin	30,777
Operating Expenses	<u>21,680</u>
Net Income	<u><u>\$ 9,097</u></u>

See accompanying notes

- 3 -

VR Junkies Franchise, LLC

Statement of Changes in Owner's Equity Period ending February 28, 2017

	Total Equity
Owners' equity at January 23, 2017	\$ -
Equity Infusion	120,000
Net Income	<u>9,097</u>
Owners' equity at February 28, 2017	<u><u>\$ 129,097</u></u>

See accompanying notes

- 4 -

VR Junkies Franchise, LLC
Statement of Cash Flows
Period ending February 28, 2017

Cash flows from operating activities:

Net Income	\$ 9,097
Adjustments to reconcile net loss to net cash provided by operating	
Depreciation & amortization	-
Changes in assets and liabilities	
Current assets	(4,938)
Current liabilities	3,298
Net cash provided by operating activities	<u>7,457</u>

Cash flows from investing activities:

Proceeds from Note Payable	40,674
Purchase of Fixed Assets	(50,000)
Purchase of Intangible Assets	(60,000)
Net cash provided by investing activities	<u>(69,326)</u>

Cash flows from financing activities:

Proceeds from Equity Infusion	120,000
Net cash provided by investing activities	<u>120,000</u>

Net increase in cash	58,131
Cash - beginning of period	-
Cash - end of period	<u>\$ 58,131</u>

Supplemental Disclosures	
Interest Paid	-
Income Taxes Paid	-

See accompanying notes

- 5 -

VR JUNKIES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company (a Limited Liability Company) was organized on February 1, 2017 under the laws of the State of Utah for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own VR Junkies operation, as a franchise.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when reported by the franchisee.

COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at February 28, 2017, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

VR JUNKIES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 9, 2017, the date that the financial statements were available to be issued.

VR JUNKIES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 COMMITMENTS AND CONTINGENCIES

The Company does not carry general liability or worker's compensation coverage, nor is it self-insured.

NOTE 4 FRANCHISE AGREEMENT

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- C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 9, 2017, the date that the financial statements were available to be issued.

EXHIBIT G

OPERATING MANUAL TABLE OF CONTENTS

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 Total Number of Pages	 205

EXHIBIT H
CURRENT AND FORMER FRANCHISEES

Current Franchisees

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

None

Former Franchisees

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

None

EXHIBIT I

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

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

Risk Factors

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.
2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.
3. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 17 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.
4. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

Item 3

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

Item 6

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination, Transfer, and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

Post-Termination Noncompetition Covenants. 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.

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

Applicable Law. The franchise agreement requires application of the laws of the State of Utah. This provision may not be enforceable under California law.

Modification. 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.

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

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

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

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

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

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

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

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of 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 sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

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

The following is added to Item 11:

Fees related to advertising are to be raised and spent as follows:
_____. You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.

The following is added to Item 17:

Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.

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

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

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION

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

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

VR JUNKIES FRANCHISE, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND VR JUNKIES FRANCHISE, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

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

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

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

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

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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

EXHIBIT J

STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

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

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

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

5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

2. Certain Provisions Deleted. To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.
- (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

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

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

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

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

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

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

2. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, VR Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve VR Franchising or any other person from liability under the Maryland Franchise Law.

3. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Amendments.** The Agreement is amended to comply with the following:

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

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve VR Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by VR Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

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

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

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between VR Junkies Franchise, LLC, a Utah limited liability company (“VR Franchising”) and _____, a _____ (“Franchisee”).

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

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

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

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

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

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 limitation 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.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

VR JUNKIES FRANCHISE, LLC

By: _____

Name: _____

Title: _____

Date: _____

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

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

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

Name	Principal Business Address	Telephone Number
McKay Christensen	568 E 300 S, Salem, UT 84653	435-864-7600
Devin Conner	46-E Peninsula Center #263, Rolling Hills Estate, CA 90274	424-237-2066

Issuance Date: March 16, 2017

I received a disclosure document dated March 16, 2017, that included the following Exhibits:

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

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy For Your Records

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Signature: _____

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Return this copy to us.

**VR Junkies Franchise, LLC
568 E 300 S, Salem, UT 84653**