

LICENCE PRO

Think outside the box

DRAFT Franchise Agreement 4.5

The Undersigned:

- I. The private company with limited liability LicencePro Franchise BV, located at Diepenheimseweg 1, 7471 LW Goor, The Netherlands, legally represented by Mr. Mischa Hulsing, in the position of managing director, hereinafter referred to as Franchiser,

And

- II. The company **Name** under **country** law, located at address, legally represented by Mr. **Name** residing at **full address**, hereinafter referred to as Franchisee;

state to have agreed upon the following:

that Franchiser has developed a formula for conducting business in trading redundant licences/user rights and (hybrid) cloud solutions. The clients of the formula consist of 'end-users', like; multinationals/companies, hospitals, institutions and governments as well as the trade in these licences and providing advice and rendering services in this field and resellers, like; businesses that are active as reseller or consultant in this line of business. The formula is based on the following characteristics:

- the use of the trade name LicencePro **Country**;
- the use of the logo of LicencePro, font and formula colours;
- a website and back-office system, including the invoicing system;
- technical helpdesk from our head office in English, German and Dutch: support for licence right;
- sales and marketing support from our head office in The Netherlands;
- the use of a website in the language of the country or location of Franchisee;
- landing pages in English, for use in the country or location of Franchisee;
- forwarding all requests received from or on behalf of clients in **Country** to the Franchisee;
- our sales proposition, (sales) training, the purchase, sales, determination of the assortment, the advertisement, the sales promotion and the price policies;
- different revenue models, based on Microsoft licensing user rights and (hybrid) Cloud solutions,
- that Franchiser gives to Franchisee the same franchise formula to participate in the chain of business and Franchisee, as independent entrepreneur, accepts to participate in the franchise chain under the following conditions:



Article 1 Franchise formula

Franchiser offers the business to Franchisee with all facilities which belong to the franchise system as described above, including:

- 1.1 regular advice regarding the operation of the franchise system and information about the size, the activities and the results of the franchise chain;
- 1.2 Franchiser respects - with due observance of the limitations that this Franchise Agreement involves - the independent entrepreneurship of the Franchisee, but underlines the unity of the franchise chain towards the public.
- 1.3 Pertaining to the systems made available to the Franchisee, a performance obligation rests on the Franchiser when it comes to their availability. Franchiser is not liable for any loss which the Franchisee suffers in relation to the lack of availability - temporarily or not - of the specified systems.
- 1.4 Each party represents, warrants and undertakes that it is duly incorporated and validly existing under the relevant applicable laws and is fully qualified and empowered to own its assets and carry on its business.
- 1.5 The Franchiser is based in The Netherlands and therefore we work with Euro's (€). If the franchisee is active in a region outside the 'euro zone', the franchisee is responsible for the pricing, the exchange rate and so on in the local currency.

Article 2 Conditions

- 2.1 Franchisee accepts the offer of the Franchiser as described in Article 1 and agrees to pay a franchise fee to the Franchiser for the services as described in Article 3.
- 2.2 The offer of the Franchiser is valid for the territory of **Country** and is exclusive. Franchisee commits towards the Franchiser to exercise the franchise formula exclusively for and in the territory of **Country**.
- 2.3 Franchisee shall comply with the reasonable instructions of the Franchiser concerning company management, layout and presentation, determination of the assortment, the purchase from or via Franchiser, the advertisement and the sales promotion, the price policies, the administration, the staff policy, the method of preparation of products and the quality monitoring. These instructions will only be provided if these are deemed to be in the interest of the uniformity of the franchise formula. The Franchisee, in its capacity of entrepreneur and taking the franchise formula into account, will be able to deploy the business operations of its own business at its own discretion.
- 2.4 Franchisee is obligated to buy and sell the services, user rights and (hybrid) Cloud solutions exclusively from and to the Franchiser.
- 2.5 Franchiser is allowed to make changes in and additions to the instructions.



2.6 If the Franchisee believes that it is unable to comply with an instruction or a change or an addition to an instruction in a specific case, then this dispute will be solved as described in Article 13.

2.7 Franchisee will do everything which increases the success of the franchise chain and will refrain from doing anything which could be harmful to it. Franchisee will ensure active presence on the **Country** market.

