FRANCHISE DISCOSURE DOCUMENT

DUNN BROTHERS COFFEE®

Dunn Bros Franchising, LLC
a Delaware limited liability company
2335 West Highway 36, Suite 201
Roseville, MN 55113
Phone: (612) 334-9746
www.dunnbrothers.com
franchiseinfo@dunnbros.com

The franchise is the right to develop a DUNN BROTHERS COFFEE® branded shop that sells coffee that is roasted daily using state-of-the-art micro-roasting techniques and fresh bakery items such as breads, pastries, breakfast and lunch sandwiches, wraps, desserts, other similar food and beverages and related products that franchisor may designate from time to time. The total investment necessary to begin the operation of a DUNN BROTHERS COFFEE shop is from $535,900 to $808,960. This includes $50,000 that must be paid to the franchisor or its affiliates.

We also offer development rights under which you would agree to open multiple (typically 2 to 3) DUNN BROTHERS COFFEE shops. The total investment necessary to enter into a development agreement is payment of a development fee equal to $20,000 times the number of franchises you agree to acquire, less one ($20,000 or $40,000 for a typical development deal of 2 or 3 shops), all of which is paid to the franchisor.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Development at 2335 West Highway 36, Suite 201, Roseville, Minnesota 55113, (612) 334-9746.

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

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

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

Issuance Date: April 28, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits C and D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Dunn Brothers Coffee shop in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management has been involved in material litigation or bankruptcy proceedings.
What's it like to be a Dunn Brothers Coffee shop franchisee?	Item 20 or Exhibits C and D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchise *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor delegates. These items may be more expensive than similar items you could buy or own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from the franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.

2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

THE FOLLOWING APPLY 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.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(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 subfranchisor.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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 Michigan Attorney General's Office, Consumer Protection Division, Attention: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48933, Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

We refer to this document as the "Disclosure Document." The franchisor of DUNN BROTHERS COFFEE® is Dunn Bros Franchising, LLC, and to simplify the language in this Disclosure Document, Dunn Bros Franchising, LLC is referred to as "Franchisor" or "we." "You" means the person who buys the franchise. If you are not a nature person, certain provisions of the agreements will apply specifically to your owners, and we refer to them as your "Owners."

Franchisor and Our Agents for Service of Process.

We are a Delaware limited liability company and were formed on June 6, 2022. Our principal business address is 2335 West Highway 36, Suite 201, Roseville, Minnesota 55113. We do not conduct business under any name except our corporate name and brand name DUNN BROTHERS COFFEE®. We began offering franchises for coffee shops which are currently known by the brand name DUNN BROTHERS COFFEE® (each a "Shop") on November 2, 2022. Our sole business is to offer and sell franchises for the Shops and manage the DUNN BROTHERS COFFEE® franchise system, including providing services to Shop franchisees. While our affiliates operate some Shops, we have never operated a Shop, offered franchises for any other businesses, or operated any other business.

Our agent for service of process in Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware – 19808. Our agents for service of process in the states in which this Disclosure Document will be registered are listed in Exhibit G.

Our Parent, Predecessor, and Affiliates.

We are a wholly owned subsidiary of Dunn Bros Parent, LLC ("DBP"); DBP is a wholly owned subsidiary of GCP DBC, LLC ("GCP DBC"); GCP DBC is a wholly owned subsidiary of Gala Family, LP. The principal business address of DBP, GCP DBC, and Gala Family, LP is 3191 Red Hill Ave, Suite 200, Costa Mesa, CA. 92626.

Our predecessor is Dunn Bros Coffee Franchising, Inc. ("Predecessor"), which shared our principal business address. It sold franchises for Shops from April 2001 until April 30, 2022. While Predecessor's affiliates owned and operated Shops, Predecessor never owned or operated a Shop, offered franchises in any other line of business, or conducted any other business. In June 2022, GCP DBC acquired from Predecessor and its affiliates substantially all the assets of the Dunn Brothers Coffee franchise system including the 55 then-existing franchise agreements for Shops. At the closing of the acquisition, GCP DBC assigned the existing 55 franchise agreements to DBP. Subsequently, 2 out of 55 Shops ceased operations and therefore, DBP assigned the remaining 53 franchise agreements to us on December 31, 2022. Neither GCP DBC nor DBP has ever owned, operated or offered franchises for a Shop or offered franchises in any other line of business.

GCP DBC owns and has granted us a license to use and sublicense the use of the trademarks and other intellectual property used in the operation of the Shops.

Our affiliate, Dunn Bros Alternative Channels, LLC ("DBAC"), sells DUNN BROTHERS COFFEE®-branded single serve coffee, portion packaged coffee, bulk whole bean coffee, tea, and other related products at wholesale to grocery stores, offices, hospitality venues and other retail channels including the internet. DBAC also supplies these some of products to a designated distributor who in-turn sells them to our franchisees for use and sale in their Shops. DBAC shares our principal business address. DBAC has never owned a Shop or offered franchises in any line of business.

Our affiliate, DBC Gift Card, LLC ("DBCGC"), shares our principal business address and has been established to manage our gift card program. DBCGC has never owned a Shop or offered franchises in any line of business.

We have two affiliates who offer franchises in other lines of business:

MOOYAH Franchising LLC, a Delaware limited liability company whose address is 6865 Windcrest Drive, Suite 400, Plano, Texas 75024, has offered franchises since April 2017 for MOOYAH-branded restaurants that sell primarily burgers, shakes and fries. As of the date of its most recent fiscal year (January 2, 2022), there are 77 MOOYAH franchises open (which includes franchises that were sold by our affiliate's predecessor from June 2006 to April 2017) and 20 additional franchises sold but not yet open.

Rusty Taco Franchising LLC, a Delaware limited liability company whose address is3191 Red Hill, Suite 200, Costa Mesa, CA 92626, will begin offering franchises in April or May 2023 for Rusty Taco-branded restaurants that primarily sell tacos and related Mexican- and Texas-inspired foods and beverages. As of the end of its most recent fiscal year (January 1, 2023), there are 33 Rusty Taco franchises open (all of which were sold by our affiliate's predecessor (and its predecessor) from May 2015 to December 2022) and an additional 5 franchises sold but not yet open.

Except as described above, we have no parents, predecessors, or affiliates required to be disclosed in this Item 1.

The Type of Business You Will Conduct.

The Shops are identified by the DUNN BROTHERS COFFEE® brand name and other trademarks, service marks and commercial symbols and trade names that we may authorize you to use (collectively, the "Trademarks"), and they typically (i) use state-of-the-art roasting techniques to produce daily, fresh roasted, high quality coffee which is sold at the peak of its aromatic freshness, (ii) feature drive-thru, and (iii) offer, for eat-in, take-out and delivery, high-quality coffee, coffee products, and fresh bakery items such as breads, pastries, breakfast and lunch sandwiches, wraps, desserts, other similar food, beverage and related products that we may designate from time to time to consumers for personal use and consumption. However, we may allow franchisees who own multiple Shops to roast coffee for all their Shops at one location instead of installing roasters at all the Shops. We also allow franchisees to sell certain products and services at wholesale to certain types of customers. The Shops are developed and operated using certain specified business formats, methods, procedures, designs, layouts, standards, and specifications, each of which we may replace, further develop, or otherwise modify or discontinue

from time to time (collectively, the "System"). The Shop that you develop pursuant to a Franchise Agreement ("your Shop") will be developed and operated at a location that you select and that we accept.

Each franchised Shop is subject to and governed by an individual franchise agreement between us and the person or entity that owns the shop. To purchase a franchise, you must sign our form of Franchise Agreement and related agreements (collectively, the "Franchise Agreement"), the form of which is attached to this Disclosure Document as Exhibit A. If your Shop will be a non-roasting Shop, you will sign the Non-Roasting Amendment to Franchise Agreement attached as Appendix D to Franchise Agreement. If you are not a natural person, your Owners that have direct or indirect ownership of at least 10% of the ownership interests in you will be required to sign an agreement (the form of which is an exhibit to the Franchise Agreement) under which they each personally assume and guarantee your obligations under the Franchise Agreement. If the spouse of an Owner who signs a guaranty is not also an owner of you, we will require the non-owner spouse to sign the guaranty solely to acknowledge that their spouse is signing the guaranty which may put marital assets at risk. A non-owner spouse is not otherwise obligated under the guaranty.

We also offer qualified applicants the option to sign a development agreement (the "Development Agreement") in which they agree to purchase an agreed upon number of franchises and develop and open, in accordance with individual Franchise Agreements, an agreed upon number of Shops within a specified geographic territory (the "Development Area") and according to a specified schedule (the "Development Schedule"). Our typical Development Agreement requires the development of either two or three Shops, but the actual number of franchises to be purchased, the Development Area and the Development Schedule will be agreed upon by us and you before you sign the Development Agreement. The form of the Development Agreement you would sign is attached as Exhibit B to this Disclosure Document. When you sign the Development Agreement, you will also sign the Franchise Agreement, on the form attached as Exhibit B, for the 1st Shop required to be open in satisfaction of the Development Schedule. For each subsequent franchise you acquire, you will sign our then-current form of Franchise Agreement, which may be materially different than the form we were using when you signed the Development Agreement.

Market for Your Products and Services; Competition.

The Shops operate year-round, and the products and services are offered at the Shops are sold to all consumers who are interested in purchasing those products and services. The market for the products and services offered by your Shop will be all consumers who patronize coffee shops and other places that offer coffee, coffee products, and fresh bakery items such as breads, pastries, breakfast and lunch sandwiches, wraps, desserts, other similar food, beverage and related products. The coffee shop market is highly developed and competitive, and new concepts are frequently introduced into the marketplace. You will be competing for sites and customers with all other coffee shops.

Laws and Regulations.

You must comply with all laws applicable to the development and operation of your Shop. In addition to laws that are applicable to businesses generally, you should consider that the U.S.

Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts, and sanitary conditions of coffee shop facilities. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. You will need to understand and comply with these laws in operating your Shop.

ITEM 2
BUSINESS EXPERIENCE

Except as described below, all persons disclosed under this Item 2 have served in their positions with us and Predecessor from Roseville, Minnesota.

Chairman and Chief Executive Officer – Anand Gala

Anand Gala has been our Chairman and Chief Executive Officer since June 2022. He also serves in the following roles: (i) President and Chief Executive Officer of Gala Holdings International, Inc. since April 2010; (ii) Managing Partner at Gala Capital Partners, LLC since May 2015; (iii) Managing Partner at Gala Development Partners, LLC since March 2007; (iv) Chairman of MOOYAH Franchising, LLC since April 2017; (v) member of the Board of Directors at On Smile LLC since March 2021; and (vi) Chairman and Chief Executive Officer of Rusty Taco Franchising, LLC since December 2022. He formerly served as (i) the Chief Executive Officer of On Smile LLC from March 2021 to October 2022, and (ii) member of the Board of Directors at Famous Dave's America, Inc. from July 2015 to July 2021. In all of the positions noted above, Mr. Gala has been based in Costa Mesa, California.

Chief Coffee Officer and President: Marshall T. ("Skip") Fay

Skip Fay has been the Chief Coffee Officer of DBP and President of DBAC since June 2022. He served as the Chief Executive Officer of Dunn Brothers Alternate Channels, LLC's ("Old DBAC") from March 2017 to June 2022. He served as the Predecessor's Co-Founder and Director from November 1998 to June 2022 and as its Chief Coffee Officer from March 2017 to June 2022. He also served as the Co-Founder and Director of CEEFAY Leasing, LLC from 1994 to June 2022. He has also owned and operated Shops in Minnesota and Texas since 1994.

President: Kim H. Plahn

Kim Plahn has been our and DBP's President since June 2022. Previously, she served as Predecessor's Chief Financial Officer from January 2007 until January 2019, as its President from April 2009 to June 2022, as its Director from January 2010 to June 2022, and as its Chief Executive Officer from March 2020 to June 2022. She also served CEEFAY Leasing, LLC's Chief Executive Officer from March 2020 to June 2022, as its President from April 2009 to June 2022, and as its Chief Financial Officer from January 2007 to January 2019. From January 2015 to January 2019, she served as the Treasurer of Old DBAC.

Executive Director of Marketing: Jim Macchitelli

Jim Macchitelli has been DBP's Executive Director of Marketing since June 2022. Previously, he served as Predecessor's Executive Director of Marketing from January 2019 to June 2022. From September 2015 to January 2019, he was the Managing Partner for Celts Craft House, an authentic Irish Pub in Apple Valley, Minnesota.

Director of Operations and Training: Gregg Rosenburg

Gregg Rosenburg has been DBP's Director of Operations and Training since June 2022. Previously, he served as Predecessor's Director of Operations and Guest Experience from May 2021 to June 2022. From April 2015 to May 2021, he served as Predecessor's Senior Field Consultant.

Controller: Greg Botts

Greg Botts has been our Controller since our inception in June 2022. Previously, he served as Predecessor's Controller from September 2021 to June 2022 and as Predecessor's Senior Accountant from April 2021 to September 2021. From January 2015 to April 2021, he served as Senior Accountant at Ernst & Young, LLP.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee: $40,000

When you sign the Franchise Agreement, you must pay us an initial franchise fee of $40,000. However, we will reduce the initial franchise fee to $35,000 under the second and each subsequent Franchise Agreement that you execute with us. We will fully earn the initial franchise fee when we sign the Franchise Agreement. The initial franchise fee is paid in a lump sum, is not refundable, and is uniformly imposed.

Launch Fee: $10,000

When you sign the Franchise Agreement, you must pay us a launch fee of $10,000. We will fully earn the launch fee when we sign the Franchise Agreement. The launch fee is paid in a lump sum, is not refundable, and is uniformly imposed.

Development Fee: $20,000 or $40,000

When you sign a Development Agreement, you will pay us a development fee equal to $20,000 times the total number of Shops necessary to satisfy the Development Schedule, less one. Applying that formula to our typical development deal requiring the development of two or three Shops, the development fee would be $20,000 or $40,000. The development fee would increase, in $20,000 increments, for each additional Shop you agree to develop. For the 2nd and each subsequent Franchise Agreement that you execute under the Development Agreement, we will credit the Development Fee, in $20,000 increments, toward the initial franchise fee due under each such Franchise Agreement. The development fee is paid in a lump sum, is not refundable, and is uniformly imposed. When you sign the Development Agreement, you must also sign the Franchise Agreement for the 1st Shop to be developed in satisfaction of your development obligations under the Development Agreement. You will pay the entire initial franchise fee under that Franchise Agreement.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Continuing License Fee	5% of your Gross Sales[2]	Weekly on a day we specify (currently, on Monday)	"Gross Sales" means shall mean the regular advertised price of all products and services sold at, from, or in connection with the operation of the Shop, whether or not authorized by us (including any delivery, catering and/or any other off-site services), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions) and any other revenue derived from or attributed to the operation of the Shop, but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) the amount of any documented refunds and credits the Shop in good faith gives to its customers, and (3) the amount of any discounts from the advertised price that are given at the point of purchase and that are reasonable and, if applicable, are consistent with any discount policies that we may announce from time to time

Type of Fee[1]	Amount	Due Date	Remarks
			as part of the System Standards. Revenue from the purchase or redemption of gift certificates, gift cards, loyalty or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also includes all insurance proceeds that you may receive to replace revenue loss arising from the interruption of your Shop due to a casualty or other event covered by your Shop interruption or similar insurance coverage.
Temporary Continuing License Fee	$1,000 per week	Weekly on a day we specify (currently, on Monday)	If, for any reason whatsoever, you temporarily close your Shop without our consent, you must pay us the Temporary Continuing License Fee for each week your Shop is temporarily closed. Temporary Continuing License Fee is due and payable in the same manner as the Continuing License Fee. Payment of a Temporary Continuing License Fee will not act as a cure of the default caused by the unauthorized closure and will not alter or impair any other rights.
National Marketing Fund Contribution	3% of your Gross Sales (subject to increase up to the Marketing Expenditure Cap)	Payable at the same time and manner as Continuing License Fee	You must contribute to the National Marketing Fund in amounts we specify from time to time, but we cannot require that your National Marketing Fund contribution, required local advertising spending and local advertising cooperative contributions be, collectively, more than 6% of your Shop's Gross Sales ("Marketing Expenditure Cap"). We will give you written notice before increasing your then-current contribution rate.

Type of Fee[1]	Amount	Due Date	Remarks
Local Marketing Expenditure	1% of your Shop's monthly Gross Sales	Monthly	If you do not spend the minimum amount required for local marketing, you must pay us the difference between what you spent on approved local marketing during the year and what you were required to spend for deposit into the Fund.
Local Advertising Cooperative	Currently not charged. Will vary based on the size, needs of the Local Co-Op but will be subject to the Marketing Expenditure Cap	Weekly or monthly, as determined by Local Co-Op	If you are required to contribute to a local advertising cooperative, your contributions to the local advertising cooperative will be made directly to and will be managed by the local advertising cooperative's officers and directors.
Successor Franchise Fee (Franchise Agreement)	25% of the then-current initial franchise fee for a new Shop. The successor franchise fee will increase by $5,000 if you and your owners do not sign all applicable documents and pay the successor franchise fee before expiration of the-then current Franchise Agreement.	Upon execution of successor Franchise Agreement	Payable if we approve you to acquire a successor franchise for your Shop.
Transfer Fee (Franchise Agreement)	50% of the then-current or last initial franchise fee for a new Shop.	Prior to transfer	Payable if you request us to approve a transfer of your Shop or ownership interests in you.
Transfer Fee (Development Agreement)	$5,000	Prior to transfer	Payable if you request us to approve a transfer of your development rights or of ownership interests in you.

Type of Fee[1]	Amount	Due Date	Remarks
Additional/ Replacement Training	Our then current-training fee per trainee (Currently, $500 per day per trainer	Prior to attending the training	We do not charge any training fee for providing initial training to your Managing Owner and your Designated Manager (both as defined in Item 15) at the time of the execution of the Franchise Agreement. If you desire to have additional employees complete our initial training program, or your newly hired Managing Owner and/or your Designated Manager requires training, you must pay our then-current training fee per person. If individuals that have completed our training require additional or refresher training or re-training, you must pay our then-current training fee. You must pay the wages and travel and living expenses of your trainees who attend our initial training program.
Technology Fee	Currently, $300 to $540 per month depending on the number POS terminals in your Shop		You must pay us a monthly technology fees for the amount that we pay on your behalf to our designated third-party providers of certain components of the Computer System (such as the point-of-sale, loyalty and online ordering). We may increase the technology fee upon notice to you.
Audit and Recordkeeping Costs	Estimated to be $5,000, plus late fees	Within 15 days of report receipt	You must reimburse our costs of inspection or audit, if done, because you failed to provide required reports or reveals an understatement of Continuing License Fee and Marketing Fund Contribution understatement exceeding 2% of the amount that you reported.
Management Fee	10% of Gross Sales plus costs and expenses	As incurred	Only if we assume management of your Shop because of your abandonment, failure to comply with the Franchise Agreement, or expiration or termination of the Franchise Agreement (while we decide whether to exercise our purchase option).

Type of Fee[1]	Amount	Due Date	Remarks
Interest Expenses	18% per year or the maximum rate permitted under applicable law	When due	Due on all past due fees and any other amounts owed to us or our affiliates under the Franchise Agreement
Late Fee	$100 per month	When incurred	Due on all past due fees and any other amounts owed to us or our affiliates under the Franchise Agreement
Insurance	Reimbursements of our costs plus an administrative fee (estimated to be $2,800-$6,700)	As invoiced	Payable only if you fail to obtain or maintain insurance, and we exercise our option to obtain or reinstate it for you. You must reimburse us for the cost of the insurance plus a reasonable fee for our services and our out-of-pocket expenses.
Indemnification	Our actual costs	When incurred	You must reimburse us and our affiliates if we or they are held liable for claims related to your Shop's operations or development obligations.
Alternative Supplier Testing Fee	Our actual costs to test the products or services, plus a reasonable administrative fee	When incurred	Payable only if you request us to allow you to purchase any required products or services for a supplier that has not been approved by us.
Franchise Conference Fee	Currently, $100 per meeting	When incurred	If you fail to attend the Franchise Conference, we will still charge this fee.
Lost Revenue Damages	Will vary under circumstances	As incurred	Payable if we terminate the Franchise Agreement for your breach, or you terminate it without cause. An amount equal to the net present value of the Continuing License Fee that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of: (a) 156 weeks following the date of termination, or (b) the scheduled expiration of the term of the Franchise Agreement. Calculated based on Gross Sales of your Shop for the 156 weeks preceding the termination, or if your Shop had not been in operation for at least 156 weeks, then based on the average monthly Gross Sales of all the

Type of Fee[1]	Amount	Due Date	Remarks
			Shops in the Dunn Brothers Coffee franchise system during the 156 weeks immediately preceding the termination.
Costs and Attorneys' Fees	Actual costs	As incurred	Payable only if you do not comply with the Franchise Agreement or the Development Agreement (if applicable), and we are the prevailing party in any relevant litigation or arbitration.
Relocation Fee	$2,000	Due when you submit a proposed new location	If you relocate your Shop, you must obtain our prior written approval and pay us the Relocation Fee. You pay all costs of relocating.
Non-Compliance Charge	Increase of one percentage point to the rate of your Continuing License Fee	When due	If you do not comply with your obligations under the Franchise Agreement, your Continuing License Fee will be increased to 6% of Gross Sales until we have determined that you have cured your deficiencies. This increase to your Continuing License Fee is intended to compensate us for additional expenses and certain losses that we will incur as a result of your non-compliance and is not a penalty or an expression of the total amount of such damages. Payment of this increase in Continuing License Fee does not cure the non-compliance that triggered its payment.