2.8 Franchisee will forward all requests pertaining to services described in the Agreement which do not originate from the Country of the Franchisee. A remuneration will be paid to Franchisee for this service which is determined for each case individually and which is similar to a remuneration paid to a so-called Informant.

Article 3 Franchise fee & Revenue Models

3.1 Franchise fee => The franchise starters fee is EUR 50.000 (fifty thousand) and will be paid by Franchisee in instalments as set out in Article 3.2 until the starters fee is paid for in full. The franchise starters fee will be invoiced according the Agreement and (partly) payments are non-refundable.

3.2 Revenue Model 1. Sold pre-owned volume licences => Franchisee pays his franchise royalties on sold pre-owned volume licences, thru a flat-rate mark-up of 35% of the achieved margin. Directly invoiced on the purchase invoice of the Franchisee for the sold user rights. This is already standard calculated in the back office. Because of the use of our back-office system, we have a direct access to turnover and all licences are automatically purchased with the Franchiser.

An additional 5% of the margin between purchase and sales prices will be charged on invoices as an instalment for the payment of the franchise starters fee. Thus, the invoice price to Franchisee will be the purchase price plus 40% of the margin between purchase and sales price until the franchise fee is paid for in full. Franchiser will start with invoicing this additional 5% after the start-up period of 9 months. See appendix for an example.

3.3 Revenue Model 2. Buying pre-owned volume licences => Franchisee invoices a so called 'handling fee' to a client, when the redundant volume licences of this client are sold to a broker. The handling fee will be sent to the client that sold the redundant licences. In the end 65% of the invoiced handling fee is for Franchisee on this batch of sold redundant licences, because Franchiser sends an invoice for 35% of the handling fee for his efforts in this. The invoice to Franchisee will be paid by the client/seller, directly after the broker pays the client for the redundant licences bought.

In cases like this we work with standard handling fees by selling redundant licences for your clients. The % of the handling fee is based on the volume/quantity and the composition of the batch redundant licences, the handling percentage varies from 17.5% to 30% of the turnover accomplished. Franchisee informs Franchiser about the % of the handling fee agreed of this particular batch, based on the turnover realized for the client. See appendix for examples.



3.4 Revenue Model 3. Subscriptions => The average profit on sold Microsoft subscription licences (Cloud) is about 15%. These subscription licences will be provided by our LicencePro Subscription BV. The revenues on these sales, will be divided by Franchiser (35%) and Franchisee (65%). So Franchisee has a revenue of about 9.75% on these requiring subscriptions sold. See appendix for examples.

3.5 Revenue Model 4. S.A.M., Consultancy, Services and Hybrid Solutions => From the paid invoices sent from Franchiser to his clients for: S.A.M., Consultancy, Services and Hybrid Solutions, 35% of the invoice amount is invoiced as a franchise fee to Franchiser. Revenue Model 4. can only be applied, to revenues that are not covered in Model 1,2 and 3.

3.6 Invoices sent from Franchiser to Franchisee are due within a payment term of 14 days after invoice date and with a maximum, possibly of various invoices, of 50,000 euro excl. VAT.

Article 4 Duration of the Agreement

4.1 The Franchise Agreement is valid for a period of 5 (five) years. With first option for next 5 (five) years. To be confirmed 1 (one) year before the end of the Franchise Agreement.

4.2 Either party may terminate this Franchise Agreement by providing six months written notice to the other. The notice shall be sent by a registered letter.

4.3 At the end of the Franchise Agreement, both parties have the obligations as specified in Article 11.

Article 5 Access turnover

5.1 Franchisee provides Franchiser with a login on the back-office so Franchiser is able to reveal the turnover at the end of every month.

5.2 Franchiser is allowed to check the correctness of the statement of the turnover by a registered accountant or an accountant administration consultant provided that such accountant commits to keep confidentiality by means of execution of a non-disclosure agreement.

5.3 If the inspector observes that Franchisee does not adequately comply with its obligations, then the inspector is entitled to give instructions to Franchisee how business operations can be better adjusted to the requirements which the franchise system sets. If Franchisee believes that a certain instruction cannot be complied with, then this dispute will be solved in the way specified in Article 13.