Notes:

1. Except where otherwise indicated, all fees are payable to us or one of our affiliates and are not refundable.

2. We currently offer a Growth Incentive Program to franchisees who, by December 31, 2023, sign a new Franchise Agreement and an approved lease for approved premises for the Shop to be developed under that Franchise Agreement. Under that program, if the franchisee remains in compliance with its Franchise Agreement and any other agreements between it or its affiliates and us or our affiliates, the franchisee's obligation to pay Continuing License Fees through December 31, 2023 will be waived. Thereafter, Continuing License Fees will be calculated as follows: 1% of your Shop's Gross Sales for calendar year 2024; 2% of your Shop's Gross Sales for calendar year 2025; 3% of your Shop's Gross Sales for calendar year 2026; and (iii) 5% of your Shop's Gross Sales for the remainder of the term of the Franchise Agreement. If you default under the Franchise Agreement (or any other agreement with us or our

affiliates), the Continuing License Fee will immediately revert to 5% of your Shop's Gross Sales subject to increase under the Non-Compliance Charge described at the end of this chart. We may modify or discontinue offering the Growth Incentive Program at any time.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (FRANCHISE AGREEMENT)

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$40,000	Lump sum	Payable when you sign the Franchise Agreement	Us
Launch Fee[3]	$10,000	Lump sum	Payable when you sign the Franchise Agreement	Us
Architecture Design, Approval and Permit Fees	$5,000 to $26,000	As incurred	Before opening	Third-party suppliers
Leasehold Improvements[4]	$187,500 to $300,200	As incurred	Before opening	Third-party suppliers
Sewer and Water Access Charge[5]	$0 to $10,000	Lump Sum	Before opening	Local Municipality
Prepaid Rent, Security Deposit, Utility Deposits, Business Licenses and Attorney Fees[6]	$5,000 to $16,000	Lump sum	Before opening	Third-party suppliers
Furniture, Fixtures and Equipment[7]	$224,500 to $292,560	Lump sum or financed	Usually upon placement of order	Us and third-party suppliers
Roaster and Associated Leasehold Improvements for Venting[8]	$27,100	As incurred	As incurred	Third-party suppliers
Travel Expenses While Training[9]	$500 to $4,400	As incurred	As incurred	Third-party suppliers
Opening Inventory[10]	$9,000 to $12,000	Lump sum	Before opening	Third-party suppliers
Grand Opening Expenses[11]	$10,000	As incurred	As incurred	Third-party suppliers

TYPE OF EXPENDITURE	AMOUNT[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Insurance Premiums[12]	$2,800 to $6,700	Lump sum	Before opening	Insurance companies
Additional Funds - 3 Months[13]	$14,500 to $54,000	As incurred	Before opening and as incurred	Third-party suppliers and employees
Total Estimated Initial Investment[14]	$535,900 to $808,960			

Notes:

1. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier. Neither we nor our affiliates finance your initial investment.

2. We will reduce the initial franchise fee to $35,000 under the second and each subsequent Franchise Agreement that you may execute with us (See Item 5).

3. You must pay us the launch fee to cover the cost of oversight and assistance that we may provide prior to the opening of your Shop, including the cost associated with working with your architects and contractors.

4. We estimate that the size of the premises of a Shop will be 1,500 to 1,900 square feet approximately. Current estimates for an average build-out cost approximately $160 to $178 per square foot per square foot with the potential for landlord construction credits ranging from $20 to $35 per square foot. The exact cost will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Shop, local market conditions and other economic factors. A space previously occupied by a coffee shop or a similar use likely will result in lower leasehold improvement costs. We must approve the leasehold improvements before you begin construction.

5. This amount estimates the fee for connecting water and sewer access the Shops which is assessed by the local municipality, and is based on many factors including the use, rates, shop size, and seating capacity. The low end of the range is $0 because many cities and counties do not impose this fee.

6. You usually must pay one-month base rent as a security deposit to the landlord. We estimate that for a Shop having 1,500 to 1,900 square feet the base rent obligations will be approximately $15 to $35 per square foot, although in certain locations in major metropolitan markets the monthly base rent may be higher. Leases are usually "triple net" and therefore impose an obligation toward common area maintenance costs, insurance

charges, real estate taxes and special assessments, HVAC charges, utility charges, water and sewer charges, security charges, trash removal charges, mall charges, promotional and marketing charges, food court charges, and charges for membership in a merchant's association.

7. This estimate includes the costs of leasing, purchasing and installing all required equipment (except the roaster and the associated leasehold improvement), installation of the required Computer System (as defined in Item 11), millwork, exterior signage, interior menu boards, small kitchen tools and supplies, audio-visual system and phone system, and the cost of purchasing the required furniture for your Shop.

8. If your Shop is a non-roasting shop, then you will not incur the cost of installing a roaster of incur associated cost of leasehold improvement.

9. You must pay the wages and travel and living expenses of your trainees who attend our initial training program.

10. You must purchase your opening inventory of coffee, coffee beans, beverage-related products, food items and paper products from approved suppliers.

11. During the 120-day period beginning two weeks before your Shop opens, you must spend a minimum amount of $10,000 on approved grand opening marketing activities. We will reimburse the amount you spend on the approved grand opening marketing campaign up to a maximum $10,000 only if you submit itemized for your grand opening marketing campaign and other information and documents that we reasonably request.

12. Insurance estimates for the annual cost of purchasing and maintaining the required insurance coverages as described in Item 8 of this Disclosure Document.

13. This range is an estimate to cover your expenses during the start-up phase (3 months) including payroll costs, advertising, taxes, small wares, paper and cleaning supplies, utilities, cost of participating in the coffee origin tour, and other variable costs. If, within 24 months after signing the Franchise Agreement, you participate in a coffee origin tour that we arrange then we will cover up to $2,000 of the expenses you incur in doing so. These amounts do not include any estimates for debt service on loans that you obtain to finance your Shop.

14. The estimated initial investment figures shown above for constructing and opening a Shop are based primarily on information provided to us by Predecessor and its affiliates represented to be based on their experience developing, operating, and franchising the Shops. To avoid excessive construction costs, we require that you pick contractors carefully by obtaining several competitive bids beforehand. These estimates do not include extensive exterior renovations.

You should review all figures in this Item 7 carefully with a business advisor before you decide to purchase the franchise. We do not provide financing for any part of this investment, and the availability and terms of third-party financing depend on the availability of financing generally,

your creditworthiness and collateral, and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligations.

YOUR ESTIMATED INITIAL INVESTMENT
(DEVELOPMENT AGREEMENT)

TYPE OF EXPENDITURES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee[1]	$20,000 to $40,000	Lump Sum	Upon Signing the Development Agreement	Us
TOTAL	$20,000 to $40,000			

Note:

1. The entire investment required to acquire development rights is payable to us and is not refundable. The actual amount of the Development Fee will depend on the number of Shops you agree to develop under the Development Schedule because the Development Fee is equal to $20,000 times the number of Shops you agree to open, less one. Our typical development deal requires a two- or three-Shop commitment. If you agree to open two Shops, the Development Fee would be $20,000; if you agree to open three Shops, the Development Fee would be $40,000. If you agree to open more Shops than are required under our standard development deal, your investment will increase by $20,000 for each such additional committed Shop. For the 2nd and each subsequent Franchise Agreement that you will execute pursuant to the Development Agreement, we will apply the Development Fee, in $20,000 increments, toward the initial franchise fee due under that Franchise Agreement. We do not require that you make any other investment to acquire development rights; however, concurrently with the execution of the Development Agreement, you must execute a Franchise Agreement for the first Shop to be developed in satisfaction of your development obligation the Development Agreement and pay the entire initial franchise fee under such Franchise Agreement. Refer to chart 1 under Item 7 for a description of the estimated initial investment under the Franchise Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and uniform quality of products and services offered and sold by the Shops, you must maintain and comply with our mandatory quality standards, specifications, operating procedures, and other rules for the Shops (the "System Standards"). You must follow all our then current System Standards governing the development and operation of your Shop, and you also must use in your Shop only those food and beverage items, condiments, construction and decorative materials, equipment, software, signage, fixtures, furnishings, supplies and other products and services (collectively, the "Operating Assets") that we have approved. We will not issue to you or to any approved suppliers (except as we deem necessary for purposes of production) the specifications for proprietary Operating Assets, if any. We will otherwise communicate our

System Standards and the list of approved Operating Assets to you in the Operations Manual and otherwise in writing.

Required Products, Services, & Designated Suppliers.

To facilitate consistency and quality among the Shops and our ability to leverage volume purchasing power, we may approve or designate all vendors and suppliers of Operating Assets that you must use in developing, operating and promoting your Shop. As part of our System Standards, we may require you to purchase all Operating Assets from suppliers approved by us, in writing, or designated by us as the exclusive supplier of such Operating Asset, which may include or be limited to us or our affiliates. We will provide a list of approved and designated suppliers in the Operations Manual or otherwise in writing. We reserve the right to periodically update and alter such lists and to add to or delete from such lists.

As of the issuance date of this Disclosure Document, (i) we require you to pay us a monthly technology fee (See Item 6) to reimburse us for the amount that we pay on your behalf to our designated third-party providers of certain components of the Computer System, and (ii) in some instances, we or our affiliates may directly supply to you replacement EMV readers, special coffee blends (i.e. holiday blend), etc. and require you to reimburse us or affiliates (as applicable) for the cost of the products supplied. However, neither we nor our affiliates are the designated vendor for any Operating Asset. As of the issuance date of this Disclosure Document, we have designated a third-party supplier for components of the Computer System, branded products, uniforms, signage, paper supplies, syrups, coffee and coffee products, food, and beverage.

Alternate Products, Services, & Suppliers.

If you propose to purchase any products or services that we have not approved, or from any supplier that we have not approved, you must first notify us, in writing, using our vendor approval process and application. You must also submit to us sufficient specifications, photographs, drawings and other information or samples for us to determine whether the proposed products or services comply with our System Standards, and/or the proposed supplier meets our approved supplier criteria. We may charge the cost of evaluating a proposed new vendor/supplier and/or its product to you or the vendor/supplier. We generally review any request for an additional supplier within 60 days. We may also impose limits on the number of suppliers, products and services that we are willing to review. We maintain a list of criteria for reviewing and approving products, services, and suppliers; however, we do not issue these criteria to you.

We may revoke our appointment if the vendor/supplier is in violation of any of the terms of any applicable supplier agreement or if we determine in our good faith that the vendor/supplier no longer meets our then-current criteria.

None of our officers own any interest in any supplier of Operating Assets.

Insurance.

The Franchise Agreement requires you to purchase and maintain certain insurance coverage in an aggregate amount that we designate periodically. In addition, the policies must name us and certain of our designated affiliates as "Additional Insureds." We must receive at least

30 days' prior written notice of material amendment, termination, expiration or cancellation of any insurance policy and you must submit to us a copy of the certificate or other evidence we require of the issuance, renewal or extension of each insurance policy before beginning operations for the Shop and each subsequent year. Premiums are payable to your insurers in amounts and at times as your insurers require.

As of the issuance date of this Disclosure Document, you must maintain at least the following insurance coverage:

- Commercial General Liability and Property Insurance: Minimum limits of $2,000,000 each occurrence / $4,000,000 general aggregate.

- Umbrella/Excess Liability: Minimum limits of $1,000,000 each occurrence / $1,000,000 general aggregate.

- All liability insurance policies will include product liability coverage, food contamination, and other kinds of coverage that we designate, including motor vehicle liability insurance, if a motor vehicle is used in the operation of your Business and payment security insurance if deemed appropriate.

- Workers Compensation/Employers Liability: Minimum of $500,000 each accident/$500,000 policy aggregate/$500,000 each employee or minimum amount required by law.

- Cyber liability insurance, including coverage for data breach and response in an amount equal to $1,000,000.

We may reasonably increase the minimum liability protection requirement and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in liability litigation or other relevant changes in circumstances.

Purchase Arrangements, Material Benefits and Revenue.

During fiscal year 2022, we did not derive any revenue from sale of goods and services to our franchisees. However, based on our franchisees' purchase of required goods and services, during fiscal year 2022, we received revenue of $190,396 (i.e. 13.5% of our total revenue) from third-party vendors. The basis of such payment was $0.1to $8 per unit/case purchased.

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for the System. As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

We do not provide any material benefits to our franchisees based on their use of designated or approved suppliers.

We estimate that approximately 75% to 90% of your initial investment and 75% to 85% of your ongoing expenditure to operate your Shop will be directed to purchase products and services that will be restricted by us in some manner.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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	ITEM IN DISCLOSURE DOCUMENT
A. Site selection and acquisition/lease	Franchise Agreement: Section 3 Development Agreement: Section 4	Item 11
B. Pre-opening purchases/leases	Franchise Agreement: Section 3.B Development Agreement: N/A	Item 11
C. Site development and other pre-opening requirements	Franchise Agreement: Sections 3 and 7 Development Agreement: Section 4	Items 7 and 11
D. Initial and ongoing training	Franchise Agreement: Section 9 Development Agreement: N/A	Item 11
E. Opening	Franchise Agreement: Section 11.D Development Agreement: N/A	Items 5 and 11
F. Fees	Franchise Agreement: Sections 10 and 11 Development Agreement: Section 3	Items 5, 6, and 7
G. Compliance with standards and policies/operating manuals	Franchise Agreement: Section 8.N, 10.F and 10.G Development Agreement: N/A	Item 11

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
H. Trademarks and proprietary information	Franchise Agreement: Sections 5, 8.M, 8.O, and 14.A Development Agreement: Section 2, and 8B(ix)	Items 13 and 14
I. Restrictions on products/services offered	Franchise Agreement: Section 16.A Development Agreement: N/A	Items 8 and 16
J. Warranty and customer service requirements	Franchise Agreement: Section 18.B Development Agreement: N/A	N/A
K. Territorial development and sales quotas	Franchise Agreement: Section 4.A Development Agreement: N/A	Item 12
L. Ongoing product/service purchases	Franchise Agreement: Section 8 Development Agreement: N/A	Item 11
M. Maintenance, appearance, and remodeling requirements	Franchise Agreement: Section 8.N Development Agreement: N/A	Items 6 and 11
N. Insurance	Franchise Agreement: Section 12.C Development Agreement: N/A	Item 8
O. Advertising	Franchise Agreement: Section 11 Development Agreement: N/A	Item 11
P. Indemnification	Franchise Agreement: Section 12.B Development Agreement: Section 9	N/A
Q. Owner's participation/management/staffing	Franchise Agreement: Section 9.A Development Agreement: N/A	Item 15
R. Records and reports	Franchise Agreement: Section 10.G Development Agreement: Section 12	Item 6

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
S. Inspection and audits	Franchise Agreement: Section 10.G Development Agreement: N/A	Item 6
T. Transfer	Franchise Agreement: Section 17 Development Agreement: Section 7	Item 17
U. Renewal	Franchise Agreement: Section 6 Development Agreement: N/A	Item 17
V. Post-termination obligations	Franchise Agreement: Section 14 Development Agreement: N/A	Item 17
W. Non-competition covenants	Franchise Agreement: Section 12.D Development Agreement: N/A	Item 17
X. Dispute resolution	Franchise Agreement: Section 15 Development Agreement: Sections 13	Item 17
Y. Guaranty	Franchise Agreement: Section 18.E Development Agreement: Section 10	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your loans, lease, or other obligations. We do not receive payments or other consideration for the placement of financing.

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

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

Pre-opening Obligations under Franchise Agreement.

Before you open your Shop, we will:

1. Review and, at our discretion, accept your proposed lease and space plans and drawings (Section 3.B of the Franchise Agreement).

2. Provide initial training to you (or your Managing Owner) and your Designated Manager (Section 9.B of the Franchise Agreement).

3. Review and approve your grand opening marketing plan (Section 11.D of the Franchise Agreement).

4. Furnish to you a list of the Operating Assets and designated suppliers (Sections 8.B of the Franchise Agreement).

5. Provide you access to the DUNN BROTHERS COFFEE® Operations Manual, which may consist of one or more manuals (referred to as the "Operations Manual") (Section 8.G of the Franchise Agreement).

Pre-opening Obligations under Development Agreement.

After you sign the Development Agreement, but before you open a Shop pursuant to your Development Schedule, we will provide you the following assistance:

1. Review sites you propose for the development of a Shop and, at our discretion, accept the proposed site using our then-current standards and issue you a Franchise Agreement (Sections 4 and 5 of Development Agreement)

Ongoing Obligations under Franchise Agreement.

During the operation of your Shop, we will

1. Continue to provide you with access to our confidential Operations Manual and System Standards (Section 8.G of Franchise Agreement).

2. Continue to provide you with a list of authorized vendors and suppliers for the products, goods, merchandise, supplies, signs, furniture, fixtures, equipment and services (Section 8.B of Franchise Agreement).

3. Provide initial training to your replacement Managing Owner or Designated Manager (Section 9.A of Franchise Agreement).

4. Subject to applicable law and our election to do so, fix or provide guidance on maximum and minimum prices you may charge and advertise in connection with the operation of your Shop (Section 8.P of Franchise Agreement).

We are not obligated to provide any post-opening assistance under the Development Agreement.

National Marketing Fund

You must contribute to the National Marketing Fund (the "Fund"), an amount equal to 3% of your Shop's Gross Sales; however, subject to the Marketing Expenditure Cap, we may increase that amount with 90 days' written notice to you. Shops owned by our affiliates will contribute to the Fund at the same rate as the Shop franchisees. We have entered into negotiated agreements with some franchisees who contribute to the Fund at a different rate than you. We or our designee will administer the Fund. The Fund is not our asset and do not owe any fiduciary obligation to you for administering the Fund or any other reason.

We or our designee have the right to use the Fund to develop and conduct marketing strategy, programming and tools for the System that involve the following: market research, marketing programs, advertising, public relations, marketing-related customer service training programs, customer loyalty programs, merchandising programs, gift card programs and mobile loyalty and payment platforms including development costs and service fees, as well as hire professional outside resources to conduct other related promotional activities in a form and media we determine in our judgment to be appropriate. We reserve the right to reimburse ourselves or our designee for such reasonable administrative costs and overhead we or our designee incur for activities reasonably related to the administration and direction of the Fund, including the proportionate compensation of our or our designee's employees or agents, who devote time and provide service in the conduct, formulation, development and production of these advertising and promotion programs or the administration of the Fund.

We are not obligated to spend any amount on advertising in the area or territory where your Shop is located. We also have no fiduciary obligations regarding the Fund. If Fund contributions are not spent in any fiscal year, the excess amount of Fund contribution will be carried over for future use. We have no obligation to audit the financial statements of the Fund. Upon your written request, we will provide you with an unaudited financial report showing receipts and disbursements of the Fund for its most recently expired fiscal year. The Fund contributions will not be used for advertising principally directed at the sale of franchises.

During our 2022 fiscal year, 25% of the Fund contributions were spent on administration and support; 23% of the Fund contributions were spent on branding and design; 35% Fund contributions were spent on digital marketing; 9% of the Fund contributions were spent on our loyalty program; and 8% Fund contributions were spent on printing costs.

If we terminate the Fund, we may either spend all unspent monies in accordance with our then-current marketing policies until such amounts are exhausted or distribute the funds then-in the Fund to the contributing Shop owners in a manner we deem fair and equitable.

Except for administering the Fund, we have no obligation to conduct any marketing for the System.

Local Marketing Expenditure

In addition to the Fund contributions described above, you must spend 1% of your Shop's monthly Gross Sales on local marketing activities which are approved by us. Subject to the Marketing Expenditure Cap, we may increase your required local marketing expenditures upon 30 days' notice. Your local marketing expenditures may include contributions to marketing cooperatives as described below. If you do not spend the minimum amount required for local marketing, you must pay us the amount of the difference between what you spent on approved local marketing during the year and what you were required to spend for deposit into the Fund.

If you qualify for the Growth Incentive Program, we will provide a one-time match, up to a total aggregate of $5,000, for each dollar that you spend on local advertising and promotion of your Shop after qualifying for the Growth Incentive Program, so long as you use such contributions solely for additional local marketing and advertising for your Shop.

Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. At least 30 days before you use them (or, with our permission, less but adequate time to meet publication deadlines), you must send to us for approval samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within 10 business days after we receive the materials, they are deemed to be disapproved. Once we approve the materials, you are permitted to use them. However, we may, in our discretion, withdraw our approval if a regulatory or other issue arises that, in our opinion, makes such withdrawal in our or the Franchise System's best interest. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved. Currently, we prepare all the promotional materials to be used at the Shops, and you must use only the sales promotion program or other marketing materials that we furnish or make available to you or as we otherwise approve.

You may not engage in any promotional or similar activities, directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system unless approved by us.

Grand Opening

In addition, you must conduct a grand opening marketing campaign during a 120-day period beginning two weeks before the day your Shop commences operations, and you must spend a minimum of $10,000 on marketing activities approved by us. You must submit your grand opening marketing plan for our approval at least 4 weeks prior to the proposed opening date for your Shop. We will reimburse the amount you spend on the approved grand opening marketing activities up to a maximum $10,000 if you submit to us within 150 days from the opening date of your Shop, itemized receipts showing the amount spent on approved grand opening marketing activities and other information and documents that we may reasonably request. Amounts spent on the grand opening campaign will not count toward the Marketing Expenditure Cap.

Local Marketing Cooperatives

As of the issuance date of this Disclosure Document, you are not required to participate in any local marketing cooperative. We reserve the right to form local marketing cooperatives and determine the required rate of contribution to the local marketing cooperative, which will be subject to the Marketing Expenditure Cap. We also have the right to change, dissolve or merge any cooperative and designate the bylaws and rules that govern the operation of the group, and require local marketing cooperatives to use and pay for administrative, media planning and other services that we or our designated third-party vendor may provide. Each Shop, including Shops that we or our affiliates own and operate, will have one vote on all matters requiring a vote. If you are operating a Shop in an area where there is a local marketing cooperative, you must contribute to the cooperative marketing programs at the determined rate (subject to the Marketing Expenditure Cap), which may differ from the contributions made the members of other local marketing cooperatives. The local marketing cooperative must provide to any cooperative member a copy of the bylaws and rules upon request and prepare an annual unaudited statement of receipts and disbursements for cooperative members to review.

Franchisee Council

As of the issuance date of this Disclosure Document, we have established a Franchise Advisory Committee ("FAC") which consists of 9 Shops owned by 5 franchisees. The Shop franchisees nominate themselves to be members of the FAC or are nominated by another franchisee for election to the FAC. The FAC advises us on system strategies, which may include marketing strategies and programs. We reserve the right to change or dissolve the FAC at any time.

Computer System.

You must lease, install, and maintain at your Shop an entire computing system ("Computer System") approved by us from time to time to ensure compliance with our System Standards. The Computer System currently consists of back-office computer, point-of-sale system, cash drawers, kitchen display units, printers, back-office hardware, all required software, firewall, EMV readers, related cabling, and certain IT services. The cost the Computer System is in the range of $5,000 and $8,500.

We or our affiliates will have no limitations on our ability to independently access your Computer System at all times. We or our affiliate have no obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. However, you must, at your cost, update and upgrade the Computer System to comply with the System Standards. There are no contractual limitations on our right to modify the System Standards for the Computer System. We estimate that your annual cost of optional or required maintenance, updating, upgrading, or support contracts related to the Computer System will be in the range of $4,428 to $7,680, this includes the monthly technology fees that you must pay us (See Item 6) and the amount that you are required to pay directly to third-party vendors.

Development Time

The typical length of time between signing the Franchise Agreement or paying consideration for the franchise and the opening of your business will vary between 9 to 12 months depending on factors such as obtaining possession of a satisfactory site, financing arrangements, purchase and installation of equipment, fixtures and signs, and the arrival of the opening inventory of products. This length of time is also affected by the efforts you put into opening your Shop for business. You must commence the operations of your Shop by the earlier of (i) 120 days after you sign the lease for the premises of your Shop, or (ii) within 12 months from the date of execution of the Franchise Agreement.

Training

You (or your Managing Owner) and your Designated Manager (if any) (collectively "Required Trainees") must attend and complete to our satisfaction our initial training program before you open your Shop for business. We recommend that your Required Trainees complete the initial training at least 30 days before the proposed opening date of your Shop. The initial training program involves approximately 10 to 15 days of operational training at our corporate support center (currently located in Roseville, Minnesota) or at a location determined by us. We may lengthen, shorten or restructure the contents of this program. We offer the training program on an as-needed basis throughout the year.