Article 6 Subletting of business

6.1 Franchisee is prohibited to let his business, to lease out or bring it into another legal form without permission from Franchiser. This prohibition does not apply to bringing it into matrimonial property. Franchisee is also not allowed to transfer the control of the legal entity which is a contract party to this Agreement without expressly given permission from Franchiser.

6.2 Franchisee is allowed to have multiple business locations in **Country**, i. e. branches and/or secondary establishments, if at its discretion this is better for the business. Franchisee is obligated and ensures that each and every branch and secondary establishment will also comply with this Agreement.

6.3 Franchiser is obligated not to conclude franchise agreements with other entrepreneurs in **Country** or to register a company with application of this franchise formula. Franchiser shall not perform, directly or indirectly, active sales in **Country**. Franchiser shall direct any client and/or potential client in the **Country** market to Franchisee.

6.4 Franchisee is prohibited to conduct the business operations during the duration of this Agreement without (full) use of the franchise formula.

Article 7 Transfer of business by Franchisee

7.1 Franchisee is allowed to transfer the business to a third party with permission from Franchiser. If permission is granted, then the person to whom the business is transferred, has to conclude a franchise Agreement with Franchiser.

7.2 If Franchiser refuses to grant his permission for transfer, then Franchiser has to take over the business of Franchisee for a price - and additional conditions - which are at least as high as the ones Franchisee could have got from a third party.

7.3 If Franchiser does not comply with this obligation within three months after the permission for transfer to a third party was refused, then Franchisee is allowed to consider the Franchise Agreement as dissolved and/or to transfer the business to a third-party.

7.4 The Franchise Agreement is terminated when Franchisee dies or is dissolved or wound-up.

7.5 Franchiser executes this Agreement on an intuitu personae basis, taking into consideration Franchisee's current shareholders and managers. Consequently, Franchiser will take into account any change of control or change in Franchisee's management or direction that may in any way affect its financial or technical capacity to run the business that is the object of this Agreement, when deciding whether the contractual relationship with Franchisee should be continued. For the sake of clarity, transfers to relatives are not considered a change in Franchisee and Franchiser may only oppose such a transfer on grounds of compelling objective arguments only.



Article 8 Trade name and trademark right

8.1 Franchisee can and is only allowed to make use of the brand and logo of LicencePro in combination with the franchise formula and therefore not independently from the franchise formula.

8.2 Franchisee is obligated to immediately inform Franchiser about suspected infringements to Franchiser's trade name right (possible trademark right) by third parties. Franchiser is obligated to take suitable legal steps at own expense against third parties who violate the trade name and/ or the brand name of the franchise.

8.3 The right accruing to Franchisee and the obligation to the sole use also extends to models, slogans, signboards, emblems, colour combinations, uniform clothing of the staff, know-how and other components of the franchise formula. The provisions in the previous paragraph apply to this.

8.4 Franchiser warrants it has full right to grant a licence of the above-mentioned brand and franchise formula to Franchisee and Franchiser agrees to indemnify, defend and hold harmless Franchisee from and against any costs resulting from any breach of this warranty or from any infringement of any intellectual/industrial property right of any third party where such infringement results from use of any Franchiser's trade mark or other materials supplied by Franchiser and related to the franchise formula and/or to the execution of this Agreement. For the sake of clarity, this clause shall not be deemed in any event as an obligation of Franchiser to start legal action against any third party who is infringing on the above-mentioned rights, which shall be an option to be discretionally decided upon by Franchiser.

Article 9 Purchase obligation of Franchisee

9.1 Franchisee is obliged to purchase all the software and subscription licences from Franchiser.

9.2 Franchiser warrants it has full right to sell to Franchisee the referred to software licences and/or to allow Franchisee to promote, market or otherwise such software licences.

Article 10 Turnover

10.1 Parties will periodically consult about the progress of the collaboration.

10.2 Either party may terminate this Agreement at any time by giving notice in writing to the other party if: (a) the other party commits a material breach of this Agreement and such breach is not remediable; or (b) the other party commits a material breach of this



Agreement which is not remedied within ten (10) days of receiving the written notice of the breach.

10.3 The Franchise Agreement may be dissolved with immediate effect if a party is declared to be bankrupt, is placed under guardianship or if executory attachment is placed on the affected party which is not lifted within one month.

10.4 If one of both parties requests suspension of payment, then both parties will consult with the administrator about the continuation of the Franchise Agreement.

Article 11 Termination of the Agreement

11.1 After the end of the Franchise Agreement, Franchisee is required to terminate the use of the trade name, the brands, models and other elements of the franchise formula.

11.2 If Franchisee stores articles from Franchiser or has them on consignment, then it may be required to return these at Franchiser's expense to Franchiser or to a different address within The Netherlands to be specified by Franchiser.

11.3 After the end of the Franchise Agreement, Franchisee is allowed to continue its business in the same industry, the same territory and - except for the case as determined in the next sentence - the same building, as long as there is no semblance of appearance in any way that the business is still part of the franchise chain.

11.4 In the event of joint or mutual termination before the end of the Franchise Agreement, the Franchisee will no longer owe the franchisee the (remainder) of the starting rate (€ 50,000).

Article 12 Liability limitation

Every liability of the parties is limited to the amount which the Franchisee paid to the Franchiser in a calendar year previous to the event establishing liability pursuant to this Agreement. The rule applies that the claim is in all events limited to the amount of EUR 15,000. This limitation shall not apply regarding liabilities derived from the representations and warranties set out in this Agreement. Besides, this clause shall not be construed to amend or limit any party's statutory liability.

Article 13 Disputes

13.1 All disputes which result from or are related to the execution of this Franchise Agreement, will first be attempted to be solved by the parties in accordance with the Reglement van de Mediatorsfederatie Nederland in Rotterdam, as specified on the effective date of the mediation.

a. As long as the mediation is not terminated, neither of the parties will submit the dispute to the court, unless exclusively to safeguard rights.

b. Parties will attend the first mediation meeting jointly. Afterwards, the parties are free to terminate the mediation at any desired moment. The mediation commences at the moment that parties attend the first joint mediation meeting.

13.2 If it turns out to be impossible to solve a dispute with the use of mediation, then the dispute will be settled by the competent court.

13.3 A dispute is considered to be present as soon as one of the parties states there is one.

13.4 The Dutch law applies. Parties state that the Dutch court of Amsterdam is entitled to rule on a dispute if a mediation solution is not possible.

Article 14 GDPR

As referred to in the GDPR[1], both Franchisee and Franchiser qualify as data controller regarding the data of the other parties. Franchisee states to make sure its internal work processes meet the statutory requirements which follow from the GDPR and the regulations applicable in the matter in **Country**. Franchisee states to handle the personal information carefully and in accordance with the requirements of the GDPR. Besides, since some Franchisee's data will be stored using Franchiser's systems, Franchiser will qualify as data processor. Therefore, according to Article 28.3 GDPR, the parties set out the terms and conditions for such processing in Annex 1.

Drawn up and signed **xx-xx-202x**,

.....
Signature Franchiser

Mischa Hulsing

.....
Signature Franchisee

Full name

Annex 1

Data processing

1. Definitions.- The terms used in this Annex, such as “personal data”, “data controller”, “data processor” or “data subject”, shall have the meaning set out in the GDPR, except if other meaning is expressly set out in this Annex.

2. Scope.- The object of this Annex is to regulate the terms and conditions that apply to the processing of personal data by PROCESSOR (Franchiser) on behalf of CONTROLLER (Franchisee) in connection with the Franchise Agreement. In particular, the nature and purpose of the processing, the type of personal data and categories of data subjects are the following:

Nature and purpose of the processing:							
X	Collection	X	Verification	X	Extraction	X	Communication
X	Structuration		Erasure	X	Transfer		Others, please specify: N/a.
X	Storage		Retention		Connection		
	Consult	X	Recording		Limitation		
	Disclosure	X	Modification		Destruction		
Type of personal data and categories of data subjects:							
Those derived from the execution of the Franchise Agreement (such as, name, email, contact details, purchases, address, transaction details, username, etc.) and the data subjects shall be clients and potential clients of the Franchisee.							

3. Term.- This Annex shall commence on the date of its execution and shall remain in force while the Franchise Agreement is in force.