We do not charge any fees for providing training to your Required Trainees at the time of the execution of the Franchise Agreement. However, we may charge our then-current training fee (currently, $500 per day per trainer) for providing initial training to your replacement Required Trainees or for providing additional training to your Required Trainees. Upon your request and subject to the availability of our training personnel, we may send our training personnel to your Shop to provide initial, additional or replacement training to your Required Trainees. In such cases, you must reimburse us the cost and out of pocket expenses incurred by our training personnel, including their costs of travel, lodging, meals, and a per diem salary of each training personnel.

You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF "ON-THE-JOB" TRAINING	LOCATION
Operations Training			
Seed to Cup Education	5 hours	2 hours	Roseville, Minnesota, or a location we specify
Roasting	3 hours	24 hours	Roseville, Minnesota, or a location we specify,

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF "ON-THE-JOB" TRAINING	LOCATION
Barista and Food Training	17 hours	22 hours	Roseville, Minnesota, or a location we specify
Guest Service and Sales	4.5 hours	0 hours	Roseville, Minnesota, or a location we specify
Product Procurement and Marketing	2.5 hours	0 hours	Roseville, Minnesota, or a location we specify
POS System, Back Office Computer and Financial Management	3 hours	0 hours	Roseville, Minnesota, or a location we specify
Total Operations Training	35 hours	48 hours	
New Shop Opening Training			
Roasting	0 hours	8 hours	Your Shop
Barista and Food Training	0 hours	46 hours	Your Shop
Friends and Family Training Event	0 hours	4 hours	Your Shop
Guest Service and Sales	0 hours	4 hours	Your Shop
Qu POS System, Back Office Computer and Financial Management	0 hours	10 Hours	Your Shop
Live Opening Support	0 hours	44 hours	Your Shop
Post Opening Support	0 hours	18 hours	Over the Phone, your Shop
Total New Shop Opening Support	0 hours	134 hours	

The instructional materials for each subject consist of the Operations Manual, lecture, instructional materials, hands-on demonstration and practice in a Shop we operate or a franchisee-owned Shop and your Shop. Some of the classroom training may be conducted online.

Gregg Rosenburg is responsible for coordinating all training program activities. As of the issuance date of this Disclosure Document, he has approximately one year of experience with us and more than 20 years of experience in subjects taught.

Operations Manual

We will provide you access to our Operations Manual after you sign the Franchise Agreement, which as of the issuance date includes 352 pages including the recipe book. A copy of the Table of Contents as of the issuance date of this Disclosure Document is included as Exhibit F to this Disclosure Document.

ITEM 12
TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, as long as you are not in default under the Franchise Agreement, neither we nor our affiliates will operate or grant to third parties the right to operate a Shop in your Territory as described below.

Under the Franchise Agreement, we grant you the right to operate your Shop at an authorized location only. You will receive a designated territory ("your Territory"), the size of which will vary depending on the location of your Shop, population, market demographics, growth trends, and other economic factors and trade dynamics. Your Territory will not include any captive market locations such as regional, enclosed or similarly situated in shopping centers or malls, airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, grocery stores, or other similar types of locations that have a restricted trade area ("Captive Market Locations"). In high population density areas with urban characteristics, you generally will receive a designated territory of at least one city block.

We and our affiliates reserve the right to do any of the following without any obligation to pay any compensation to you:

(i) operate and allow others to operate Shops using the Trademarks and the System (i) at any location outside your Territory and (ii) at Captive Market Locations within your Territory, in each case, on terms and conditions that we determine;

(ii) operate and allow others to operate, anywhere in the world (including in your Territory), any other type of Shop, including any coffee shop, that may offer products and services which are identical to, similar to, or competitive with products and services offered by your Shop, under trade names, trademarks, service marks and commercial symbols other than the Trademarks;

(iii) offer and sell, and allow others to offer and sell, through distribution channels other than a Shop (including, the Internet, supermarkets, convenience stores, grocery stores and wholesale), any products or services (including products and services offered at your Shop), anywhere in the world and using the Trademarks or any other trademarks, service marks or other indicia, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

(iv) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and allow such other businesses to either (i) convert to a Shop or otherwise use the Trademarks or any part of the System at their existing locations, or (ii) continue to operate as they see fit; and

(v) engage in all other activities not expressly prohibited by the Franchise Agreement.

We may require you to participate in online ordering and provide catering and delivery services through us or our designated supplier, or sell certain designated coffee and coffee bean products, at wholesale, to certain types of customers. Any wholesale sales may be made only to approved retail accounts and not, under any circumstances, to resellers, distributors or any other parties that do not make sales to end-use consumers. We reserve the right to limit the area in which you may conduct catering and wholesaling activities (which area may be less than your Territory) and, except as otherwise permitted by us, in writing, no catering or wholesale sales shall be made within the designated Territory of another Shop. Unless otherwise approved by us in writing, you may not sell any products or services sold at your Shop through any alternate distribution channels, including, the Internet, catalogue sales, supermarkets, convenience stores, or grocery stores.

If damage to or condemnation or sale of the franchise premises or other cause requires you to relocate your Shop, you may with our prior written consent, relocate within your territory, if you satisfy the other relocation standards contained in the Franchise Agreement and any applicable lease. There is a $2,000 Relocation Fee that you must pay us. You must comply with any restrictions we impose on wholesale and catering activities.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises within any particular territory and you do not need to meet a minimum sales quota to retain your Territory.

Development Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, subject to certain limitation described below, we agree in the Development Agreement not to own or operate, or grant anyone else the right to own or operate Shops withing your Development Area.

If you enter into a Development Agreement, you will receive the right to develop more than one Shop within the Development Area to be described in Exhibit A to the Development Agreement. The size of the Development Area will vary, depending on the number Shops you intend to open, the population density, and the demographics in the area in which you desire to operate. The Development Area may be one or more counties in rural areas and may be a portion of a metropolitan statistical area in heavily populated major cities.

We reserve the right to:

(i) grant development rights to others anywhere in the world;

(ii) operate (directly or through an affiliate) or grant franchises to third parties to operate, Shops and any other business (including competing businesses) anywhere in the world;

(iii) distribute anywhere in the world and through any current or future distribution channels (including via the internet, restaurants and cafes, retail stores, third-party

delivery platforms, wholesale, direct mail or other type of mass marketing) any products (including any products sold in or from the Shops) and under any trademarks, service marks, trade names, commercial symbols and operating systems or platforms (including, in each case, those used by the Shops);

(iv) acquire, be acquired by, merge or affiliate with, or engage in any other transaction with, any other businesses (whether competitive or not) located anywhere in the world, then allow any such other businesses to operate in any manner (including by using all or any part of the platform, system, trademarks and other intellectual property used by Shops). References in this Section to "anywhere in the world" include within the Development Area

You must comply with the Development Schedule and your other obligations under the Development Agreement in order to maintain your rights to the Development Area during the term of the Development Agreement. You have no right of first refusal or similar rights to acquire additional franchises or establish additional Shops.

There is no mechanism for resolving any conflicts that may arise between franchised or company-owned Shops that operate under the Trademarks (including your Shop) or any restaurant that operates under the MOOYAH® or the RUSTY TACO® trademarks. While we do not anticipate conflicts arising between franchisees of different brands owned by us and our affiliates, we and our affiliates will analyze any future conflict and take action (if any) that we deem appropriate. Any resolution of conflicts regarding location, customers, support, or services will be entirely within your and our business judgment.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use the Trademarks. We also claim common law trademark rights for all of the trademarks. Currently, GCP DBC owns the Trademarks. Under the License Agreement dated June 30, 2022, (the "License Agreement"), GCP DBC has licensed to us the right to use, and further sublicense the right to use, the Trademarks in connection with the franchising, development, and operation of Shop. The License Agreement has an indefinite term; however, the License Agreement will terminate (i) automatically in the event of our bankruptcy, insolvency, or dissolution, or (ii) if we do not cure any material breach of our obligation within 60 days from our receipt of a notice of default. The termination of the License Agreement will result in the loss of our right to use and to sublicense the use of the Trademarks; however, your rights to use the Trademarks during the current term of your Franchise Agreement will not be affected by the termination or expiration of our license.

The following Trademarks are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

TRADEMARKS	REGISTRATION NUMBER	DATE OF REGISTRATION
DUNN BROTHERS COFFEE	4,986,396	June 28, 2016
DUNN BROS COFFEE	2,874,629	August 17, 2004
DUNN BROS COFFEE	2,869,470	August 3, 2004
	1,923,915	October 3, 1995
INFINITE BLACK	5,077,029	November 8, 2016
	2,893,986	October 12, 2004
NICELY DUNN	7,029,548	April 18, 2023

For each registration noted above, all required affidavits have been filed. There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Trademarks. Except the limitations described in the License Agreement, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Trademarks in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Trademarks.

You may not: (1) engage in any conduct, directly or indirectly, which would infringe upon, harm or contest our or GCP DBC's rights to or in any of the Trademarks or the goodwill associated with the Trademarks; (2) represent that you have acquired any ownership or equitable rights in any of the Trademarks by virtue of the limited license granted under the Franchise Agreement or

otherwise; (3) apply for or obtain any trademark or service mark registration for any of the Trademarks or any trademarks or service marks confusingly similar thereto; (4) do or permit any act or thing to be done in derogation of any of our or our affiliates' rights in connection with the Trademarks; (5) use any Trademark in the advertising of any Transfer that would otherwise require our approval; or (6) in any way dispute the validity of the Trademarks or our or our affiliates' rights thereto.

We may, at your cost, require you to modify or discontinue your use of the Trademarks or any components of the System. Your use of the Trademarks and the System and any goodwill is to our exclusive benefit, and you retain no rights in the Trademarks or the System. You also retain no rights in the Trademarks or the System upon termination of the Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks or the System unless we direct in writing.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Trademarks and we have the sole right, but not the obligation, to decide to pursue or settle any infringement actions related to the Trademarks. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware. You agree to sign any documents and take any other reasonable action that, in the opinion of our, GCP DBC, and our other affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Trademarks. We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Trademark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered which are material to the franchise, although we do claim copyright ownership and protection for the Franchise Agreement, Operations Manual, website and for various training, sales, promotional and other materials published periodically.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses known to us which could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or

copyrights. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Operations Manual. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including the Operations Manual and all other material copyrighted by us. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take action and will be the sole judge as to the appropriate response to any information regarding the unauthorized use of proprietary information.

You must comply with all changes to the Operations Manual at your cost.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are not a natural person, each of your Owners that has direct or indirect ownership of at least 10% of the ownership interests in you (each a "Principal Owner"), must sign a guaranty of your obligations under the Franchise Agreement (the form is attached as an exhibit to the Franchise Agreement). Each person signing a guaranty assumes and agrees to discharge all of your obligations under the Franchise Agreement. If any Principal Owner is an individual, his or her spouse must consent in writing to that owner's execution of the guaranty. Each Principal Owner signing the guaranty agrees to be bound by the provisions of the Franchise Agreement applicable to such person.

You, or if you are not a natural person, one of your Principal Owners that you designate and we approve, will be your "Managing Owner." If your Managing Owner is not involved in the supervision of the day-to-day operations of you Shop, you must also designate a person, who may, but need not, be your Managing Owner or one of your other owners, to serve as your "Designated Manager." Your Designated Manager must be acceptable to us and has completed our initial training. Your Shop must, at all times, be under the supervision and management of your Managing Owner or your Designated Manager. If the Designated Manager has not signed a guaranty, he or she must sign our then-current form of confidentiality and non-competition agreement.

The employees you hire or employ at your Shop will be your employees and your employees alone. They are not, for any purpose, to be deemed to be our employees, or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your Shop does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to your Shop, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of

employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and you should do so in consultation with local legal counsel experienced in employment law.

Development Agreement.

If you are a legal entity, each of your Principal Owners must sign a guaranty of your obligations under the Development Agreement (the form is attached as an exhibit to the Development Agreement). Each person signing a guaranty assumes and agrees to discharge all of your obligations as a developer under the Development Agreement. If any Principal Owner is an individual, his or her spouse must consent in writing to that owner's execution of the guaranty. Each Principal Owner signing the guaranty agrees to be bound by the provisions of the Development Agreement applicable to such person.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those products that we have approved for sale at or from your Shop. You must not offer for sale or sell any other category of products or use the premises for any purpose other than operating your Shop in compliance with the Franchise Agreement. You must discontinue offering and selling products that we no longer approve for sale at or from your Shop. There are no limits on our right to make modifications to the approved products and services periodically as described in the Operations Manual, or otherwise in writing. Any failure to do so or to meet product quality standards may result in the termination of your Franchise Agreement. In addition, you may only sell coffee beverages and coffee beans that have been prepared in compliance with our current standards.

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

This table lists certain important provisions of the Franchise Agreement and other agreements. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement: Section 1.V	Unless sooner terminated, the period commencing on the effective date of the Franchise Agreement and ending on the day preceding the 10th anniversary of the date on you open your Shop.
	Development Agreement: Section 1.D	You may exercise the development rights granted under the Agreement from the Effective Date and, unless sooner terminated, ends on the earlier of (1) the date on which the last Shop is required to be opened in order to satisfy the Development Schedule opens for regular business or (2) the last

PROVISION	SECTION IN AGREEMENT	SUMMARY
		day of the last development period described in the Development Schedule.
b. Renewal or extension of the term	Franchise Agreement: Section 6	If you are in substantial compliance with the Franchise Agreement, you may extend the term for two consecutive 5-year terms.
	Development Agreement	Not Applicable
c. Requirements for franchisee to renew or extend	Franchise Agreement: Section 6	You must: give us notice at least 6 months, but not more than one year prior to the term of the then-current term; be in good standing, including, without limitation, you must not have received from us more than five default notices during the Term or more than two such notices in a single twelve month period and be in compliance with all agreements with us; meet all our then current managerial, financial, and business standards for new and renewing franchises; provide written proof of your ability to remain in possession of the Authorized Location of your Shop throughout the successor term; satisfy any additional training requirements; pay the successor franchise fee; complete all modernization and reimaging of the Shop premises; execute and deliver to us our then-current form of Franchise Agreement and related agreements; and you must executed and deliver to us a general release of claims in the form prescribed us.
	Development Agreement	Not Applicable
d. Termination by franchisee	Franchise Agreement: Section 13.C	You may terminate the Agreement only for good cause upon 60 days prior written notice to us only if you are in full compliance with all terms and conditions of the Franchise Agreement and we have committed an alleged material breach of the Franchise Agreement and did not cure such breach within 30 days after receipt of such notice of alleged material breach.
	Development Agreement: Section 8.A	You may terminate the Development Agreement at any time with or without cause by delivering 30 days' prior written notice thereof to Franchisor.

PROVISION	SECTION IN AGREEMENT	SUMMARY
e. Termination by franchisor without cause	Franchise Agreement: Section 13.B	Under the cross-default provision, we can terminate the Franchise Agreement if you or your affiliates fail to comply with any other agreement with us or our affiliates and do not cure such failure within the applicable cure period.
	Development Agreement: Section 8.B	Under the cross-default provision, we can terminate the Area Development Agreement if you or your affiliates fail to comply with any other agreement with us or our affiliates and do not cure such failure within the applicable cure period.
f. Termination by franchisor with cause	Franchise Agreement: Sections 13.A and 13.B	We may terminate the Agreement if you or your Owners commit one of several violations.
	Development Agreement: Section 8.B	We may terminate the Agreement if you or your Owners commit one of several violations.
g. "Cause" defined – curable defaults	Franchise Agreement: Section 13.B	You will have 30 days from delivery by us of a written notice of default to cure any default, unless the default is for failure to pay amounts due or failure to submit reports, in which case you will have 10 days to cure.
	Development Agreement: Section 8.B	Under the Development Agreement, you will have 30 days after the receipt of written notice from us to remedy your default other than those listed in Item 17(h).
h. "Cause" defined – non-curable defaults	Franchise Agreement: Section 13.B	You will have no right or opportunity to cure any defaults if: (a) you (i) lose the right to occupy the Authorized Location, (ii) close your Shop for business without our written consent or informs us of your intention to cease operation of its Shop, (iii) fail to actively operate your Shop for three or more consecutive days, or (iv) otherwise abandon or appear to have abandoned your rights under this Agreement; (b) you fail to secure possession of an Authorized Location or open its Shop within the time periods specified in this Agreement; (c) you (i) are insolvent or admits in writing your inability to pay your debts as they come due, or (ii) make an assignment or enter into any similar arrangement for the benefit of creditors; (d) you, your Designated Manager or any of your owners is convicted of an offense directly related to the Shop; (e) you understate or underreport Gross Sales; (f)

PROVISION	SECTION IN AGREEMENT	SUMMARY
		any default which results from a subsequent audit of the Shop conducted within two years of a previous audit and both audits reveal an understatement of two percent (2%) or more in financial information provided to us; (g) any default by you which is the third similar default within any 12 month consecutive period; or (h) you or your affiliates fail to cure within the applicable cure period, if any, any default under this any agreement with us, our affiliates, or any vendor in connection to the operation of the Shops.
	Development Agreement: Section 8.B	You will have no right or opportunity to cure any defaults if: (i) there are any material misrepresentation or omission in the application materials; (ii) you fail to comply with the Development Schedule; (iii) you or your owners make any authorized transfers; (iv) you make recurrent default under the Development Agreement; (v) you become insolvent; or (vi) you or your owners fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders.
i. Franchisee's obligations on termination/non-renewal	Franchise Agreement: Section 14.A	Upon termination or expiration of the Agreement, all of your rights to use the Trademarks and all other rights and licenses granted herein and the right to own and operate your Shop shall terminate without further act or deed of any party. You will pay all sums due to us, our affiliates, or our designees. You will immediately return to us and cease accessing and using all copies of the Operations Manual and remove or obliterate all signage, displays, menus or other materials in your possession that bear any of the Trademarks or names. You will immediately shut down or transfer to us or our designee all social media accounts and professional networking accounts related to the show. You and your Owners and your and their respective immediate family members must comply with the post-term non-compete covenant.
	Development Agreement: Section 8.C	Upon termination or expiration of the Agreement, all rights licensed therein will automatically revert to us and your right to acquire franchises to develop Shops within the Development Area will cease. Termination or expiration of the Agreement will not

PROVISION	SECTION IN AGREEMENT	SUMMARY
		affect your rights under any individual Franchise Agreements in effect at that time.
j. Assignment of contract by franchisor	Franchise Agreement: Section 17.A	We may freely assign or transfer the Franchise Agreement.
	Development Agreement: Section 7	We may freely assign or transfer the Development Agreement.
k. "Transfer" by franchisee – definition	Franchise Agreement: Section 16.A.	Sale, assignment, trade, transfer, lease, sublease, encumber, delegate the day-to-day management of the Shop to a third-party, or otherwise disposition of any interest in you, the Shop, or the Franchise Agreement.
	Development Agreement: Section 7	Includes voluntary or involuntary sale, assignment, transfer, conveyance, gift, pledge, mortgage, or otherwise disposal of or encumbrance of any direct or indirect interest in the Development Agreement, your development rights, or any direct or indirect ownership interest in you (if you are an entity).
l. Franchisor's approval of transfer by franchisee	Franchise Agreement: Section 17.C	We have the right to approve all transfers by you or your Owners but will not unreasonably withhold or delay approval.
	Development Agreement: Section 7	You cannot assign or transfer without first obtaining our written consent.
m. Conditions for franchisor approval of transfer	Franchise Agreement: Section 17.C	We may impose conditions to any proposed transfer or assignment including the following: you must not be in default of the Franchise Agreement, transferee upgrades, remodels and/or refurbishes your Shop; all monetary obligations have been paid; you (and your owners) provide us with all information and/or documents we request about the proposed transfer, the transferee, and its owners (if applicable; you (and your owners) and transferee (and its owners) must sign all documents required by us in connection with transfer (including then-current Franchise Agreement); you (and your owners) sign a general release, (unless prohibited by state law), a guaranty, and a non-competition covenant; all mandatory training for transferee has been completed and paid for; all required actions under lease are satisfied; payment of transfer fee; all business operations (insurance and licenses) are

PROVISION	SECTION IN AGREEMENT	SUMMARY
		transferred; and transferee successfully completes any training prescribed by us.
	Development Agreement: Section 7	We may impose conditions to any proposed transfer or assignment including the following: you (and your affiliates) are in complete compliance with the Development Agreement and all other agreements with us; the proposed transferee meets our criteria; if you or the transferor offer the transferee financing for any part of the purchase price, all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the development rights must be subordinate to the transferee's obligation to pay all amounts due to us, our affiliates, and third party vendors; you and your Owners must sign a general release, in a form satisfactory to us; the transferee, at our request, must sign our then-current form of development agreement; the transfer of the Development Agreement must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to it; and we are in receipt of the transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement: Section 16.A	If you intend to engage in a transfer, you must secure a written proposal or offer, signed by the offeror, which lays out the terms of the transfer offer. We will give you written notice within 30 days thereafter which will either waive our right of first refusal with respect to the transfer or state an interest in negotiating the proposed transfer for our own behalf on substantially the same terms in the transfer offer. If we commence negotiations for the transfer, you and your owners will engage in such negotiations for at least 90 days or until we and you agree in writing that the negotiations have termination, whichever comes first. If we waive our right of first refusal in respect to the transfer, you will have the right, subject to securing our approval of the proposed transfer, to complete the transfer within 150 days following the date of the transfer offer.
	Development Agreement	Not Applicable

PROVISION	SECTION IN AGREEMENT	SUMMARY
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: Section 14.B	Upon termination or expiration, we have option to acquire the premises, saleable inventory, equipment, fixtures, signage, furnishing or supplies. Book value will determine price.
	Development Agreement	Not Applicable
p. Death or disability	Franchise Agreement: Section 17.D	Your (or your Owner's) interest must be transferred within 6 months from the date of death or incapacity to a third-party approved by us. Such transfers, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to all the terms and conditions for transfers contained in the Agreement.
	Development Agreement	Not Applicable
q. Non-competition covenants during the term of the franchise	Franchise Agreement 12.D	Neither you, nor any of your owners or your or their immediate family members, may have any involvement, directly or indirectly, in a "Competitive Business," which means a) generates 25% or more of its revenue from the sale (wholesale or retail) of coffee, coffee beans, or other coffee-based beverage products; (b) generates 40% or more of its daily revenue from the sale (wholesale or retail) of coffee, coffee beans, other beverages, and food offerings (such as fresh bakery items such as breads and pastries and breakfast sandwiches) before noon (12:00 P.M.); (c) generates 50% or more of its daily revenue from the sale of items that are substantially similar to those items then offered for sale at Shops; or (d) that grants franchises, licenses or otherwise grants to others the right to operate such competitive businesses.
	Development Agreement	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement: Section 12.D	You (and your owners and your or their immediate family members) may not have any involvement, directly or indirectly, in a Competitive Business for two years at the premises of your Shop, within a 5-mile radius of the premises of your Shop or any Shop in existence or under development at time of termination or expiration of Franchise Agreement. Subject to state law.
	Development Agreement	Not Applicable

PROVISION	SECTION IN AGREEMENT	SUMMARY
s. Modification of the agreement	Franchise Agreement: Section 18.B	No provisions may be waived or amended unless in writing signed by the waiving party or, in the case of an amendment, by both parties. However, we may freely modify the System Standards and the Operations Manual. (subject to state law).
	Development Agreement: Section 14	No modifications except in writing and signed by both you and us.
t. Integration/merger clause	Franchise Agreement: Section 18.B	Only the written terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you. (subject to state law).
	Development Agreement: Section 14	Only the written terms of Area Development Agreement and other related written agreements are binding (subject to state law). Any representation or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable. However, nothing in the Development Agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you. (subject to state law).
u. Dispute resolution by arbitration or mediation	Franchise Agreement: Section 15.A	We and you must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently Minneapolis, Minnesota) (subject to state law).
	Development Agreement: Section 13	We and you must arbitrate all disputes at a location in or within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently Minneapolis, Minnesota) (subject to state law).
v. Choice of forum	Franchise Agreement: Section 15.D	You must sue us in the state where our or, as applicable, our successor's or assign's corporate headquarters are located (currently, Minneapolis, Minnesota) (subject to state law).
	Development Agreement: Section 13	You must sue us in the state where our or, as applicable, our successor's or assign's corporate

PROVISION	SECTION IN AGREEMENT	SUMMARY
		headquarters are located (currently, Minneapolis, Minnesota) (subject to state law).
w. Choice of law	Franchise Agreement: Section 15.C	Minnesota law (subject to state law).
	Development Agreement: Section 13	Minnesota law (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the franchise. No public figure is involved in the actual management or control of us.

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.

Key Item 19 Terms Defined

DEFINED TERM	DEFINITION
Total Sales	Total Sales means Gross Sales (as used in the Franchise Agreement and on which you will calculate royalties) but before any discounts are deducted. We collected Total Sales data from the Shops' point of sale system and have not audited or independently verified the information.
Total Sales %	Total Sales, expressed as a percentage.
Discount	Discount means the sum total of refunds, credits or discount given by the Shops in good faith to their customers in a manner consistent with our System Standards.
Discount %	Total discounts divided by Total Sales, expressed as a percentage.
Gross Sales	Gross Sales means the aggregate regular advertised price of all products and services sold at, from, or in connection with the operation of the

DEFINED TERM	DEFINITION
	Shops, whether or not authorized by us (including any delivery, catering and/or any other off-site services), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions) and any other revenue derived from or attributed to the operation of the Shop, but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) the amount of any documented refunds and credits the Shop in good faith gives to its customers, and (3) the amount of any discounts from the advertised price that are given at the point of purchase and that are reasonable and, if applicable, are consistent with any discount policies that we may announce from time to time as part of the System Standards. Revenue from the purchase or redemption of gift certificates, gift cards, loyalty or similar programs is calculated as part of Gross Sales in accordance with our then-current guidelines for such programs. Gross Sales also includes all insurance proceeds that you may receive to replace revenue loss arising from the interruption of your Shop due to a casualty or other event covered by your Shop interruption or similar insurance coverage. This is the definition used in the Franchise Agreement on which you will calculate royalties and certain other fees. We collected Gross Sales data from the Shops' point of sale system and have not independently audited or verified the information.
Gross Sales %	Gross Sales divided by Total Sales, expressed as a percentage.
Cost of Goods Sold	Cost of Goods Sold (COGS) is the cost of coffee beans, dairy, food items, syrups, tea, cups, lids, paper products, freight and other direct products associated with the products sold by the Shops. We obtained the cost of goods sold data from the financial statements the Shops that were submitted to us and have not audited or independently verified the information.
COGS %	Cost of Goods Sold divided by Total Sales, expressed as a percentage
Gross Margin	Total Sales less Cost of Goods Sold.
Gross Margin %	Gross Margin divided by Total Sales, expressed as a percentage.
Labor Costs	Labor Cost is the sum total of wages for in-store employees including payroll taxes for a given Shop. Some franchised Shops include a manager's salary as part of Labor Costs while others do not because their Managing Owner acts as the manager and does not draw a salary. We obtained the Labor Costs data from the financial statements for the

DEFINED TERM	DEFINITION
	Shops that were submitted to us by franchisees and have not independently audited or verified the information.
Labor Costs %	Labor Costs divided by Total Sales, expressed as a percentage.
Prime Margin	Total Sales less Cost of Goods Sold and Labor Costs.
Prime Margin %	Prime Margin divided by Total Sales, expressed as a percentage.

Upon the closing of the acquisition described in Item 1, GCP DBC acquired 55 franchise agreements for Shops. Subsequently, 2 out of 55 Shops ceased operations, and we acquired 53 franchise agreements for the Shops from GCP DBC on December 31, 2022. For purposes of the disclosures made in Chart 1 below, we have excluded 35 of the 53 Shops because (i) they either had not commenced operations or permanently ceased operations prior to January 1, 2022 (and, thus, did not operate for the full calendar year), or (ii) were allowed to operate without drive-thrus and/or without the full menu offering (and, thus, operated differently than the Shops for which we are currently granting franchises are expected to operate). Chart 1 below reflects information regarding the Total Sales during calendar year 2022 of the remaining 18 franchised Shops (the "Chart 1 Data Set"). In this chart, we have provided the information for the entire Chart 1 Data Set and also show the information by top 50% and bottom 50%.

We determined the "Average Total Sales" by adding the Total Sales during the measurement period for all Shops that comprise Chart 1 Data Set, then dividing that number by 18. We determined the median by sorting the Total Sales for the measurement period, by Shop, and selected the Total Sales number for the Shop that had the middle data point.

In Chart 2 below, we have excluded from the Chart 1 Data Set an additional 5 franchised Shops because they did not submit financial statements to us for the fiscal year ended December 31, 2022, and we were otherwise unable to gather from them the information disclosed in Chart 2. The remaining 13 franchised Shops comprise the "Chart 2 Data Set" on which the information disclosed in Chart 2 is based. We determined the average and median using the same methodology as was used for Chart 1 but used the relevant percentages instead of dollar amounts.

CHART 1 – AVERAGE TOTAL SALES FOR CHART 1 DATA SET DURING CALENDAR YEAR 2022

	Number of Shops	Average Total Sales	Number That Met or Exceeded the Average	Median Total Sales	Highest Total Sales	Lowest Total Sales
Top 50%	9	$797,698	5 (56%)	$799,981	$952,527	$619,085
Bottom 50%	9	$464,682	4 (44%)	$461,326	$553,734	$332,359
All Qualifying Franchised Shops	18	$631,190	8 (44%)	$586,410	$952,527	$332,359

CHART 2 – CERTAIN OTHER PERFORMANCE DATA POINTS FOR THE CHART 2 DATA SET DURING CALENDAR YEAR 2022

	Average	Median	Number and Percentage of Shops that Met or Exceeded the Average	Highest for Category	Lowest for Category
Total Sales %	100%	100%	13 (100%)	100%	100%
Discount %	4%	3%	5 (38%)	8%	1%
Gross Sales %	96%	97%	8 (62%)	99%	92%
COGS %	30%	29%	6 (46%)	36%	24%
Gross Margin %	70%	71%	7 (54%)	76%	64%
Labor Costs %	32%	27%	7 (54%)	46%	23%
Prime Margin %	38%	40%	7 (54%)	50%	24%

Note to Charts 1 and 2: Except the number of Shops that met or exceeded the systemwide average Gross Sales% and average Prime Margin%, all other data presented in charts 1 and 2 above is based on numbers rounded up to the nearest whole.

Some Shops have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation of this information is available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Kim Plahn, Dunn Bros Franchising, LLC, 2335 West Highway 36, Suite 201, Roseville, MN, 55113, (612) 877-3608, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Shops Summary
For Years 2020 to 2022[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[1]	2020	67	59	-8
	2021	59	58	-1
	2022	58	53	-5
Company-Owned	2020	6	4	-2
	2021	4	3	-1
	2022	3	3	0
Total Outlets	**2020**	**73**	**63**	**-10**
	2021	**63**	**61**	**-2**
	2022	**61**	**56**	**-5**

Note:
1. One franchised Shop ceased operation in April 2023.

Table No. 2
Transfers of Shops From Franchisees to New Owners
(Other than to Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers
Minnesota	2020	0
	2021	2
	2022	7
North Dakota	2020	1
	2021	0
	2022	0
South Dakota	2020	0
	2021	1
	2022	0
Wisconsin	2020	0
	2021	1
	2022	0
Total	**2020**	**1**
	2021	**4**
	2022	**7**

Table No. 3
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Iowa	2020	6	0	1	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Minnesota	2020	47	1	0	1	0	5	42
	2021	42	0	1	2	0	0	39
	2022	39	0	1	5	1	0	32
Missouri	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Dakota	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
South Dakota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	2	0	0	0	0	4
Tennessee	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas[1]	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Total	**2020**	**67**	**1**	**1**	**2**	**0**	**6**	**59**
	2021	**59**	**2**	**1**	**2**	**0**	**0**	**58**
	2022	**58**	**2**	**1**	**5**	**1**	**0**	**53**

1. One franchised Shop voluntarily ceased operation in April 2023.

Table No. 4
Status of Company-Owned Shops
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Minnesota	2020	5	0	0	2	0	3
	2021	3	0	0	1	0	2
	2022	2	0	1	1	0	2
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	**2020**	**6**	**0**	**0**	**2**	**0**	**4**
	2021	**4**	**0**	**0**	**1**	**0**	**3**
	2022	**3**	**0**	**1**	**1**	**0**	**3**

Table No. 5
Projected Franchised Outlets
As of December 31, 2022

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
All States	0	0	0
Total	**0**	**0**	**0**

Included in this Disclosure Document as Exhibit C is a list of names and contact information of all Shop franchisees.

Included in this Disclosure Document as Exhibit D is the name, city, state and business telephone number (or if unknown, the last known home telephone number) of any franchisee who has had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its Franchise Agreement during the most recently completed fiscal year-end or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

During the last three fiscal years, some current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise System.

We established a franchise advisory committee. The franchise advisory committee does not have its own address, telephone number, email address, or web address.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit E to this Disclosure Document are our audited financial statements comprised of the balance sheet as of December 31, 2022 and the related statements of operations, members' equity, and cash flows for the period from our inception to December 31, 2022. We have not been in business for three (3) years and cannot include all financial statements required under the Federal Trade Commission's Franchise Rule (16 CFR § 436.5). Our fiscal year end is December 31 each year.

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts:

Franchise Agreement with Appendices – Exhibit A
Development Agreement – Exhibit B
State Addenda – Exhibit H
Acknowledgement Addendum – Exhibit I

ITEM 23
RECEIPTS

Exhibit J of this Disclosure Document contains two copies of a detachable acknowledgment of receipt, one of which is for you and the other is to be signed by you and given to us.

EXHIBIT A

FRANCHISE AGREEMENT

DUNN BROTHERS COFFEE®

FRANCHISE AGREEMENT

BETWEEN

DUNN BROS FRANCHISING, LLC
2335 West Highway 36, Suite 201
Roseville, MN 55113
Telephone Number (612) 334-9746

AND

_____

_____

_____
Name(s) of Franchisee

_____
Street

_____
City State Zip

_____
Area Code Telephone

DUNN BROTHERS COFFEE®

FRANCHISE AGREEMENT

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APPENDICES:

A. Authorized Location, Territory, and Initial Franchise Fees
B. Guaranty and Assumption of Obligations
C. Commencement of Term
D. Non-Roasting Addendum

DUNN BROTHERS COFFEE®

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is made as of the Effective Date between DUNN BROS FRANCHISING, LLC., a Delaware limited liability company ("Franchisor"), and the person or entity identified on the cover page hereof ("Franchisee").

BACKGROUND

A. Franchisor is engaged in the business of selling franchises for and providing services to franchisees of a distinctive style of coffee shop identified by the Trademarks and in which the franchisee uses on-site micro-roasting techniques to produce daily fresh-roasted, high-quality coffee and coffee beans and offers on-site baking and features fresh bakery items such as breads and pastries, breakfast and lunch sandwiches, salads, wraps, desserts, other food offerings, beverages and related Products to the public as may be designated by Franchisor from time to time (individually, a "Shop" and collectively, "Shops"); and

B. Franchisee recognizes the potential benefits to be derived from being identified with and licensed by Franchisor and being able to utilize the System, the Trademarks, and the other information and properties which Franchisor makes available to Shops from time to time; and

C. Franchisee desires to obtain the right, and desires to assume the obligation, to develop, own and operate a single Shop in accordance with and subject to the terms and conditions set forth or described herein, which terms and conditions are necessary to maintain Franchisor's uniform high standards of quality and service and to protect the goodwill and enhance the public image of the System and the Trademarks; and

D. Franchisee affirms that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee expressly acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information; and

E. Franchisor desires to grant Franchisee a franchise upon the terms and subject to the conditions hereof.

NOW, THEREFORE, in consideration of the foregoing and the covenants and consideration herein set forth, it is agreed by and between Franchisor and Franchisee as follows:

DEFINITIONS

1. Certain terms are defined where used throughout this Agreement. For purposes of this Agreement, the terms set forth below shall have the following definitions:

A. "Affiliate" shall mean any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling another person or entity.

B. "Applicable Laws" shall mean all laws, codes, ordinances, and regulations applicable to the development and operation of the Shop, including employment, safety, health, and privacy and data protection laws.

C. "Approved Products" shall mean those Products that, from time to time and in Franchisor's discretion, are authorized by Franchisor to be offered and sold at Franchisee's Shop and not subsequently disapproved.

D. "Authorized Location" shall mean the location of Franchisee's Shop as identified on Appendix A.

E. "Captive Market Locations" shall mean any regional, enclosed or similarly situated shopping centers or malls, airports or other transportation terminals, sports facilities, parks and recreation areas, medical campuses, college and university campuses, corporate campuses, a department within an existing retail store, hotels, grocery stores, or other similar types of locations that have a restricted trade area.

F. "Competitive Business" shall mean any coffee shop or other business, other than a Shop) that: (a) generates twenty-five (25%) or more of its revenue from the sale (wholesale or retail) of coffee, coffee beans, or other coffee-based beverage products; (b) generates forty percent (40%) or more of its daily revenue from the sale (wholesale or retail) of coffee, coffee beans, other beverages, and food offerings (such as fresh bakery items such as breads and pastries and breakfast sandwiches) before noon (12:00 P.M.); (c) generates fifty percent (50%) or more of its daily revenue from the sale of items that are substantially similar to those items then offered for sale at Shops; or (d) that grants franchises, licenses or otherwise grants to others the right to operate such competitive businesses.

G. "Computer System" shall mean the integrated computer-based order-entry system and point-of-sale system and any designated software programs owned by Franchisor or a designated third party which Franchisor designates for use in the System from time to time, including all future updates, supplements, and modifications thereto.

H. "Confidential Information" means all non-public information related to the System, including (i) trade secrets, (ii) information contained in the Operations Manual, (iii) growth and development plans, strategies, and forecasts related to the System, (iv) site selection criteria, training and operations materials, (v) standards and specification and other methods, formats, specifications, recipes, standards, systems, procedures, techniques, market research, customer data, knowledge, and experience used in developing, promoting and operating the Shops and the products they offer and sell, (vi) knowledge of specifications for, and vendors of, assets and other products and supplies used in the development and operation of the Shops; (vii) any software or other technology which is proprietary to Franchisor, its affiliates or the System, including,

without limitation, digital passwords and identifications and any source code of, and data, reports, and other materials generated by, the software or other technology; and (viii) knowledge of the operating results and financial performance of Shops (including Franchisee's Shop). Confidential Information does not include information, processes or techniques that are generally known to the public without violation of applicable law or an obligation to Franchisor or its affiliates.

I. "Control" shall mean the power to direct or cause the direction of management and policies.

J. "Effective Date" shall mean the date on which Franchisor signs this Agreement as indicated beneath its signature at the end of this Agreement.

K. "Fund" shall mean the national marketing fund established by Franchisor for the purpose of funding and undertaking cooperative marketing and promotional efforts.

L. "Gross Sales" shall mean the regular advertised price of all Products and services sold at, from, or in connection with the operation of the Shop, whether or not authorized by Franchisor (including any delivery, catering and/or any other off-site services), regardless of the manner in which the price was paid by the purchaser of such products or services (including payments by cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions) and any other revenue derived from or attributed to the operation of the Shop, but excluding (1) all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, (2) the amount of any documented refunds and credits the Shop in good faith gives to its customers, and (3) the amount of any discounts from the advertised price that are given at the point of purchase and that are reasonable and, if applicable, are consistent with any discount policies that Franchisor may announce from time to time as part of the System Standards. Revenue from the purchase or redemption of gift certificates, gift cards, loyalty or similar programs is calculated as part of Gross Sales in accordance with Franchisor's then-current guidelines for such programs. Gross Sales also includes all insurance proceeds that Franchisee may receive to replace revenue loss arising from the interruption of the Shop due to a casualty or other event covered by Shop interruption or similar insurance coverage.

M. "Improvements" shall mean all ideas, concepts, methods, techniques, improvements, and additions relating to the development and/or operation of a Shop or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of a Shop, or any advertising or promotion ideas related to a Shop, whether conceived by Franchisor or Franchisee or its employees during the term of this Agreement.

N. "Including" shall, unless indicated where used, mean "including, without limitation."

O. "Menu" shall mean the food and beverage items that Franchisor designates for sale to customers in Franchisee's Shop as Franchisor may describe and periodically modify in the Operations Manual or otherwise in writing.

P. "Operations Manual" shall mean, as they may be supplemented and amended from time to time, the confidential manual or series of manuals, memoranda, newsletters, videos, and other written or electronically produced materials that set forth mandatory, recommended, and suggested specifications, standards, operating procedures, polices, rules, and other System Standards that Franchisor specifies from time to time for or applicable to the operation of Shops.

Q. "Owner" shall mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in an entity, including, without limitation, any person who has a direct or indirect legal or equitable interest, or the power to vest any legal or equitable interest, in revenue, profits, rights, or assets.

R. "Personal Information" shall mean any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information.

S. "Products" shall mean the items, of whatever kind or nature, sold or made available for purchase at or from a Shop from time to time.

T. "System" shall mean the system and network of Shops.

U. "System Standards" shall mean the methods, formats, specifications, standards, systems, procedures, techniques, market research, customer data, policies, rules, knowledge, and experience used in developing, promoting and operating Shops and the Products and services they offer and sell that Franchisor from time to time makes applicable the development and operation of Shops.

V. "Term" shall mean the period commencing on the Effective Date and ending on the day preceding the 10th anniversary of the date on which Franchisee commences operations of its Shop in accordance with this Agreement, unless otherwise noted on Appendix C hereto or sooner terminated as provided in this Agreement.

W. "Territory" shall mean the geographic area described on Appendix A hereto.

X. "Trademarks" shall mean the trademarks, service marks, designs, logos, and other indicia, including DUNN BROTHERS COFFEE®, that are designated by Franchisor from time to time to identify Shops and the Products and services they offer.

GRANT OF FRANCHISE

2. Franchisor hereby grants to Franchisee, subject to the terms and conditions of this Agreement, the right and license to establish and operate a Shop located at, and only at, the Authorized Location during the Term. Franchisee hereby accepts said license and undertakes the obligation to operate the Shop only at the Authorized Location, using and in compliance with the System Standards as they exist from time to time. Franchisee shall not open or commence operations of the Shop until Franchisor has approved the date of opening. Franchisee must open its Shop within the earlier of 120 days following execution of the lease for the Shop's premises or twelve (12) months following the Effective Date, and it must thereafter continuously operate the Shop for the remainder of the Term. Franchisor shall not be liable for damages arising out of Franchisee's failure or inability to open the Shop by a particular date. Franchisee shall maintain and operate the Shop at the Authorized Location under Franchisee's active and continuous supervision and upon the standards and requirements hereinafter provided. The grant given herein is limited to the right to operate one Shop only at the Authorized Location. Franchisee may offer and sell only such Products and services approved by Franchisor from time to time. Franchisee has no rights to sublicense pursuant to this Agreement.

Subject to Franchisor's prior written approval and its then current guidelines, Franchisee may supplement its retail sales from the Shop by (i) catering beverages and food, so long as the beverages and food catered are prepared at the Authorized Location; and (ii) selling certain Franchisor-designated coffee and coffee bean Products, at wholesale, to certain types of customers. On sixty (60) days' written notice from Franchisor, Franchisee must offer off-site catering consistent with Franchisor's then-current written guidelines. Further, any wholesale sales may be made only to approved retail accounts and not, under any circumstances, to resellers, distributors or any other parties that do not make sales to end-use consumers. Franchisor reserves the right to limit the area in which Franchisee may conduct catering and wholesaling activities (which area may be less than the Territory) and, except as otherwise permitted by Franchisor, in writing, no catering or wholesale sales shall be made within the designated Territory of another Shop. All catering and wholesale sales must appropriately be entered into the point-of-sale system.

LOCATION

3. Franchisee is entirely responsible, at its expense, for doing everything necessary to develop and open its Shop in accordance with this Agreement, including, subject to Franchisor's prior written approval, locating, selecting, and securing possession of the Authorized Location. If Franchisee has obtained Franchisor's approval of a location for the Shop prior to execution of this Agreement, that Authorized Location is stated on Appendix A. If Franchisee has not obtained Franchisor's approval of a location prior to the execution of this Agreement, then the following shall apply:

A. Submission of Location. Franchisee may not proceed with a location until it has been approved by Franchisor. Within six (6) months following the Effective Date, Franchisee shall (1) find a location within the Designated Area described on Appendix A, (2) submit it, along with any information regarding the location that Franchisor reasonably requests, to Franchisor for its review and approval, and (3) secure

Franchisor's approval of the proposed location as the Authorized Location. In deciding whether to approve Franchisee's proposed location, Franchisor reserves the right, in its sole discretion, to assess and weigh any criteria and characteristics that it determines are relevant to its consideration.

B. Lease. Before signing a lease for the Shop premises, Franchisee must provide a copy of the proposed lease to Franchisor for its prior written approval. Franchisor reserves the right to reject the proposed lease if the Shop lease does not contain provisions Franchisor determines are important to protect the System and Trademarks and to ensure the continuity of the Shop at the Authorized Location in the event of a default by Franchisee of the Lease or this Agreement. Those provisions may include, for example, that: (1) so long as this Agreement remains in effect, the premises will be used only for a Shop; (2) Franchisor will be granted the right (but not the duty) to take possession of the Shop premises and assume the lease in the event of a termination of this Agreement or a threatened termination of the lease as a result of a breach by Franchisee; (3) the landlord will provide Franchisor written notice of any default or right to cure by Franchisee; and (4) upon vacating the Shop premises or termination of this Agreement or the lease for the Shop premises, Franchisee must remove all signs and materials bearing the Trademarks; and (5) a comprehensive use clause for all current and future Products. Franchisee must provide Franchisor with a copy of the executed lease upon its full execution.