4. Processing of personal data

a. Instructions.- PROCESSOR shall not process personal data other than on the relevant CONTROLLER’s documented instructions unless processing is required by European Union or local laws to which PROCESSOR is subject, in which case PROCESSOR shall inform CONTROLLER of that legal requirement before the relevant processing of such personal data.

b. Authorized persons.- PROCESSOR shall ensure that persons authorised to process the personal data, including any employee, agent or contractor, have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality.



Think outside the box

c. Appropriate technical and organisational measures.- PROCESSOR shall implement appropriate technical and organisational measures to protect any personal data processed by it against unauthorised and unlawful processing and against accidental loss, destruction, disclosure, damage or alteration.

Besides, PROCESSOR shall assist CONTROLLER in ensuring compliance with the obligations pursuant to Articles 32 to 36 GDPR, considering the nature of processing and the information available to

PROCESSOR.

Furthermore, taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, PROCESSOR shall, in relation to CONTROLLER's personal data, implement appropriate technical and organizational measures to ensure a level of security appropriate to that risk, including, as appropriate, the measures referred to in Article 32(1) of the GDPR. In assessing the appropriate level of security, PROCESSOR shall take account in particular of the risks that are presented by processing, in particular from a personal data breach. The minimum security measures to be implemented by PROCESSOR are set out in PROCESSOR's security policy.

d. Data subjects' rights.- Taking into account the nature of the processing, PROCESSOR shall assist CONTROLLER by implementing appropriate technical and organisational measures, insofar as this is possible, for the fulfilment of CONTROLLER's obligations, as reasonably understood by CONTROLLER, to respond to requests to exercise Data subject rights under the applicable laws. PROCESSOR shall promptly notify CONTROLLER of any request from a Data subject under applicable laws in respect of CONTROLLER's personal data and shall not respond to that request except on the documented instructions of CONTROLLER or as required by applicable laws.

e. Personal data deletion or returning.- PROCESSOR shall delete or return, at CONTROLLER's choice, all the personal data to CONTROLLER at the end of the provision of Services or in any event within one month of the termination of this Annex, and delete existing copies unless applicable laws require further storage of the personal data and for such period as required and always provided that PROCESSOR shall ensure the confidentiality of all such personal data and shall ensure that such personal data is only processed as necessary for the purpose(s) specified in such applicable laws requiring its storage and for no other purpose.

f. Audits.- PROCESSOR shall make available to CONTROLLER on request all information necessary to demonstrate compliance with this Annex, and shall allow for and contribute to audits, including inspections, by CONTROLLER or an auditor mandated by CONTROLLER in relation to the processing of CONTROLLER's personal data, provided that (i) CONTROLLER gives reasonable notice of not less than five (5) business days; and (ii) CONTROLLER or its auditors shall have first entered into a standard non-disclosure and confidentiality (one-way) agreement which shall include the covenants usually found in that type of agreements.

LICENCE PRO

Think outside the box

PROCESSOR shall immediately inform CONTROLLER if, in its opinion, an instruction pursuant to CONTROLLER's audit rights infringes the applicable laws.

5. Sub-processing.- PROCESSOR shall not appoint any third party sub-processor without CONTROLLER's prior written consent, and subject in all cases to PROCESSOR.

Notwithstanding the above, CONTROLLER authorizes PROCESSOR to use standard IT providers that may act as sub-processor such as cloud providers, software providers, communications providers, etc., even if they are allocated outside the EEA. PROCESSOR shall ensure that each sub-processor performs the obligations under this Annex.

6. Personal data breach.- PROCESSOR shall notify CONTROLLER without undue delay, and no later than 24 hours from the moment on which PROCESSOR or any sub processor becomes aware of a personal data breach potentially affecting CONTROLLER's personal data, providing CONTROLLER with sufficient information to allow it to meet any obligations to report or inform data subjects of the personal data breach under the applicable laws.

7. Transfers.- Without prejudice to exception set out in Clause 5 above, PROCESSOR shall ensure that no personal data is processed outside either the EEA or any other territory in which restrictions are imposed on the transfer of personal data across borders under the applicable laws, without the express prior written consent of CONTROLLER. In which case, PROCESSOR shall comply with the requirements of the CONTROLLER to ensure that adequate safeguards are put in place to protect the personal data.