C. NO WARRANTY. FRANCHISOR'S APPROVALS OF THE AUTHORIZED LOCATION AND LEASE ARE ENTIRELY FOR ITS OWN PURPOSES AND MAY NOT BE RELIED UPON BY FRANCHISEE FOR ANY PURPOSE. FRANCHISOR'S APPROVALS DO NOT GUARANTY OR WARRANT THE FINANCIAL SUCCESS OF THE SHOP AT THE AUTHORIZED LOCATION. FRANCHISEE ASSUMES ALL RISKS ASSOCIATED WITH THE PROFITABILITY OF THE SHOP.

TERRITORY

4. When Franchisor approves the Authorized Location, it will define a Territory around the Authorized Location. If Franchisee does not accept Franchisor's description of the Territory within 10 days following Franchisor's notice of its description, Franchisee's sole recourse will be to locate and secure Franchisor's approval of an alternative location in accordance with Section 3 above, without extension of the timelines described in that Section. Once the Territory has been accepted by Franchisee, Franchisor will revise Appendix A to reflect the Territory description. Subject to the restrictions and reservations described below, so long as Franchisee is in compliance with its obligations under this Agreement, neither Franchisor nor its affiliates will own or operate, or authorize anyone else to own or operate, a Shop physically located in the Territory.

A. Restrictions. Franchisee understands and agrees that: (1) the size and location of the Territory will be determined solely by Franchisor; (2) Franchisee's Territory may be different than the territory of other franchisees both in size and configuration; (3) the Territory does not include Captive Market Locations within the

geographic boundaries of the Territory; and (4) the license granted in this Agreement does not include (i) any right to sell products and menu items identified by the Trademarks at any location other than the Authorized Location or, unless approved by Franchisor under Section 2, through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), direct mail or any other type of mass marketing, or (ii) any right to exclude, control or impose conditions on the location or development of future Shops at any time. Franchisee further understands and agrees that other Shops, food aggregators, and/or third-party delivery service providers may deliver to customers located in the Territory and that other Shops may market and solicit customers in the Territory.

B. Reservation of Rights. Notwithstanding anything to the contrary, Franchisor and its affiliates reserve the right to do any of the following, without notice or compensation to Franchisee:

(1) operate and allow others to operate Shops using the Trademarks and the System (i) at any location outside the Territory and (ii) at Captive Market Locations within the Territory, in each case, on terms and conditions that Franchisor determines;

(2) operate and allow others to operate, anywhere in the world (including in the Territory), any other type of Shop, including any coffee shop, that may offer products and services which are identical to, similar to, or competitive with Products and services offered by Franchisee's Shop, under trade names, trademarks, service marks and commercial symbols other than the Trademarks;

(3) offer and sell, and allow others to offer and sell, through distribution channels other than a Shop (including, the Internet, supermarkets, convenience stores, grocery stores and wholesale), any products or services (including Products and services offered at Franchisee's Shop), anywhere in the world and using the Trademarks or any other trademarks, service marks or other indicia, regardless of the nature or location of the customers with whom such other businesses and distribution channels do business;

(4) acquire, be acquired by, merge or affiliate with, or engage in any transaction with other businesses (whether or not competitive) located anywhere and allow such other businesses to either (i) convert to a Shop or otherwise use the Trademarks or any part of the System at their existing locations, or (ii) continue to operate as they see fit; and

(5) engage in all other activities not expressly prohibited by this Agreement.

TRADEMARK STANDARDS AND REQUIREMENTS

5. Franchisee acknowledges and agrees that its right to use the Trademarks and the System is derived solely from and is limited by this Agreement.

A. Trademark Ownership. The Trademarks and all rights, title and interest (including all past, present or future goodwill) in and to them are the valuable property of Franchisor or its affiliates. Franchisee's use of the Trademarks shall benefit Franchisor and its affiliates. Franchisee and its affiliates (and the Owners, representatives, successors and assigns of each) will not, at any time and anywhere in the world: (1) engage in any conduct, directly or indirectly, which would infringe upon, harm or contest the rights of Franchisor or its affiliates to or in any of the Trademarks or the goodwill associated with the Trademarks; (2) represent that it has acquired any ownership or equitable rights in any of the Trademarks or components of the System by virtue of the limited license granted hereunder or otherwise; (3) apply for or obtain any trademark or service mark registration for any of the Trademarks or any trademarks or service marks confusingly similar thereto; (4) do or permit any act or thing to be done in derogation of any of the rights of Franchisor or its affiliates in connection with the Trademarks; (5) use any Trademark in the advertising of any Transfer that would require Franchisor's approval under Section 17; or (6) in any way dispute the validity of the Trademarks or the rights of Franchisor or its affiliates thereto.

B. Trademark and System Use. Franchisee shall not use, or permit the use of, any trademarks, trade names or service marks in connection with its Shop, except the Trademarks or except as otherwise directed in writing by Franchisor. Franchisee shall: (1) use the Trademarks and the System only in connection with the operation of its Shop in accordance with this Agreement and only in the form and manner prescribed by Franchisor, in writing, from time to time; (2) comply with all trademark, trade name and service mark usage requirements and guidelines, whether required by Franchisor or Applicable Laws; (3) not use any additional words with the Trademarks without Franchisor's prior written consent; (4) not use any Trademark or anything similar thereto as part of the name of its legal entity or to identify its Shop without Franchisor's prior written approval; (5) conspicuously post a sign at the Shop identifying itself as an independent Shop entity and a licensed franchisee of Franchisor; (6) comply with all legal requirements to register a trade name or assumed name, but do so only with a geographic identifier approved by Franchisor, and cease using such name upon termination or expiration of this Agreement and discontinue such filing at such time; and (7) clearly indicate on its Shop checks, stationery, purchase orders, receipts, and other written materials that Franchisee is the Owner of its Shop.

C. Restrictions on Internet and Website Use. Franchisor retains the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Trademarks. Franchisee has the right to access Franchisor's website, as and to the extent described in Section 8.H. below. Franchisee will not use the Trademarks in connection with any marketing, advertisements, or promotion of its Shop on any website or in any domain name, email address, social media account, username, or other online presence of any kind ("Online Presence") without Franchisor's prior written consent.

D. No Goodwill. Franchisee understands and agrees that, following the expiration or termination of this Agreement, no monetary amount shall be deemed

attributable goodwill associated with Franchisee's use of the Trademarks or in connection with Franchisee's operation of its Shop.

E. Litigation. In the event any person or entity improperly uses, infringes or imitates the Trademarks or makes a claim related to Franchisor's or Franchisee's use of the Trademarks, Franchisor and its affiliates shall have the sole right to determine whether suit shall be instituted, prosecuted, defended or settled, to approve the terms of any settlement, to determine whether any other action (legal or otherwise) shall be taken. Franchisee shall promptly notify Franchisor of any such use or infringement of which Franchisee is aware. Franchisee shall promptly inform Franchisor of any claim arising out of Franchisee's use of any Trademark and shall cooperate with any action undertaken by Franchisor in respect thereof.

F. Discontinuance and Substitutions. If it becomes advisable, in Franchisor's sole opinion, to modify or discontinue using any Trademark or component of the System or to use one or more additional or substitute trademarks or service marks or components of the System, Franchisee shall comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for its expenses of complying with Franchisor's directions in that regard or for any loss of revenue due to any modified or discontinued Trademark or component of the System. Franchisor may exercise these rights at any time and for any reason, Shop or otherwise, that it determines is best for the System, and Franchisee waives any claims, demands or damages arising therefrom.

G. Non-disparagement. During and after the Term, Franchisee agrees not to (and to use its best efforts to cause its current and former Owners, officers, directors, agents, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, its affiliates, any of Franchisor's or affiliates directors, officers, employees, representatives, current and former franchisees or developers, the DUNN BROTHERS COFFEE® brand, the System, any Shop, any business using the Trademarks, any other brand or concept of Franchisor or its affiliates, or which would subject the DUNN BROTHERS COFFEE® brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of the Trademarks or the System.

FRANCHISEE'S RIGHT TO ACQUIRE SUCCESSOR FRANCHISE

6. If, for any reason, this Agreement is deemed under Applicable Law to have continued beyond the Term, such continuance will be considered a renewal, on a month-to-month basis, until Franchisor has given to Franchisee notice of expiration as required by Applicable Laws. Otherwise, this Agreement is not subject to renewal or extension, but Franchisee may acquire two (2) consecutive successor franchises, for a term of five (5) years each, on the following terms and conditions:

A. Franchisee must have given Franchisor written notice of its election to acquire a successor franchise at least six (6) months but not more than one (1) year prior to the end of Term;

B. Franchisee must have substantially complied with this Agreement throughout the Term; Franchisee must not have received from Franchisor more than five (5) default notices regarding Franchisee's obligations under this Agreement during the Term or more than two (2) such notices in a single twelve (12)-month period; and, both at the time of delivery of the notice described above and the acquisition of the successor franchise, as described herein, Franchisee, its affiliates, and their Owners must be in compliance with this Agreement and any other agreement with Franchisor;

C. Franchisee and its equity Owners must meet all of Franchisor's then current managerial, financial and Shop standards and requirements for new and renewing Shop franchisees;

D. Franchisee must provide written proof of its ability to remain in possession of the Authorized Location throughout the term of applicable the successor franchise;

E. Franchisee, its Owners and required personnel must have satisfied any additional training requirements;

F. Franchisee must pay Franchisor a successor franchise fee equal to twenty-five percent (25%) of the initial franchise fee then being assessed by Franchisor for new franchised Shops; provide, however, that, if Franchisee and its Owners do not sign all applicable documents (including Franchisor's then-current form of franchise agreement), as described below, and pay the successor franchise fee before expiration of this Agreement, the successor franchise fee will increase by Five Thousand Dollars ($5,000);

G. Franchisee must, at its cost, complete all modernization and reimaging of the Shop premises that Franchisor requires within ninety (90) days following the execution of the successor franchise agreement (as described below). Franchisee must pay Franchisor as an estimated cost of modernization and reimaging of the Shop (the "Upgrading Deposit"), which Franchisor may hold in a noninterest bearing bank account comingled along with its other funds. Upon Franchisor's receipt of the Upgrading Deposit, it will disburse payments directly to Franchisee's vendor to cover the cost of the modernization and reimaging of the Shop up to a maximum of the amount of Upgrading Deposit. Franchisee acknowledges and agrees that its actual cost to complete the modernization and reimaging of the Shop could exceed the amount of Upgrading Deposit, and in such event, it will spend such excess amount out of its pocket. Franchisor will, within 30 days of the completion of the modernization and reimaging of the Shop to its satisfaction, refund to Franchisee any unspent portion of the Upgrading Deposit. However, if Franchisee fails to complete the modernization and reimaging of the Shop within the time frame mentioned above, Franchisor will be entitled to retain any unspent portion of the Upgrading Deposit and will no longer be required to disburse any portion of the Upgrading Deposit to Franchisee's vendors;

H. Franchisee must, prior to expiration of the Term, execute Franchisor's then-current form of franchise agreement and related agreements, which may contain terms and conditions materially different than those set forth herein, including the description of the Territory; and

I. Franchisee, its affiliates, and their Owners and other related parties must execute and deliver to Franchisor a general release of claims against Franchisor and its related parties in a form Franchisor prescribes.

Franchisee's failure to comply with any of the foregoing terms and conditions will be deemed Franchisee's election not to acquire a successor franchise.

FACILITY STANDARDS AND MAINTENANCE

7. Franchisee acknowledges and agrees that Franchisor may mandate, from time to time, quality standards regarding the Shop operations of Shops so as to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, Franchisee agrees to maintain and comply with Franchisor's quality standards and System Standards, as they may be revised by Franchisor from time to time.

A. Shop Facility. Franchisee shall, at its expense, construct and equip its Shop, and thereafter continuously maintain it throughout the Term, in accordance with Franchisor's then current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, accessory features and design and layout of the Shop. Franchisee shall not commence construction of its Shop, until Franchisee has received Franchisor's written consent to Franchisee's building and design plans. Franchisee may be required to pay Franchisor, or a supplier designated by Franchisor, a fee to review Franchisee's building and design plans. Franchisee shall comply with all Applicable Laws, including obtaining all necessary permits, licenses and/or architectural seals and other requirements applicable to the Shop site, build-out, signs, equipment, and operation of the Shop. Franchisee shall not use the Shop premises or Authorized Location for any purpose other than the operation of the Shop during the Term.

B. Signs. All signs used in connection with the Shop, both exterior and interior, must conform to any requirements imposed by Franchisor and must be purchased only from approved vendors. All exterior signs shall be affixed in such a way that the principal Trademark designated by Franchisor is prominently visible and in compliance with Franchisor's then current signage criteria.

C. Future Alteration. Any replacement, reconstruction, addition or modification in the Shop's interior or exterior decor or image, equipment or signage to be made after Franchisor's consent is granted for initial plans, at the request and expense of Franchisee, shall be made in accordance with specifications which have received the prior consent of Franchisor, which consent shall not be unreasonably withheld.

D. Repair and Maintenance. Franchisee must, at its expense, maintain the premises, equipment and signage used in the operation of its Shop in accordance with Franchisor's requirements or upon Franchisor's request, including replacing worn out or

obsolete fixtures, equipment, furniture, or signs, repair of the interior and exterior of the Shop, and periodic cleaning, painting, and decorating. If Franchisee fails to maintain the Shop, Franchisor has the right, but not the obligation, to enter the Shop and its premises and, at Franchisee's expense, make the necessary repairs, maintenance or replacements.

E. Re-imaging and Modernization. In addition the requirements described in Sections 7.C., 7.D., and 8.C. of this Agreement, Franchisee, at its expense, must update, re-image and modernize the condition and appearance of its Shop, and refurbish and modify the Shop's layout, décor and general theme (including replacements, reconstructions, additions or modifications to the site interior or exterior décor or image, equipment or signage), as Franchisor may require to maintain the condition, appearance, efficient operation, ambience and overall image of the System (as Franchisor may modify periodically). Franchisee acknowledges and agrees that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of Shops and to avoid deterioration or obsolescence in connection with the operation of Franchisee's Shop.

F. Relocation. Franchisee may not relocate its Shop without Franchisor's prior written consent. Before considering Franchisee's request to relocate, Franchisor may require Franchisee to pay a fee to compensate Franchisor for the expenses it incurs in assessing Franchisee's request. Should Franchisor, in its discretion, grant Franchisee's request to relocate, it may condition its consent in any manner it determines is appropriate.

G. Destruction of Shop. If Franchisee's Shop is destroyed or damaged and Franchisee repairs the Shop at the Authorized Location (rather than relocate the Shop), Franchisee shall repair and reopen the destroyed or damaged Shop at the Authorized Location consistent with Franchisor's then-current standards within one hundred eighty (180) days of the date of occurrence of such destruction or damage.

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

8. The following provisions shall control with respect to Products, services, and operation of the Shop:

A. Authorized Product Line. Franchisee may prepare, offer and sell in its Shop only those Products that are, from time to time, required, recommended or approved by Franchisor. Franchisee shall offer for sale from the Shop all Products listed on the Menu. Franchisee also must participate in any online ordering, third-party delivery, and/or catering programs that Franchisor requires pursuant to the specifications described in the Operations Manual. Franchisee agrees to use in-store, roasting to produce all coffee and coffee beans offered for sale and on-site baking for most bakery items except as otherwise directed or consented to by Franchisor. Franchisor may make modifications to the Menu from time to time, and Franchisee agrees to comply with any such modifications at Franchisee's expense.

B. Authorized Ingredients, Supplies and Equipment. Franchisee agrees to use in the operation of its Shop only such Products, ingredients, recipes, formulas, supplies and equipment which Franchisor has approved as being suitable for use and meeting the standards of quality and uniformity for the System and are purchased from suppliers approved by Franchisor (which may include Franchisor and/or its affiliates). Franchisor periodically may modify the lists of approved brands and suppliers. If Franchisee proposes to offer for sale or use in the operation of the Shop any products, ingredients, supplies and equipment which are not then approved by Franchisor, Franchisee must first request and secure Franchisor's written approval in accordance with Franchisor's then current procedures. Franchisee will provide any documents and information requested by Franchisor to aid in its assessment of Franchisee's request, and Franchisor may require Franchisee to pay a reasonable fee for testing such alternate products and services proposed by Franchisee. Franchisor may impose limits on the number of suppliers and/or brands for any Products, ingredients, supplies or equipment sold or used in the Shop, and Franchisor may require that Franchisee use only one supplier for any Products, ingredients, supplies or equipment. Franchisee agrees that certain products, materials, and other items and supplies may only be available from one source, and Franchisor or its affiliates may be that source. ALTHOUGH APPROVED BY FRANCHISOR, FRANCHISOR MAKES NO WARRANTY AND EXPRESSLY DISCLAIMS ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS OBTAINED FROM SUCH APPROVED SUPPLIERS.

C. System Modifications. Franchisee acknowledges and agrees that Franchisor has the right to modify, add to or rescind any requirement, standard or specification prescribed by Franchisor under this Agreement as Franchisor determines is necessary to adapt the System to changing conditions and competitive circumstances, at Franchisee's expense.

D. Health and Sanitation. If a sanitary or health inspection by any governmental authorities could result in the Shop's being graded or classified, Franchisee shall maintain and operate its Shop so as to be rated in the highest available health and sanitary classification with respect to each such governmental authority. If Franchisee's shop fails to be rated in the highest classification or receives any notice that it is not in compliance with all applicable health and sanitary standards, it shall immediately notify Franchisor of such failure or noncompliance.

E. Evaluations. Franchisor or its authorized representative has the right to enter Franchisee's Shop at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by Franchisee, to inspect and evaluate Franchisee's Shop, premises and equipment, and to test, sample, inspect and evaluate Franchisee's supplies, ingredients and Products, as well as the storage, preparation and formulation thereof and the conditions of sanitation and cleanliness in the storage, production, handling and serving thereof.

F. Period of Operation. Franchisee shall operate its Shop on all days and during all time periods required by Franchisor from time to time.

G. Operations Manual. Franchisor will provide on loan to Franchisee, for use during the Term, electronic or hard copy access to its Operations Manual. Franchisee shall conduct its Shop in accordance with the required standards, procedures, techniques and specifications described in the Operations Manual. Franchisee acknowledges and agrees that any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Trademarks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to Franchisee. The Operations Manual shall at all times remain the sole property of Franchisor, and the master copy of the Operations Manual that Franchisor maintains at its principal office or on its website will control if there is a dispute in interpreting the content.

H. Participation in Website and Other Online Presence. As between Franchisee and Franchisor, Franchisor will own and control participation in all websites in which the Trademarks are used (collectively, the "Websites"), intranet systems involving the System, and Online Presence. Franchisee agrees to maintain, engage with and participate in all such Websites, intranet systems and Online Presence as directed, and in accordance with the rules established, by Franchisor from time to time. Franchisee may not, without Franchisor's prior written consent, develop, maintain or authorize any Online Presence that mentions the Shop, links to any Website, or displays any of the Trademarks. Franchisor may require Franchisee to pay to Franchisor a monthly fee to cover Franchisor's costs in developing, maintaining and hosting the Websites, extranet and intranet systems and any other Online Presence. Franchisor will give Franchisee ninety (90) days' written notice of the implementation of this fee. Franchisor may, in its discretion, alter or terminate any of the Websites or Online Presence. Franchisee acknowledges that certain information obtained through its participation in the Websites or other Online Presence may be considered Confidential Information, including content, design, access codes and identification codes.

I. Computer System. Franchisee will obtain, install, maintain and use in the Shop only the designated Computer System. Franchisor reserves the right to charge Franchisee a reasonable fee for any support that Franchisor or its designee may provide in connection with the sale, set-up, maintenance or update of the Computer System or any part thereof. Franchisor may also require that Franchisee to pay Franchisor for software and other technology that Franchisee receives from Franchisor's designated third-party providers. Franchisee will be required to implement and install at it cost all future updates, supplements, and modifications to the Computer System, including any applications or online platforms. Franchisor has no obligation to reimburse Franchisee for any cost related to purchase, set-up, maintenance, or upgrading to Computer System. Franchisee must not use the Computer System for any purpose other than legitimate business reasons in connection with the development and operation of the Shop. Franchisor must have remote and uninterrupted access throughout the Term to access and use any and all data that is stored on or passes through the Computer System (collectively the "Data"). Franchisor owns all Data, and Franchisee hereby assigns to Franchisor its

rights in and to the Data. Franchisor periodically will establish policies respecting the use of such Data.

J. Internet Access and Protection. Franchisee must, at Franchisee's expense, have wireless Internet access with a high-speed connection and make available the wireless Internet access to its customers at all times. In addition, Franchisee must, at Franchisee's expense, install and maintain a hardware based firewall security system that complies with Franchisor's requirements and specifications. Franchisee will obtain such system only from Franchisor's designated firewall source of supply. If Franchisee installs an Internet kiosk, Franchisee must use a vendor Franchisor specifies. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect results of such disruptions, failures or attacks. Franchisee must implement, entirely at its own expense, all administrative, physical and technical safeguards necessary to protect any information that can be used to identify any Personal Information in accordance with all Applicable Laws and industry best practices, including related to the collection, access use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchise must immediately notify Franchisor, specifying the extent to which Personal Information was compromised or disclosed and Franchisee's plans to correct and prevent any further breach or unauthorized access. Franchisee must allow Franchisor to initiate and/or participate in any response or corrective action. Upon request by Franchisor or directly by the consumer, as required by applicable data sharing and privacy laws, Franchisee must delete the Personal Information of such customers.

K. Compliance with Laws and Good Business Practices. In developing and operating its Shop, Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Shop and must otherwise comply with all Applicable Laws and all policies, procedures and System Standards mandated by Franchisor from time to time. Franchisee must notify Franchisor in writing within five (5) days of (i) the commencement of any action, suit, proceeding or governmental investigation and/or any audit, investigation, or similar proceeding by any individual or governmental authority that is pending or threatened against Franchisee or its Owners, (ii) receipt of notice of a claimed infringement of a third party's intellectual property in connection with the development or operation of the Shop, and (iii) the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of Franchisee or its Shop. Notwithstanding the foregoing, if an executive order is issued that directly affects the operation of the Shop, Franchisee will not close the Shop unless: (1) it obtains Franchisor's prior written consent; and (2) it is specifically in response to an applicable executive order and not based on recommendations or guidelines issued by a governmental authority or agency or the Centers for Disease Control and Prevention.