8. Liability.- The Parties undertake and oblige each other to hold harmless the other party from any consequences arising from any claim or sanction that may be brought in any order or jurisdiction (including any sanctioning file that is initiated by the Spanish/Dutch Data Protection Agency or other competent authorities) for failure by the other party to comply with its obligations under this Annex, the GDPR or any other applicable regulations.

[1] Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 concerning the protection of natural persons pertaining to the processing of personal information and concerning the free movement of that information and to repeal of Directive 95/46/EG

Appendix Revenue model examples

Article 3 Franchise fee & Revenue Models

3.2 Revenue Model 1. Sold pre-owned volume licences =>

Example 1

Licence: Microsoft Office 2019 Professional volume license a 249.-

QNT. : 100

Turnover: 24,900.-

Total profit:15,150.- (on an average profit base) Profit Franchisee: 9,848.-

LICENCE PRO

Think outside the box

Microsoft list price: 449.- euro excl. VAT

MS pre-owned list price: 249.- euros excl. VAT

For the customer, the saving compared to new volume licences is almost 50%.

The margin in this example is over 30%, because that is the margin on the average turnover we realize. Often larger quantities are sold thru resellers that also needs margin.

Example 2

Licence: Microsoft Office 2019 Standard volume license a 185.-

QNT. : 100

Turnover: 18,500.-

Total profit: 9,050.- (on an average profit base) Profit Franchisee: 5,883.-

Note, when private companies, governments and hospitals purchase licenses, the numbers are often between 2,000 - 3,000 employees. The savings can then be called considerable, as is the margin that can be achieved.

These are of course the icing on the cake and there are also many customers with small orders.

For the standard offers and orders, we use the fixed prices. The larger offers are actually always tailor- made and the margin that remains in them is also divided in the standard way.

Example 3

Licence: Microsoft Remote Desktop Server (RDS) Device Cal 2019 a 99.-

QNT. : 100

Turnover: 9,900.-

Total profit: 4,000.- (on an average profit base) Profit Franchisee: 2,795.-

3.3 Revenue Model 2. Buying pre-owned volume licences =>

Example

Company "A" has redundant licences to be sold, a total of 2,000 Microsoft licences in this example.

After closing the deal for company "A", let's say 40,000.-. Company "A" receives the money from the broker right away. They can't pay anyone else - those are the rules. So, company "A" receives the 40,000 and with all the documents in place the transfer is a fact.

After that it is time to send the invoice for the handling fee to the client. If the % was for example 20%, the Franchisee sends an invoice of $40,000 * 20\% = 8,000$ to the client. In the end the net return of investment for the client is $40,000 - 8,000 = 32,000$, a lot more than nothing.

LICENCE PRO

Think outside the box

The Franchisee got in this example 8,000, but he also receives an invoice of 35% of 8,000 for the Franchiser. In the end the Franchisee gets $8,000 - (8,000 * 35\%) = 5,200.00$ That is a lot of money for making a client happy and without investing money!

3.4 Revenue Model 3. Subscriptions => The average profit on sold Microsoft subscription licences (Cloud) is about 15%. These subscription licences will be provided by our Subscription BV. The revenues on these sales, will be divided by the Franchiser (35%) and Franchisee (65%). So, the Franchisee has a revenue of about 9.75% on these requiring subscriptions sold.

Below as an example, 3 Microsoft subscription licence models with their characteristics. Keep in mind that when the subscription is sold, the money keeps coming in without doing a thing, so that is great about this model.

Offer Display Name	License Agreement Type	Buying Price	List Price	Sales prices	Margin control
Microsoft 365 E3	Corporate	€ 24,83	€ 31,46	€ 28,56	15,00%
Office 365 E1	Corporate	€ 5,68	€ 6,75	€ 6,54	15,00%
Office 365 E3	Corporate	€ 16,56	€ 19,66	€ 19,04	15,00%

Buying Price	Buying price Subscriptions by MS Reseller
List Price	Suggested retail price by Microsoft
Sales price	Our buying price with 15% revenue
Margin control	Calculation to check the margin used

Pricelist as an examples in the attachment