L. Customer Service. Franchisee and the Shop must in all dealings with its customers, vendors, Franchisor, and the public adhere to the highest honesty, integrity,

fair dealing, and ethical conduct. Franchisee agrees to refrain from any business or advertising practice that might injure the Shop, the System or the goodwill associated with the Trademarks. Franchisee and its employees shall at all times give prompt, courteous and efficient service to customers and must follow Franchisor's then-current customer service standards as described in the Operations Manual. All reasonable complaints by customers shall be honored by replacement without charge or by refund in full of the purchase price, per the guidelines contained in the Operations Manual. Franchisee shall not advertise, offer for sale or sell any unapproved, damaged, moldy or deteriorated products or products which are "out of date" as provided in the Operations Manual or as specified on the products. Any such item shall be immediately withdrawn from sale and removed by Franchisee from the Shop.

M. Confidential Information. Franchisee acknowledges and agrees that it does not acquire any interest in the Confidential Information other than the right to use it in developing and operating the Shop pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business or for any other purpose constitutes an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary and is disclosed to Franchisee solely on the condition that Franchisee agrees that it: (1) will not use the Confidential Information in any other Shop or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures Franchisor directs to prevent unauthorized use or disclosure of the Confidential Information, including reasonable security and access measures and restrictions on disclosure to Shop employees; and (5) will require all Shop managers and other employees and agents with access to Confidential Information to sign such an agreement in a form Franchisor directs or approves.

The restrictions on Franchisee's disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose this information, if Franchisee uses its best efforts to maintain the confidential treatment of the Confidential Information, and provides Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where Applicable Laws allow for the disclosure of certain Confidential Information, as specified in the Operations Manual.

N. Improvements. Franchisee must fully and promptly disclose to Franchisor all Improvements. Franchisee agrees that Franchisor has the perpetual right to use and authorize others to use the Improvements without any obligation to Franchisee for continuing service or other fees.

O. Trade Secrets. Franchisee understands and agrees that it will come into possession of certain of Franchisor's trade secrets concerning the manner in which

Franchisor conducts Shop including: methods of doing Shop or Shop processes; strategic Shop plans; customer lists and information; marketing and promotional campaigns; and any other materials clearly marked or labeled as trade secrets. Franchisee agrees that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Franchisor. Franchisee agrees that Franchisor derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. Franchisee agrees to take reasonable measures, as Franchisor may describe further in the Operations Manual, to keep such information secret. Upon termination of this Agreement, Franchisee will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to Franchisor's Shop and/or the manner in which it is conducted.

P. Pricing. Unless prohibited by Applicable Laws, Franchisor may periodically set a maximum or minimum price that Franchisee may charge for products and services offered at or from the Shop. If Franchisor imposes such a maximum or minimum price, Franchisee may charge any price for the product or service up to and including Franchisor's designated maximum price or down to and including Franchisor's designated minimum price. The designated maximum and minimum prices for the same product or service may, at Franchisor's option, be the same. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with any advertising policy that Franchisor may adopt, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

Q. Liquidity & Financing. Franchisor has granted the franchise to Franchisee based, in part, on Franchisee's representations to Franchisor regarding, and Franchisor's assessment of, Franchisee's liquidity as of the Effective Date. Franchisee will ensure that, throughout the Term, it will maintain sufficient liquidity to meet its obligations under this Agreement. Franchisor reserves the right to establish and modify specific liquidity thresholds from time to time, and Franchisee agrees to comply with such minimum liquidity requirements that Franchisor may reasonably impose. If at any time Franchisee proposes to obtain any financing in which the Authorized Location, the Shop or any of the assets used in the operation of the Shop are to be pledged as collateral to secure Franchisee's repayment, Franchisee must secure Franchisor's written approved of the proposed loan and security agreements before signing them. Franchisor's approval may be conditioned upon the inclusion of various terms and conditions that are acceptable to Franchisor. Subject to this Section, Franchisee must apply for and diligently pursue any government-issued, government-sponsored, or governmental-guaranteed grants, non-recourse loans, and/or bailouts for which Franchisee may qualify and that are made available to small businesses for economic stimulus.

PERSONNEL AND TRAINING STANDARDS

9. The following provisions and conditions shall control with respect to personnel, training and supervision:

A. Staffing. Franchisee (or its Managing Owner i.e., an individual owner designed on Appendix A) or Franchisee's "Designated Manager" must serve as the general manager of the Shop and devote his or her full time thereto. A "Designated Manager" is an individual, who may or may not be an Owner, selected by Franchisee and acceptable to Franchisor who has successfully completed Franchisor's training program. No employee of Franchisee shall be deemed to be an employee of Franchisor for any purpose whatsoever. Franchisee will be solely responsible to locate, interview, hire, schedule, supervise, compensate, discipline or fire all employees of the Shop and be exclusively responsible for the terms of their employment and compensation and all other personnel decisions respecting Shop employees without any influence or advice from Franchisor. In addition, Franchisee will control and be solely responsible for the day-to-day operations of the Shop. Franchisee will implement a training program for Shop employees in compliance with Franchisor's requirements. Franchisee shall have a minimum of two trained coffee roasters on staff at all times.

B. Training. Before the opening of the Shop, Franchisee (or its Managing Owner) and the Designated Manager shall attend, and successfully complete to Franchisor's satisfaction, Franchisor's training program at place(s) designated by Franchisor. Franchisor will not be required to bear any expenses of Franchisee's representatives attending in any training program. Unless otherwise permitted by Franchisor, in its discretion, under no circumstances shall Franchisee permit management of the Shop on a regular basis by a person who has not successfully completed Franchisor's training program. Franchisee may permit management of the Shop on a regular basis by a person who has not successfully completed Franchisor's training program where Franchisee has one or more existing Shops as of the Effective Date of this Agreement; provided, however, Franchisor shall have the option to approve such person, and Franchisor retains the right to require such person to successfully complete Franchisor's training program. Franchisor may determine, in its judgment, that Franchisee needs training from a third party in areas such as computer operations or accounting. In such instance, Franchisee shall be required to attend a course or courses approved by Franchisor and Franchisee shall bear all costs in connection therewith. Franchisor may, at Franchisee's expense, require additional training if it determines, in its sole discretion, that any member of Franchisee's staff is not appropriately trained.

C. Attendance at Meetings. Franchisee or its Managing Owner and the Shop's Designated Manager must attend, at Franchisee's expense (including applicable tuition), all meetings and conferences which Franchisor holds for owners and employees of Shops. If Franchisee or its personnel fail to attend any such required meeting or conference, in addition to Franchisor's other remedies under this Agreement, Franchisor may charge Franchisee a reasonable fee for failing to attend.

FEES, REPORTING AND AUDIT RIGHTS

10. Franchisee shall pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Franchisee shall pay to Franchisor the Initial Franchise Fee described on Appendix A. The Initial Franchise Fee is not refundable in whole or in part under any circumstances. A portion of the Initial Franchise Fee, designated by Franchisor, shall be credited toward Franchisee's Coffee Origin Tour.

B. Continuing License Fee. Franchisee shall pay Franchisor a continuing license fee ("Continuing License Fee") in an amount equal to five percent (5%) of Franchisee's Gross Sales during the period specified by Franchisor from time to time (currently weekly). The Continuing License Fee is payable on or before such day of the week that Franchisor specifies from time to time, based on the Gross Sales generated during the preceding period. Notwithstanding the foregoing, if Franchisee temporarily closes the Shop without Franchisor's written consent, Franchisee must pay to Franchisor $1,000 ("Temporary Continuing License Fee") each week the Shop is temporarily closed, due and payable as, when and in the same manner as the Continuing License Fee. Payment of a Temporary Continuing License Fee will not act as a cure of the default caused by the unauthorized closure and will not alter or impair any of Franchisor's rights under this Agreement or any other agreements between Franchisor, Franchisee, and their respective affiliates, all of which are reserved. If Franchisor does not exercise its right to terminate based on Franchisee's unauthorized closure, Franchisee may only re-open the Shop with Franchisor's prior written consent, and upon the re-opening, Franchisee's last Temporary Continuing License Fee payment will be prorated (if applicable), and Franchisee's Continuing License Fee will resume as described above in this Section.

C. Launch Fee. Concurrently with the execution of this Agreement, Franchisee will pay Franchisor a non-refundable Launch Fee of $10,000 to reimburse Franchisor for certain expenses it incurs in connection with any oversight and assistance that it elects to provide, including working with Franchisee's architects and contractors, during and related to the construction and development of the Shop.

D. Technology Fee. Franchisor reserves the right to charge an initial and/or recurring fee ("Technology Fee") for any software or technology support that Franchisor or its affiliates may provide to Franchisee, including the reimbursement of those amounts that Franchisor pays to designated technology vendors who provide services to Franchisee. Franchisor may in its sole discretion upon written notice to Franchisee increase the amount of the Technology Fee payable under this Agreement. Franchisor may also require the Franchisee to pay Franchisor for software and other technology support that Franchisee may receive from Franchisor's designated third-party providers. Franchisee acknowledges and agrees that notwithstanding Franchisee's payment of the Technology Fee to Franchisor, Franchisee may have to purchase, lease, or sub-license from third-party vendors certain components of the Computer System (as defined in Section 7.K.).

E. Architectural Design Review Fee. If Franchisee hires the services of any architect other than the architect listed in the Operations Manual, Franchisee must, upon submission of each set of architectural blueprints for the Shop to Franchisor, pay to Franchisor or its designee an architectural design review fee of $5,000 per plan to offset the expenses that Franchisor will incur to conduct the review of such architectural blueprints.

F. Computations and Remittances. All amounts payable by Franchisee to Franchisor or its designee under this Agreement, except the Initial Franchise Fee, shall be paid in the same manner as the Continuing License Fee. Franchisor reserves the right, upon thirty (30) days' notice to Franchisee, to change the period on which each payment is based and the day or the week the payment is due.

Franchisee acknowledges and agrees that direct payment of all such amounts will be made from Franchisee's bank account in accordance with the electronic fund transfer authorization ("ETF Authorization") executed by Franchisee. Franchisee agrees to sign and deliver to Franchisor any documents that Franchisor and Franchisee's bank may require for such EFT Authorization. Such EFT Authorization shall remain in full force and effect at all times this Agreement is in effect and for 30 days following its expiration or termination.

If Franchisor is unable to access Franchisee's Computer System to pull the Gross Sales data, Franchisor may debit Franchisee's bank account for 110% of the average of the last three (3) Continuing License Fee and the Fund (as defined below) contributions that Franchisor debited. If the amounts that Franchisor debits from Franchisee's account under this paragraph are less than the amounts Franchisee actually owes to Franchisor (once Franchisor has determined the true and correct Gross Sales), Franchisor will debit Franchisee's account for the balance on the day Franchisor may specify. If the amounts that Franchisor debits from Franchisee's account are greater than the amounts Franchisee actually owes to Franchisor, Franchisor will credit the excess against the amounts that Franchisor otherwise would debit from Franchisee's account during the following week. Franchisee waives any and all existing and future claims and offsets against any amounts due hereunder, which amounts shall be paid when due.

Franchisee may not withhold payment of any amounts owed to Franchisor on the grounds of its alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason. Franchisor shall be entitled to apply or cause to be applied against amounts due to Franchisor or any of its affiliates any amounts which may from time to time be held by Franchisor or its affiliates on Franchisee's behalf or owed to Franchisee by Franchisor or its affiliates.

G. Reports and Audit. Upon Franchisor's request, Franchisee must submit to Franchisor reports detailing certain information specified by Franchisor from time to time related to Franchisee's Shop. This information includes, among other things, the following: (i) sales volume (by Product), sources of Products sold and other information prescribed by Franchisor within five (5) business days after the end of each month; (ii) a report showing the inventory of the Shop by Product category and an unaudited profit and

loss statement and balance sheet, within thirty (30) calendar days after the end of each calendar quarter; (iii) annual profit and loss statements, source and use of funds statement, and a balance sheet prepared or reviewed by an independent certified public accountant, within ninety (90) calendar days after the end of each fiscal year; (iv) all state and federal tax (income, sales and other) returns within one hundred twenty (120) calendar days after the end of each fiscal year; and (v) at Franchisor's request, all tax returns relating to each of the Franchisee's Owners. Franchisee is required to maintain and preserve the records for Franchisee's Shop as described below for five (5) years. Franchisee agrees to use computerized record keeping systems in a format approved by Franchisor, and Franchisee's Computer System must be set according to Franchisor's specifications, if any. Franchisee must use a Computer System, which shall be designated by Franchisor and shall provide Franchisor with a complete and ongoing analysis of Franchisee's sales activities.

Franchisor has the right at any time during Shop hours and without prior notice to Franchisee to examine and audit, or cause to be examined or audited, or request copies of the following records of Franchisee's Shop: bookkeeping and accounting records, invoices, payroll records, check stubs, bank deposit receipts, financial statements, state and federal tax returns or schedules of Franchisee and its Owners, other forms, and information and supporting records which the Franchisee is required to submit to Franchisor under this Agreement. Such audits and inspections will be at Franchisor's expense. However, in the event such audit is made necessary by the failure of Franchisee to furnish reports, financial statements, tax returns or schedules as required by this Agreement, or if any audit reveals that Franchisee has understated or underreported Gross Sales by an amount greater than two percent (2%), in addition to the amounts owed to Franchisor, Franchisee must reimburse the Franchisor upon demand for the cost of such inspection or audit, including without limitation the charges of any independent accountant and the travel expenses, room and board and compensation of the Franchisor or its representatives. Furthermore, in the event that Franchisee has understated or underreported such amounts by an amount greater than two percent (2%), Franchisor may conduct further periodic audits and/or evaluations of Franchisee's books and records as Franchisor reasonably deems necessary for up to two (2) years thereafter and Franchisee agrees that it shall pay all costs expenses in connection therewith. Franchisor also reserves the right to require reimbursement of all costs (including supplier fees, travel expenses, room and board, and compensation of our agents) associated with any re-inspections or follow-up visits that we conduct after any audit or inspection of the Shop identifies one or more failures of System Standards, and/or if any follow-up visit is necessary because Franchisor or its designated representatives were for any reason prevented from properly inspecting any or all of the Shop (including because Franchisee or Franchisee's personnel refused entry to the premises). Franchisee acknowledges and agrees that if any such subsequent audit reveals an understatement or underreporting of Gross Sales of two percent (2%) or more, in addition to any other remedies provided for in this Agreement, at law or in equity, Franchisor shall have the right to terminate this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

H. Non-Compliance Fee. The Continuing License Fee under this Agreement was determined based on the assumption that Franchisee will comply with your obligations hereunder. If Franchisee does not comply with its obligations, Franchisor will incur additional costs and expenses. Therefore, if Franchisor determines that Franchisee is not in compliance with its obligations under this Agreement, the rate of Continuing License Fee will be increased to six percent (6%) until Franchisor determines that Franchisee has cured all deficiencies and is compliant with all terms of this Agreement, at which time it will revert to the rate shown in Section 10.B. above. Payment of the non-compliance charge is not a cure of the non-compliance that triggered its payment. The non-compliance fee is intended to compensate Franchisor for certain expenses or losses that it will incur as a result of the non-compliance and is not a penalty or an expression of the total amount of such damages. Nothing in this Section limits any of Franchisor's other rights and remedies available under the terms of this Agreement.

I. Late Payment & Reporting. All amounts that Franchisee owes to Franchisor or its affiliates for any reason will bear interest after their due date at eighteen percent (18%) per annum or the highest commercial contract interest rate the law allows, whichever is less. Franchisor will charge a service fee of $100 per occurrence for checks returned to Franchisor due to insufficient funds or in the event there are insufficient funds in the business account designated by Franchisee to cover Franchisor's withdrawals. Franchisor may debit Franchisee's bank account automatically for the service charge and interest. Franchisee acknowledges that this Section 10.H. is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance the operation of, the Shop.

MARKETING FEES AND CONTROLS

11. Franchisee agrees to actively promote Franchisee's DUNN BROTHERS COFFEE® Shop, to abide by all of Franchisor's marketing requirements and to comply with the following provisions:

A. Franchisee's Local Marketing. In addition to the Marketing Fund Contributions described below, Franchisee must spend one percent (1%) of its monthly Gross Sales on approved local marketing. Franchisor reserves the right to periodically increase Franchisee's required local marketing expenditures upon thirty (30) days' written notice to Franchisee; provided that, Franchisee's Fund contribution, the local marketing expenditure pursuant to this Section, and the required contribution to a Local Advertising Cooperative shall not exceed six percent (6%) of the Shop's Gross Sales ("Marketing Expenditure Cap"). Local marketing expenditures may include contributions to marketing cooperatives as described below. Any local marketing Franchisee conducts must be factual, dignified and meet the highest standards of ethical marketing, and may not be injurious to the Trademarks or the goodwill of the Brand. Franchisee must submit all such proposed local marketing to Franchisor for approval at least thirty (30) days before it intends to use them. If Franchisor does not respond to Franchisee within 10 business days of Franchisor's receipt of any proposed materials, then the materials shall be deemed disapproved. Franchisor may, in its discretion, withdraw its approval if, in Franchisor's opinion, such withdrawal is in Franchisor's or the System's best interests.

On or before fifth (5^{th}) day of each month, Franchisee must provide Franchisor with an itemization of its local marketing activities for the prior month. If Franchisee does not spend the minimum amount required for local marketing, Franchisee must pay Franchisor the amount of the difference between what Franchisee spent on approved local marketing during the month and what Franchisee was required to spend for deposit into the Fund (as defined below). Franchisor reserves the right, at any time, to issue a notice to Franchisee that the amounts required to be spent by Franchisee on local marketing of the Shop shall, instead, be paid to Franchisor or its designee. If Franchisor exercises this option, Franchisor will then spend such amounts, in accordance with local marketing guidelines and programs that Franchisor will periodically develop, to advertise and promote the Shop on Franchisee's behalf. Franchisor may instead, in its discretion, contribute any such amounts to the Fund or to a Local Advertising Cooperative. Franchisor may also elect, on one or more occasions and without prejudice to its rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on Franchisee's behalf and, instead, to require Franchisee to conduct such marketing activities itself in accordance with this Section.

B. National Marketing Fund. Franchisor has instituted a Fund in which Franchisee agrees to participate as follows:

(1) Franchisee shall pay to Franchisor a weekly Marketing Fund Contribution. The current contribution is three percent (3%) of Gross Sales for the previous week, although Franchisor may increase the required contribution, subject to the Marketing Expenditure Cap, on ninety (90) days' written notice. Marketing Fund Contributions shall be due and payable with payment of Continuing License Fees.

(2) Franchisee acknowledges that the Fund is intended to further general public recognition, market research and acceptance of the Trademarks, promote brand awareness and image, establish customer relations and service programs, as well to advertise and promote Shops and the Products and services sold through Shops. Franchisor has the right to determine the methods of marketing, media employed and contents, terms and conditions of marketing programs. Franchisee acknowledges that Franchisor undertakes no obligation in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or *pro rata* from the placement of marketing by or through the Fund. The Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations with respect to the Fund and its activities.

(3) The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or localized marketing and employing advertising agencies to assist therein. Franchisor or its designees will direct all programs that the Fund funds or finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing materials and electronic or digital media in any form or

format that Franchisor may periodically designate, including: administrating online advertising strategies, including maintaining websites or mobile apps and related integrations; administering regional and multi-regional marketing and advertising programs; implementing a loyalty program; and supporting public relations, market research, product development, and other advertising, promotion, and marketing activities. Franchisor may reimburse itself for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the promotion of the Trademarks, brand awareness and the System, or the administration or direction of the Fund. Franchisor shall, within one hundred twenty (120) days following the close of its fiscal year, prepare a statement detailing Fund income and expenditures for the fiscal year just ended, which will be provided to Franchisee upon request.

(4) All sums paid to the Fund, plus income earned from the Fund, need not be maintained in a separate account from other funds of Franchisor, but Franchisor will account for the Fund separately from Franchisor's other funds and not use the Fund for any of Franchisor's general operating expenses.

(5) If Franchisor spends less than the total sum available in the Fund during any fiscal year, it may either spend such unused sum during the following fiscal year or elect to rebate all or a portion of such unused sum to franchisees on a *pro rata* basis. If Franchisor, in its discretion, spends more than the amounts available in the Fund, Franchisor shall have the right to be reimbursed to the extent of such excess expenditures from any amount subsequently contributed to the Fund.

(6) Franchisor maintains the right to terminate the Fund at any time after all amounts in the Fund have been expended for marketing and promotional purposes or refunded to franchisees on a *pro rata* basis.

(7) The Fund will not be used for advertising principally directed at the sale of franchises.

C. Marketing Cooperatives. Franchisor has the right to designate local marketing cooperatives, and Franchisee is required to participate in the designated cooperative on Franchisor's demand and in accordance with the rules Franchisor establishes for the cooperative. Franchisor will determine the amount Franchisee will contribute to a cooperative, subject to the Marketing Expenditure Cap. Franchisor reserves the right to designate rules that govern the operation of local marketing cooperatives and to require local marketing cooperatives to use and pay for administrative, media planning and other services that Franchisor or its designated third-party vendor may provide. Franchisee acknowledges that Franchisor undertakes no obligation to require the cooperative to make expenditures which are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or *pro rata* from the placement of marketing by or through the cooperative.

D. Grand Opening Marketing. During a one hundred twenty (120)-day period beginning two (2) weeks before the Shop opens, Franchisee will conduct a grand opening marketing campaign approved by Franchisor. Franchisee must submit a grand opening marketing plan to Franchisor for approval at least four (4) weeks before the Shop opens. Franchisee must spend at least $10,000 on the approved grand opening marketing campaign. Franchisor will reimburse to Franchisee the amount it spends on the approved grand opening marketing campaign, up to $10,000, if, within one hundred and fifty (150) days following the Shop's opening, Franchisee submits a request for reimbursement along with receipts and other documentation proving the amounts spent. Amounts spent on the grand opening campaign do not count toward Franchisee's required local marketing expenditures described in Section 11.A. above or to the Marketing Expenditure Cap.

E. Participation in Programs. Franchisee will use its best efforts to promote and advertise the Shop. Franchisee must, at its expense, honor and participate in all customer loyalty, gift card, catering, mobile payment, online ordering and other promotional programs Franchisor requires.

FRANCHISEE'S OTHER OBLIGATIONS

12. Franchisee agrees to comply with the following terms and conditions:

A. Payment of Debts. Franchisee agrees to pay promptly when due all taxes, fees, obligations, assessments, and other amounts due and payable to any third party related to or arising out of the development, operation or closure of the Shop. If Franchisee fails to timely make any such payment, Franchisor shall be authorized, but not required, to pay the same on Franchisee's behalf and Franchisee covenants promptly to reimburse Franchisor on demand for any such payment. Franchisor or Franchisor's affiliates expressly reserve the right to withhold or delay the shipment of goods or provision of services to Franchisee if the Franchisee is in arrears with respect to any amount owed to Franchisor or Franchisor's affiliates. In addition, Franchisee agrees to execute any and all documents Franchisor reasonably requires, including letters of credit, security agreements, and financing statements, to provide collateral for amounts due to Franchisor for purchases of inventory and other items used in Franchisee's Shop.

B. Waiver of Liability and Indemnification. Franchisee hereby waives all claims against Franchisor and its affiliates for damages to property, death, or injuries to persons arising directly or indirectly out of the management or operation of Franchisee's Shop. Franchisee shall defend, indemnify and hold harmless Franchisor, its affiliates, and their respective owners, directors, officers, employees, agents, successors, assigns, and representatives (the "Indemnified Parties") from such damages, losses, liabilities and expenses arising from or in connection with Franchisee's development or operation of its Shop, the business that Franchisee conducts pursuant to this Agreement, or Franchisee's breach of this Agreement including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent

jurisdiction. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at Franchisee's expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this subparagraph. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this subparagraph.

C. Insurance. Throughout the Term, Franchisee must purchase and maintain in full force and effect, solely at Franchisee's expense, insurance coverage of the type and in the minimum amounts as required by Applicable Laws and by Franchisor from time to time. Franchisee must deliver to Franchisor prior to beginning operations for the Shop, annually thereafter, and at any other time Franchisor requires, proof of the required insurance coverage in a form Franchisor requires, including insurance policy endorsements. The insurance policy must name Franchisor and its affiliates as additional insureds thereunder and provide that Franchisor will be given thirty (30) days prior written notice of any material change in or termination, expiration or cancellation of the policy. Franchisor may reasonably increase its minimum coverage requirements and require different or additional kinds of insurance in its discretion from time to time. If Franchisee at any time fails or refuses to maintain in effect any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies, may (but need not) obtain such insurance coverage on behalf of Franchisee, and Franchisee must promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor, plus interest thereon. Franchisee's obligation to obtain and maintain these insurance policies in the amounts required by Franchisor shall not be limited in any way by reason of any insurance that Franchisor may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in this Agreement. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

D. Covenants Against Competition and Solicitation.

(1) During the Term, Franchisee, the Designated Manager, and all of Franchisee's Owners and members of their immediately families (together, the "Restricted Persons") shall not:

(i) have any direct or indirect ownership (whether of record, beneficially, or otherwise) in, or act as landlord, lender, advisor, officer, director, representative or agent of, any Competitive Business wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(ii) perform services for or provide benefits to, in any capacity, a Competitive Business, wherever located or operating; or

(iii) divert or attempt to divert any actual or potential business or customer of the Shop to a Competitive Business;

(iv) interfere or attempt to interfere with Franchisor or its affiliates' relationships with any vendors, franchisees, or consultants; or

(v) directly or indirectly, appropriate, use or duplicate the System Standards, or any portion thereof, for use in any other business or endeavor,

(each of the foregoing a "Competitive Act").

Franchisee must obtain similar covenants from its Designated Manager and any Owners designated by Franchisor from time to time. Franchisor reserves the right to regulate the form of agreement that Franchisee may use and to be a third-party beneficiary of that agreement with independent enforcement rights.

(2) On the termination or expiration of this Agreement, the Restricted Persons shall not, for two (2) years following termination or expiration, engage in any Competitive Act in respect of any Competitive Business that is located within five (5) miles of the Authorized Location or within five (5) miles of any other Shop then in operation.

(3) Franchisee agrees that the length of time in this Section 12.D. will be tolled for any period during which a Restricted Person is in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement.

DEFAULT AND TERMINATION

13. The following provisions shall apply with respect to default and termination:

A. Defaults. Franchisee shall be in default of this Agreement if Franchisor determines that Franchisee has breached or failed to comply with any of the terms of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates.

B. Termination by Franchisor. Franchisor has the right to terminate this Agreement in accordance with the following provisions:

(1) Termination After Opportunity to Cure. Except as otherwise provided in this Section 13.B: (i) Franchisee will have 30 days from delivery by Franchisor of a written notice of default to cure any default under this Agreement, unless the default is for failure to pay amounts due or failure to submit reports, in which case Franchisee will have 10 days to cure the default; (ii) Franchisee's failure to cure a default within the applicable 10- or 30-day cure period will provide Franchisor with good cause to terminate this Agreement; and (iii) unless otherwise specified in Franchisor's notice, the termination will be effective on delivery of Franchisor's written notice of termination that will identify the grounds for the termination.

(2) Immediate Termination With No Opportunity to Cure. Notwithstanding Section 13.B(1) above, if any of the following defaults occurs, Franchisee will have no right or opportunity to cure and this Agreement will terminate effective immediately on delivery of Franchisor's written notice of termination: (a) Franchisee (i) loses the right to occupy the Authorized Location, (ii) closes its Shop for business without Franchisor's written consent or informs Franchisor of its intention to cease operation of its Shop, (iii) fails to actively operate its Shop for three (3) or more consecutive days, or (iv) otherwise abandons or appears to have abandoned its rights under this Agreement; (b) Franchisee fails to secure possession of an Authorized Location or open its Shop within the time periods specified in this Agreement; (c) Franchisee (i) is insolvent or admits in writing its inability to pay its debts as they come due, or (ii) makes an assignment or enters into any similar arrangement for the benefit of creditors; (d) Franchisee, the Designated Manager or any of Franchisee's Owners is convicted of an offense directly related to the Shop; (e) Franchisee understates or underreports Gross Sales; (f) any default which results from a subsequent audit of the Shop conducted within two (2) years of a previous audit and both audits reveal an understatement of two percent (2%) or more in financial information provided to Franchisor; (g) any default by Franchisee which is the third similar default within any twelve (12) month consecutive period; or (h) or its affiliates fail to cure within the applicable cure period, if any, any default under this any agreement with Franchisor, its affiliates, or any vendor in connection to the operation of the Shops.

(3) Immediate Termination After 24 Hours to Cure. In the event that a default occurs that materially impairs the goodwill associated with any of the Trademarks, the termination will be effective twenty-four (24) hours after delivery of Franchisor's notice if Franchisee has not cured the default prior to the end of the 24-hour period.

(4) Material Misrepresentation. Franchisor may declare this Agreement null and void if the Franchisee makes any material misrepresentation on the franchise application or otherwise relating to the acquisition of the franchise.

C. Termination by Franchisee. Franchisee may terminate this Agreement only for good cause upon sixty (60) days prior written notice to Franchisor, provided that Franchisee is in full compliance with all terms and conditions of this Agreement and Franchisor has committed an alleged material breach of this Agreement which Franchisor has not cured within thirty (30) days after receipt of such notice of alleged material breach. Such notice of alleged material breach must specify with particularity the nature of the alleged material breach and the steps Franchisee requests that Franchisor take to cure the alleged material breach.

D. Assumption of Management. In addition to Franchisor's other rights under this Agreement, Franchisor or its designee may assume the management of the Shop under the following circumstances: (i) Franchisee abandons or fail to actively operate its Shop; (ii) if Franchisor is entitled to terminate this Agreement under Section 13.B. above; or (iii) if this Agreement expires or is terminated and Franchisor is deciding whether to exercise its option to purchase the Shop as described below. If Franchisor exercises its rights under clauses (i) or (ii) above, that will not affect Franchisor's rights to terminate this Agreement under Section 13.B above, and Franchisee agrees to Franchisor (in addition to the Continuing License Fee, Fund contributions, and other amounts due under this Agreement) an amount equal to 10% of Gross Sales, plus the direct out-of-pocket costs and expenses incurred in the operation of Shop, for any period that Franchisor deems appropriate. If Franchisor or its designee assumes the management of the Shop, Franchisee acknowledges that Franchisor or such designee will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any debts, losses, or obligations the Shop incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Shop purchases, while Franchisor or such third party manages the Shop.

E. Lost Revenue Damages. If Franchisor terminates this Agreement because of Franchisee's breach or if Franchisee terminates this Agreement without cause, the parties agree that it would be difficult, if not impossible, to determine the amount of damages that Franchisor would suffer due to the loss or interruption of the revenue stream that Franchisor otherwise would have derived from Franchisees continued payment of Continuing License Fee through the remainder of the Term. Therefore, the parties agree that a reasonable estimate of such damages, less any cost savings Franchisee might have experienced (the "Lost Revenue Damages"), is an amount equal to the net present value of the Continuing License Fee that would have become due had this

Agreement not been terminated, from the date of termination to the earlier of: (a) 156 weeks following the date of termination, or (b) the originally scheduled expiration of the Term (the "Measurement Period"). For the purposes of this Section, Lost Revenue Damages shall be calculated as follows: (1) the number of weeks in the Measurement Period, multiplied by (2) the Continuing Licensee Fee percentage, multiplied by (3) the highest monthly Gross Sales of the Shop during the 156 weeks immediately preceding the termination date (or, if the termination is based on Franchisee's unapproved closure of the Shop, the 156 weeks immediately preceding the closure date); provided, that if as of the termination date (or the closure date in light of the foregoing), the Shop has not been operating for at least 156 weeks, the highest average monthly Gross Sales of all the Shops in the System operating during the 156 weeks immediately preceding the termination date.

Franchisee agrees to pay to Franchisor the Lost Revenue Damages, as calculated in accordance with this Section, within 15 days after this Agreement expires or is terminated, or on any later date that Franchisor determines. The parties that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit Franchisor from proving and recovering any other damages caused by Franchisee's breach of this Agreement.

POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All rights of Franchisee to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct Shop under the Trademarks shall terminate without further act or deed of any party. All right, title and interest of Franchisee in, to and under this Agreement shall become the property of Franchisor. Franchisee shall pay all sums due to Franchisor, its affiliates or designees. Franchisee shall immediately cease all use and display of the Trademarks and of any material received from Franchisor (including, without limitation, Confidential Information, the Operations Manual and marketing materials), and take such actions as may be required to cancel all assumed name or equivalent registrations relating to the use of any trade name or Trademark.

Franchisee shall immediately return to Franchisor and cease accessing and using all copies of the Operations Manual and, at Franchisee's expense, remove or obliterate (subject to Section 14.B.) all signage, displays, menus or other materials in Franchisee's possession that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the interior and exterior appearance of the Shop premises as disassociate them from the System and to differentiate them unmistakably from duly licensed Shops identified by the Trademarks. If, however, Franchisee refuses to comply with the provisions of the preceding sentence within twenty (20) days from the date of termination or expiration of this Agreement, Franchisor shall have the right to enter the Authorized Location and remove all signs, displays or other materials that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and Franchisee shall reimburse Franchisor for Franchisor's costs incurred in connection therewith.

Franchisee also will immediately shut down or transfer to Franchisor or its designee, at Franchisor's option, all social media accounts and professional networking accounts related to the Shop.

In addition, Franchisor may, but is not obligated to, require that Franchisee assign the lease or, at Franchisor's option, sublease the Shop premises to Franchisor. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, Franchisee shall remain liable for its obligations pursuant to any applicable lease or sublease for the Shop and its indemnification and other applicable obligations, which by their nature survive the expiration or termination of this Agreement.

Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole rights to and interest in all telephone numbers, directory listings, and internet presences associated with the Shop, and Franchisee authorizes Franchisor, and hereby appoints Franchisor and any officer of Franchisor as Franchisee's attorney-in-fact, to direct providers to transfer the same to Franchisor or its agent or assignee should Franchisee fail or refuse to do so. Each such provider is authorized to accept this Agreement as conclusive evidence of the exclusive rights of Franchisor in such telephone numbers, directory listings, and internet presences, and its authority to direct the transfer.

Franchisee and all other Restricted Persons also must comply with the covenants regarding Competitive Businesses described in Section 12.D. above.

B. Purchase Option. If this Agreement expires or is terminated for any reason (other than the fault of Franchisor), Franchisor has the option, upon thirty (30) days written notice from the date of expiration or termination, to purchase from Franchisee all the tangible assets relating to the Shop (excluding any unsalable inventory and cash) (collectively, the "Purchased Assets"). Franchisor may assign this option to purchase separate and apart from the remainder of this Agreement.

The purchase price will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last quarterly statement of the Shop provided to Franchisor under Section 10.D. before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) Franchisor may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) Franchisor may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If Franchisor is not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, Franchisor's regularly employed firm of certified public accountants will determine (by audit) the Book Value. Franchisor and Franchisee will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after Franchisor delivers notice of its election to purchase the Purchased Assets, unless Book Value is determined by

audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, Franchisee will deliver documents transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee and such other documents Franchisor may reasonably request. Franchisor may set off against and reduce the purchase price by all amounts Franchisee owes to Franchisor or any of its affiliates.

DISPUTE RESOLUTION; INJUNCTIVE RELIEF

15. Franchisee and Franchisor agree as follows:

A. Dispute Resolution; Arbitration. All controversies, disputes, or claims between Franchisor, its Affiliates, or their respective owners, officers, directors, agents, and employees, on the one hand, and Franchisee, its Affiliates, or their respective Owners, officers, directors, agents, and employees, on the other hand, arising out of or related to: (1) this Agreement or any other agreement between them; (2) their relationships; (3) the scope or validity of this Agreement or any other agreement between them or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which the parties acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "AAA"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of Franchisor's or, as applicable, its successor's or assign's then current principal place of business (currently, Minneapolis, Minnesota). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in its awards any relief which it deems proper, including money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned Franchisor or its affiliates generic or otherwise invalid, or, except with respect to punitive damages that may be awarded under the Trademark Act of 1946, as amended (the "Lanham Act," 15 U.S.C. §§1051, et seq.), award any punitive or exemplary damages against any party to the arbitration proceeding (which are hereby waived to the fullest extent permitted by law. The arbitrator may not consider any settlement discussions or offers that might have been made by any party.

THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER ASSERTED IN ARBITRATION OR A COURT, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT NO SUCH PROCEEDING MAY BE CONDUCTED ON A CLASS-WIDE BASIS, COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, JOINED WITH ANY SEPARATE CLAIM OF AN

UNAFFILIATED THIRD-PARTY, OR BROUGHT ON A PARTY'S BEHALF BY ANY ASSOCIATION OR AGENT. If any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of these terms.

In any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." The parties further agree that no interrogatories or requests to admit shall be propounded unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

B. Limitation of Claims. Franchisee must assert any claim or cause of action against Franchisor relating to this Agreement or its Shop within the shorter period of the applicable statute of limitations or one (1) year from the effective date of expiration or termination of this Agreement; provided that where the one (1) year limitation of time is prohibited or invalid by or under any Applicable Laws, then and in that event no suit or action shall be commenced or maintained unless commenced within the applicable statute of limitations. Whether asserted in arbitration or in a court, the parties agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier, and further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred.

C. Governing Law. Except to the extent governed by the Lanham Act or other United States federal law, this Agreement, the rights and obligations described herein, and all claims arising from the relationship between the parties will be governed by the laws of the State of Minnesota, without regard to its conflict of laws rules, except that any such law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

D. Consent to Jurisdiction and Venue. Subject to the obligation to arbitrate under Section 15.A above and the provisions below, Franchisee and its Owners agree that all actions arising under this Agreement or otherwise as a result of the relationship

between them and Franchisor must be commenced in the court nearest to Franchisor's or, as applicable, its successor's or assign's then current principal place of business (currently, Minneapolis, Minnesota), and Franchisee and each Owner irrevocably submit to the jurisdiction of that court and waive any objection they might have to either the jurisdiction of or venue in that court.

E. Costs and Attorneys' Fees. The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

F. JURY WAIVER. FRANCHISOR AND FRANCHISEE HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

FRANCHISOR'S RIGHT OF FIRST REFUSAL TO PURCHASE

16. The parties agree that Franchisor shall have a right of first refusal to purchase as follows:

A. Restrictions. Franchisee and its Owners may not sell, assign, trade, transfer, lease, sublease, encumber, delegate the day-to-day management of the Shop to a third-party, or otherwise dispose of any interest in or any part of or otherwise allow or participate in the sale, assignment, trade, transfer, lease, sublease, encumbrance, or other disposition of (1) direct or indirect ownership interests in Franchisee, (2) the Authorized Location, (3) the Shop, (4) the assets used in the operation of the Shop (except in the ordinary course of business), or (5) this Agreement (each a "Transfer"), without Franchisor's consent (as described in Section 16.B below) and without first offering the same to Franchisor. If Franchisee or its owners intend to engage in a Transfer, they must secure a written proposal or offer, signed by the offeror, which identifies the party making the offer and contains, at a minimum, a description of the proposed transaction, the price attached to the proposed Transfer, and the key terms and conditions applicable thereto (a "Transfer Offer"). If Franchise or its owners intend to accept a Transfer Offer, a copy of the Transfer Offer must be submitted to Franchisor together with a representation by Franchisee that such Transfer Offer is genuine. Franchisor will give Franchisee written notice within 30 days thereafter which will either waive its right of first refusal with respect to the Transfer or state an interest in negotiating the proposed Transfer for its own behalf on substantially the same terms contained in the Transfer Offer (provided, however, that Franchisor may substitute cash for any non-cash consideration contained in the Transfer Offer). If Franchisor commences negotiations with respect to the Transfer, Franchisee and its Owners will engage in such negotiations, in good faith, for at least 90 days or until Franchisor and Franchisee agree in writing that

the negotiations have terminated, whichever comes first. If Franchisor waives its right of first refusal in respect of the Transfer, Franchisee will have the right, subject to securing Franchisor's approval of the proposed Transfer under Section 17 below, to complete the Transfer within 150 days following the date the Transfer Offer was presented to Franchisor according to the terms described in the Transfer Offer but not upon more favorable terms. Failure to complete the Transfer within the 150-day period will result in the Franchisor again having the right of first refusal. Franchisee's obligations under this Agreement will not be affected or changed because of Franchisor's nonacceptance of Franchisee's written offer. Franchisor may delegate its rights under this Section to a third party in its discretion.

TRANSFER AND ASSIGNMENT

17. The parties agree that the following provisions shall govern transfers:

A. Transfers By Franchisor. This Agreement may be assigned, transferred or encumbered by Franchisor, and Franchisor's obligations hereunder may be delegated to a third party, in any event, without restriction and will benefit Franchisor's successors and assigns. Franchisor will be responsible for the performance of its delegates, and any such assignment or transfer will require the assignee to fulfill Franchisor's obligations under this Agreement.

B. Assignment by Franchisee to an Entity. If Franchisee is one or more natural persons, Franchisor will consent to the transfer or assignment of this Agreement by Franchisee to a corporation or other entity which is owned entirely by Franchisee (in equal portions if more than one natural person), provided: (i) Franchisee and all equity holders of the assignee entity owning at least 10% of the equity thereof sign Franchisor's then current form of Guaranty and Assumption of Obligations (the current form of which is attached hereto); (ii) Franchisee grants a general release of all claims against Franchisor and its related parties as of the date of assignment; and (iii) Franchisee furnishes prior written proof to Franchisor substantiating that the assignee entity will be financially able to perform all of the provisions of this Agreement, to be determined in Franchisor's sole but reasonable discretion. Franchisee will give Franchisor 15 days written notice prior to the proposed date of assignment or transfer of this Agreement as provided in this Section; provided, however, the transfer or assignment of this Agreement will not be valid or effective until Franchisor has received the legal documents which its legal counsel deems necessary to properly document such transfer or assignment and the signed Guaranty and Assumption of Obligations and release referenced above.

C. Conditions to Other Transfer or Assignment. Franchisee and its Owners may not engage in a Transfer (whether voluntary or involuntary) without Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, subject to its right to condition its consent in any manner that it deems appropriate to protect the Trademarks or System, including the following (each of which is deemed reasonable):

(1) All of Franchisee's accrued monetary obligations to Franchisor must be satisfied, and Franchisee must not be in default under this Agreement;

(2) Franchisee must have complied with the requirements described in Section 7.D. (*Repair and Maintenance*) and Section 7.E. (*Re-Imaging and Modernization*) of this Agreement;

(3) Franchisee executes a written agreement in a form satisfactory to Franchisor in which Franchisee releases all claims against Franchisor and its related parties and covenants to observe all applicable post-term obligations and covenants contained in this Agreement;

(4) The Franchisee or transferee, as applicable, enters into a written agreement in a form satisfactory to Franchisor assuming and agreeing to discharge all of Franchisee's obligations and covenants under this Agreement for the remainder of its Term or, at Franchisor's option, signs Franchisor's then-current standard form of franchise agreement (which may contain materially different terms and conditions), amended to reflect a term equal to the remainder of the Term of this Agreement and to reflect that the Shop is already open and operating;

(5) Each of the transferee's direct or indirect equity holders owning at least 10% of the equity of transferee signs Franchisor's then-current form of Guaranty and Assumption of Obligations;

(6) Franchisee provides Franchisor with all information and/or documents it requests about the proposed transfer, the transferee, and its owners (if applicable);

(7) The transferee is approved by Franchisor and demonstrates to Franchisor's satisfaction that it meets Franchisor's managerial, financial, and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to operate the Shop;

(8) The Franchisee assigns to the transferee the lease and/or sublease for the Shop premises and title to the assets used in the operation of the Shop;

(9) The transferee successfully completes any training prescribed by Franchisor; and Franchisee pays or causes to be paid to Franchisor a transfer fee equal to 50% of the then-current standard initial franchise fee Franchisor charges for a new Shop franchisee.

D. Death or Incapacity of Franchisee. Upon the death or incapacity of Franchisee or the Owner of a controlling interest of Franchisee (if Franchisee is not a natural person), the executor, administrator, conservator, or other personal representative of such person shall transfer his or her interest within a reasonable time, not to exceed six (6) months from the date of death or incapacity, to a third party approved by the Franchisor. Such transfers, including, without limitation, transfers by devise or

inheritance or trust provisions, shall be subject to all the terms and conditions for transfers contained in this Agreement; provided, however, the transfer fee described in Section 17.C(8) shall not be payable. Failure to so dispose of such interest within the period of time stated above shall constitute a breach of this Agreement. For purposes of this Agreement, Franchisee or the Owner of a controlling interest of Franchisee shall be deemed to be incapacitated if he or she is unable, for any reason, to engage in the usual, active operation of the Shop as contemplated in this Agreement for a continuous period of four (4) months.

GENERAL PROVISIONS

18. The parties hereby agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held to be void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses shall be deemed to be separable in such jurisdiction and the remainder of this Agreement shall be deemed to be valid and in full force and effect and the terms of this Agreement shall be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder shall, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. Despite any prior course of action, no provision of this Agreement may be waived or amended unless in writing signed by the waiving party or, in the case of an amendment, by both parties except with respect to Franchisor's unilateral rights to modify Appendices hereto, System Standards, the Operations Manual and as otherwise provided herein. No waiver of any breach, obligation or right under this Agreement shall be deemed to be a waiver of any other or any subsequent breach, obligation or right or an estoppel to a party's right to enforce this Agreement. Any unilateral waiver may be revoked by the waiving party on ten (10) days' prior written notice to the other party. This Agreement constitutes the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the Shop authorized hereunder; provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in Indiana, Michigan, Minnesota, North Dakota, South Dakota, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be signed by the party and delivered personally or by a reputable overnight service for overnight delivery or deposited in the United States mail, by registered or certified mail (postage prepaid), and addressed as follows:

(1) if to Franchisor: President, Dunn Bros Franchising, LLC, 2335 Hwy 36 West, Suite 201, Roseville, MN 55113; and

(2) if to Franchisee, the address listed on the cover page of this Agreement.

Each party may change its notice address by delivering written notice as set forth above. Notices will be deemed delivered on the earlier of (i) actual delivery, (ii) the date on which the recipient refuses delivery, (iii) the 2nd business day following deposit with an overnight courier, or (iv) the 5th day following deposit with the US Postal Service.

D. References. If Franchisee consists of two or more natural persons, references to Franchisee in this Agreement shall include all such individuals, jointly and severally. Headings and captions contained herein are for convenience of reference and shall not be taken into account in construing or interpreting this Agreement.

E. Guaranty. If Franchisee is not a natural person, all current and future owners of direct or indirect ownership interests of greater than or equal to 10% of the total ownership interests in Franchisee shall execute Franchisor's then-current form of Guaranty and Assumption of Obligations, the current form of which is attached to this Agreement as Appendix B.

F. Relationship of Parties. Franchisee is and shall be considered an independent contractor with control and direction of its Shop and operations, subject to the conditions and obligations established by this Agreement. No agency, employment, or partnership is created by this Agreement. Franchisee's Shop is separate and apart from any that may be operated by Franchisor. Neither party to this Agreement shall bind the other, unless expressly provided otherwise in this Agreement, or make any representations tending to create apparent agency, employment, or partnership.

G. Successors/Assigns. Subject to the terms of Sections 16 and 17 hereof, this Agreement shall be binding upon and inure to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to

operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

I. Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves or is deemed to have reserved discretion in a particular area or where Franchisor agrees or is deemed to be required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising its rights. A decision or action by Franchisor will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Franchisor.

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

K. Execution of this Agreement. This Agreement and its attachments may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

L. Safety. Franchisor will not be required to send any of its representatives to Franchisee's Shop to provide any assistance or services if, in Franchisors sole determination, it is unsafe to do so. Such determination by Franchisor will not relieve Franchisee from its obligations under the Agreement (including the obligation to pay monies owed) and will not serve as a basis for Franchisee's termination of this Agreement.

M. Anti-Terrorism. Franchisee hereby represents and warrants to Franchisor, as an express consideration for the franchise acquired hereby, that neither Franchisee nor any of Franchisees employees, agents, or representatives, nor any other person or entity associated with Franchisee, is now, or has been:

(1) Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.

(2) A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

Franchisee further represents and warrants to Franchisor that Franchisee is now, and has been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by Franchisee to Franchisor or Franchisors affiliates are and will be legally obtained in compliance with these laws. Franchisee agrees not to, and to cause all employees, agents, representatives, and any other person or entity associated with Franchisee not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

The parties have executed this Agreement on the dates shown below and made effective as of the Effective Date.

"FRANCHISOR"	"FRANCHISEE"
DUNN BROS FRANCHISING, LLC, Delaware limited liability company	[NAME]
By_____	By_____
Name _____	Name _____
Its_____	Its _____
Date* _____	Date _____

*This is the Effective Date

APPENDIX A TO FRANCHISE AGREEMENT

FRANCHISE FEES AND TERRITORY

This Exhibit is attached to and is an integral part of the DUNN BROTHERS COFFEE® Franchise Agreement dated _____, 20___ (the "Franchise Agreement"), between Franchisor and Franchisee.

1. Franchisee Owners:

Name	Address	Email Address	Type of Interest	Percentage Held

2. Managing Owner: _____
3. Designated Manager: _____
4. Designated Area: [*Insert description and map*]
5. Authorized Location: _____
6. Territory: [*Insert description and map*]
7. Initial Franchise Fee: □ $40,000 □ $35,000 □ Other $_____
8. Additional Terms or Modifications to the Agreement. The following terms, if any, supplement or amend the provisions of the Franchise Agreement and will control in the event of any conflicts:

"FRANCHISOR"	"FRANCHISEE"
DUNN BROS FRANCHISING, LLC, Delaware limited liability company	[NAME]
By_____	By_____
Name _____	Name _____
Its_____	Its _____
Date _____	Date _____

APPENDIX B TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of even date (the "Agreement") by Dunn Bros Franchising, LLC ("us"), each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, (a) guarantees to us and our successors and assigns, for the term of this Agreement and afterward as provided in this Agreement, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in this Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in this Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) Guarantor will render any payment or performance required under this Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of this Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Franchise Owner under this Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchise Owner arising as a result of the Guarantor's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 15 (Dispute Resolution), including the agreement to submit disputes to arbitration, are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses that we may incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. Franchisor confirms that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders, or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law. This Guaranty is binding upon each Guarantor and its respective executors, administrators, heirs, beneficiaries, and successors in interest.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

DEVELOPER (IF DIFFERENT THAN FRANCHISEE)
Name:_____ Sign: _____

GUARANTOR(S)	SPOUSE(S)
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

APPENDIX C TO FRANCHISE AGREEMENT
COMMENCEMENT OF TERM

Notwithstanding anything to the contrary in the Franchise Agreement between DUNN BROS FRANCHISING, LLC ("Franchisor") and _____ ("Franchisee"), dated _____, ____ (the "Agreement"), the Term of the Agreement shall commence on the Effective Date and expire on _____, _____. Otherwise, the Agreement shall be in full force and effect as written.

Dated:_____ Dated:_____

_____ _____
Franchisee's Initials Franchisor's Initials

APPENDIX D TO FRANCHISE AGREEMENT

NON-ROASTING DUNN BROTHERS COFFEE® ADDENDUM

THIS ADDENDUM is made and entered into as of the _____ day of _____, 20____ between DUNN BROS FRANCHISING, LLC, a Delaware limited liability company ("Franchisor") and _____ _____ ("Franchisee").

BACKGROUND:

Franchisor and Franchisee are, on this day, entering into a DUNN BROTHERS COFFEE® Franchise Agreement (the "Franchise Agreement"), whereby Franchisee will be granted the right to operate a Shop as indicated therein. Franchisee's Shop will not be a roasting facility, so Franchisor and Franchisee desire to modify Franchisor's standard Franchise Agreement as follows:

AGREEMENTS:

Franchisor and Franchisee agree as follows:

1. Products and Operations Standards and Requirements. Franchisee will not operate in-store roasting to produce all coffee, coffee-beverage products and coffee beans offered for sale. Franchisee instead will either: (a) roast coffee beans at another Shop owned and operated by Franchisee or its affiliates for use and sale in the Shop; or (b) purchase roasted coffee beans offered for sale from Franchisor, its Affiliates and other Shops, as determined by Franchisor. Franchisee may not use or purchase coffee, coffee-beverage products and coffee beans offered for sale from any other source.

2. Miscellaneous. This Addendum, and any dispute arising hereunder, will be governed by those provisions found in the Franchise Agreement respecting arbitration, governing law and injunctive relief. This Addendum represents the entire agreement of the parties relative to its subject. Terms used but not defined in this Addendum have the meanings given them in the Franchise Agreement. The terms of the Franchise Agreement regarding its execution also apply to the execution of this Addendum. All other provisions of the Franchise Agreement remain as provided therein.

Franchisor and Franchisee have signed this Agreement as of the date first written above.

"FRANCHISOR"	"FRANCHISEE"
DUNN BROS FRANCHISING, LLC, Delaware limited liability company	[NAME]
By_____	By_____
Name _____	Name _____
Its_____	Its _____

EXHIBIT B

DEVELOPMENT AGREEMENT

DUNN BROTHERS COFFEE®
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made as of the Effective Date by DUNN BROS FRANCHISING, LLC, a Delaware limited liability company having its principal office at 2335 West Highway 36, Suite 201, Roseville, MN 55113 ("Franchisor"), and the party identified as "Developer" on the signature page below. The "Effective Date" is the date shown beneath Franchisor's signature below.

BACKGROUND:

A. Franchisor grants franchises for the development, ownership, and operation of coffee shops currently identified by the trademark DUNN BROTHERS COFFEE® and operating under certain platforms, methods and systems specified by Franchisor from time to time (each a "Shop"). Franchisor also grants to qualified persons or entities the right to become an area developer with the right and obligation to acquire multiple franchises for Shops to be opened within a specified area in accordance with a specified schedule (the "Development Rights").

B. Developer has requested that Franchisor grant it Development Rights and, in support of its request, Developer and, as applicable, its owners have provided Franchisor with certain information about their background, experience, skills, financial condition, and resources (collectively, the "Application Materials"). In reliance on, among other things, the Application Materials, Franchisor is willing to grant Developer's request on the terms and conditions contained in the Agreement.

AGREEMENT:

In consideration of the foregoing and the covenants and consideration herein set forth, receipt and sufficiency of which are acknowledged, Franchisor and Developer agree as follows:

1. Grant of Development Rights. Subject to the provisions stated below, Franchisor hereby grants to Developer, and Developer hereby accepts, the Development Rights. Developer agrees that:

A. the Development Rights may be exercised only by Developer or its affiliates that Franchisor approves and may not be sublicensed, re-sold or delegated to any other party;

B. the Development Rights are limited to, and may be exercised only for, Shops to be located in the "Development Area" identified in Exhibit A hereto;

C. Developer will exercise the Development Rights, as described in Sections 4 and 5 below, as necessary to satisfy the requirements set forth in the "Development Schedule" identified in Exhibit A hereto, which schedule reflects both minimum and maximum obligations;

D. the Development Rights may be exercised only during the Term, which commences on the Effective Date and, unless sooner terminated as provided herein, ends on the earlier of (i) the opening of the last Shop required to be open under the Development Schedule or (ii) the end of the last Development Period of the Development Schedule;

E. Developer will, at all times, faithfully, honestly and diligently perform its obligations under this Agreement and fully exploit the Development Rights throughout the Development Area during the Term; and

F. Development Rights do not include the right to develop, own or operate a Shop or to use any trademarks owned by Franchisor or its affiliates. Those rights are granted for each Shop only by the execution, as described in this Agreement, by Franchisor and Developer or a Franchisor-approved affiliate of Developer of Franchisor's then-current form of Franchise Agreement (defined below), the terms and conditions of which may be materially different than those of the form of Franchise Agreement in use by Franchisor on the Effective Date.

2. No Exclusivity; Reservation of Rights. Developer is not granted any rights under this Agreement to any exclusivity with respect to the Development Area, and no such rights are granted by implication or extrapolation. Franchisor may, without limitation, engage in any activity unless it expressly agrees in this Agreement to restrict its activities or refrain from engaging in any such activity. Without limitation, Franchisor reserves the right to: (i) grant Development Rights to others anywhere in the world; (ii) operate (directly or through an affiliate) or grant franchises to third parties to operate, Shops and any other business (including competing businesses) anywhere in the world; (iii) distribute anywhere in the world and through any current or future distribution channels (including via the internet, restaurants and cafes, retail stores, third-party delivery platforms, wholesale, direct mail or other type of mass marketing) any products (including any products sold in or from Shops) and under any trademarks, service marks, trade names, commercial symbols and operating systems or platforms (including, in each case, those used by Shops); (iv) acquire, be acquired by, merge or affiliate with, or engage in any other transaction with, any other businesses (whether competitive or not) located anywhere in the world, then allow any such other businesses to operate in any manner (including by using all or any part of the platform, system, trademarks and other intellectual property used by Shops). References in this Section to "anywhere in the world" include within the Development Area

3. Development Fee. For the rights described in Section 1 above, Developer will pay Franchisor the Development Fees described in Exhibit A. The Development Fees will be payable when Developer executes this Agreement. The Development Fees are not refundable under any circumstances. Franchisor will apply the Development Fees as a credit against the initial franchise fee due under each Franchise Agreement (after the first Franchise Agreement) which Developer will execute pursuant to this Agreement, subject to a maximum credit under any Franchise Agreement equal to $20,000 and a maximum credit for all such Franchise Agreements, in the aggregate, equal to the total Development Fees. In addition to the payment of the Development Fees, Developer must pay the initial franchise fee under the first Franchise Agreement executed pursuant to this Agreement.

4. Execution of Franchise Agreements. The right and license to develop, own and operate each Shop will be granted by Franchisor solely pursuant to a franchise agreement, on Franchisor's then current form (each a "Franchise Agreement"), with Developer or its approved affiliate for a specific site identified therein. While each Franchise Agreement establishes a timeline for opening the Shop identified therein, to preserve the rights under this Agreement, the Shops must be opened in accordance with the Development Schedule. Simultaneously with signing this Agreement, Developer or its approved affiliate must sign and deliver to Franchisor a Franchise Agreement and related documents representing the first franchise that Developer is obligated to

acquire under this Agreement. No portion of the Development Fee will be applied as a credit toward payment of the initial franchise fee under that Franchise Agreement. If, when that Franchise Agreement is executed, the site has not yet been approved, the Franchise Agreement will note that the site is yet to be identified. Once Franchisor approves the Developer's proposed site, as described in Section 5 below, Franchisor will identify the site in the data sheet attached to the Franchise Agreement. Each additional Franchise Agreement will be prepared by Franchisor as it approves Developer's proposed sites, as described in Section 5 below, but only if: (1) Franchisor approves Developer's proposed affiliate if Developer intends not to be the franchisee under the Franchise Agreement, (2) Developer and its affiliates are in compliance with this Agreement and each then existing Franchise Agreement, and (3) Developer or its approved affiliate, as applicable, has established, to Franchisor's reasonable satisfaction, that it has access to capital and human resources necessary to develop and operate the proposed Shop in accordance with its Franchise Agreement.

5. Development Procedure. Despite any assistance Franchisor may provide, Developer is entirely responsible for locating and presenting to Franchisor proposed sites for Shops as necessary to comply with the Development Schedule (each a "Site"). Developer agrees to give Franchisor all information and materials it requests to assess each proposed Site as well as Developer's or its proposed affiliate's financial and operational ability to develop and operate a Shop at the proposed Site. If Franchisor accepts Developer's proposed Site and Developer and, if applicable, Developer's affiliate, satisfy the conditions set forth above, Franchisor will deliver to Developer a Franchise Agreement for the approved Site along with all ancillary documents. The Franchise Agreement and all related documents must be executed and returned to Franchisor within 15 days after the Franchise Agreement was delivered to Developer, failing which, Franchisor may withdraw its approval of the proposed Site. In no event may Developer or its affiliate sign a lease for or commence construction of a Shop until Franchisor has approved the proposed Site and a fully executed Franchise Agreement is in place.

6. Disclaimer of Franchisor's Warranties. The Development Schedule is not Franchisor's representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Shops specified in the Development Schedule or during any particular Development Period. Franchisor is relying on Developer's knowledge of and expertise regarding the Development Area and Developer's representation that it has conducted its own independent investigation and has determined that it can satisfy the development obligations under each Development Period of the Development Schedule.

7. Transfers. Franchisor may transfer this Agreement and its rights and obligations hereunder freely. Neither Developer nor any of its owners, nor any of Developer's or its owners' permitted successors or assigns, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber any direct or indirect interest in the Agreement (including, without limitation, any or all of Developer's rights or obligations under it) (each, a "Transfer") without Franchisor's prior written consent. In granting its consent, Franchisor may impose conditions to any proposed Transfer including the following:

A. Developer is in compliance with the terms of this Agreement, and Developer and its affiliates are in compliance with all other agreements with Franchisor (and its affiliates);

B. the proposed transferee has been approved by Franchisor as meeting Franchisor's then-current standards for multiple shop developers (if applicable);

C. if Developer or the transferor offer the transferee financing for any part of the purchase price, all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the development rights granted hereunder must be subordinate to Franchisor's rights under this Agreement and to the transferee's obligations under this Agreement;

D. Developer provides Franchisor with all information and documents it requests regarding the transferee and the proposed transfer;

E. Developer (and its owner(s)) must sign a general release, in a form satisfactory to Franchisor, of any and all claims against it and its shareholders, officers, directors, employees and agents;

F. the transferee, at Franchisor's request, must sign Franchisor's then-current form of development agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

G. the transfer of this Agreement must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to this Agreement; and

H. Developer pays a transfer fee of Five Thousand Dollars ($5,000).

This Agreement may be assigned and transferred by Franchisor and will benefit Franchisor's successors and assigns. Any such assignment or transfer will require the assignee to fulfill Franchisor's obligations under this Agreement.

8. Default and Termination.

A. Developer may terminate this Agreement at any time with or without cause by delivering 30 days' prior written notice thereof to Franchisor.

B. Franchisor may terminate this Agreement, immediately on written notice to Developer, if:

(i) Developer or its owners have made or make any material misrepresentation or omission in the Application Materials;

(ii) Developer fails to comply with the Development Schedule or fails to make progress in the development of Shops to indicate, in Franchisor's reasonable determination, that Developer will not be able to satisfy its development obligations under this Agreement for the then-current Development Period;

(iii) Developer or any of its owners make or attempt to make a transfer without complying with the requirements of Section 7;

(iv) Developer (a) fails on three (3) or more separate occasions within any 12 consecutive month period to comply with any provision of this Agreement or (b) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in either case, whether or not

Franchisor notify Developer of the failures and whether or not the failures are corrected after notice;

(v) Developer or any of its owners files a petition in bankruptcy or a petition in bankruptcy is filed against them; Developer makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Developer consents to the appointment of a receiver, trustee, or liquidator of all or the substantial part of its property; any of Developer's or its affiliates' Shops are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of Developer's or its Affiliates' Shops is not vacated within 30 days following the order's entry;

(vi) Developer or any of its owners fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(vii) Developer or any of its owners fail to comply with any other provision of this Agreement and does not correct the failure within 30 days after Franchisor delivers written notice of the failure;

(viii) Developer or any of its affiliates fails to comply with any other agreement with Franchisor or its affiliates, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement; or

(ix) Developer or any of its owners engages in any conduct which, in Franchisor's reasonable opinion, adversely affects the reputation of any Shop or the goodwill associated with the Dunn Brothers Coffee® trademarks.

C. During the period from the date Franchisor sends a notice of default until all violations and defaults specified therein are cured by Developer or this Agreement is terminated, Franchisor will not be obligated to enter into any new Franchise Agreements with Developer or its affiliates or otherwise perform any obligations pursuant to this Agreement. On termination or expiration of this Agreement, all rights licensed herein will automatically revert to Franchisor and Developer's right to acquire franchises to develop SHOPs within the Development Area will cease. Termination or expiration of this Agreement will not affect Developer's rights under any individual Franchise Agreements in effect at that time.

9. Indemnification. Developer agrees to indemnify, defend, and hold harmless Franchisor, its affiliates, and its and their respective owners, managers, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all Claims directly or indirectly arising out of the exercise of the Development Rights, whether or not in compliance with this Agreement, or its breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the Claims are determined to be caused solely by the Indemnified Party's gross negligence or intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "Claims" means all claims, obligations, damages (actual, consequential, or

otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim asserted against it by a third party, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any Claim at Developer's expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect following expiration or termination of this Agreement. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a Claim against Developer under this Section. Developer agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

10. Ownership, Guaranty, and Managing Owner. If Developer is not a natural person, it agrees, represents, and warrants to Franchisor that: (i) it was validly formed and are and will maintain, throughout the Term, Developer's existence and good standing under the laws of the state of its formation and remain qualified to do business in the state in which the Development Area is located; (ii) the information on Exhibit A is complete and accurate as of the Effective Date; (iii) the only business that it will own or operate during the Term will be development and operation of Shops; (iv) at Franchisor's request, Developer will furnish to Franchisor copies of all documents regarding Developer's formation, existence, standing, and governance; and (v) each of Developer's owners will sign and deliver to Franchisor its then-standard form of Guaranty and Assumption of Obligations (the "Guaranty"). Franchisor's current form of Guaranty appears as Exhibit B hereto. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

11. Independent Contractor. Developer is and shall be considered an independent contractor with control and direction of its business and operations, subject to the conditions and obligations established by this Agreement. No agency, employment, or partnership is created by this Agreement. Developer's business is separate and apart from any that may be operated by Franchisor. Neither party to this Agreement shall make any representations tending to create apparent agency, employment, or partnership.

12. Notices. All written notices, reports, and payments permitted or required to be delivered by the Agreement will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, or (ii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Any notice must be sent to Franchisor and Developer at their respective address shown in the opening paragraph of this Agreement, or to the email address or the most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to Developer at the address of its Shops.

13. Enforcement. This Agreement, and any dispute arising hereunder, will be governed by Section 15 (Dispute Resolution; Injunctive Relief) of the first Franchise Agreement executed pursuant hereto, including those provisions respecting arbitration, governing law, venue, and injunctive relief, which provisions are deemed incorporated into this Agreement by reference.

14. No Waiver. The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in Indiana, Michigan, Minnesota, North Dakota, South Dakota, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. Miscellaneous. This Agreement represents the entire Agreement of the parties relative to its subject and cannot be waived, altered or rescinded in whole or in part except by an express writing by the parties. The provisions of this Agreement are severable and the invalidity or unenforceability of any of them will not affect the remainder of this Agreement. This Agreement cannot be amended except with the parties' mutual written consent. This Agreement shall be binding upon and inure to the benefit of the parties' administrators, executors, heirs, successors and assigns of the parties. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

IN WITNESS WHEREOF, the parties have executed and delivered the Agreement on the dates noted below, to be effective as of the Effective Date.

DUNN BROS FRANCHISING, LLC, a Delaware limited liability company	NAME OF DEVELOPER:
	_____
	[Name]
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*: _____	Date: _____

**Effective Date*

EXHIBIT A
TO DEVELOPMENT AGREEMENT
DATA SHEET

1. **Developer**: _____

2. **Developer's Owners**.

Name	Address	Type of Interest	Percentage Held

3. **Development Fee**. $20,000 x _____ = $_____

4. **Development Area**.

The geographic area depicted on the following map:

[insert map]

If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

5. **Development Schedule**.

Development Period	Leases Executed During Development Period*	Leases Executed by End of Development Period*	Shops Opened During Development Period	Total Shops Operating by End of Development Period
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____

* To satisfy this requirement, Franchisor must have received, by the end of the Development Period, a fully executed (by all parties) copy of the lease (together with all exhibits) that Franchisor has approved in accordance with the applicable Franchise Agreement.

6. **Additional Terms or Modifications to The Agreement**. The following terms, if any, supplement or amend the provisions of the Agreement and will control in the event of any conflicts:

[insert as applicable]

[signatures appear on the following page]

[signature page to Development Agreement]

IN WITNESS WHEREOF, the parties have executed and delivered this Exhibit A to Development Agreement on the dates noted below.

DUNN BROS FRANCHISING, LLC, a Delaware limited liability company	DEVELOPER:
	_____
	[Name]
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date*: _____	Date: _____

**Effective Date*

EXHIBIT B
TO DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a "Guarantor") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Development Agreement (as amended, modified, restated or supplemented from time to time, the "Agreement") on this date by DUNN BROS FRANCHISING, LLC ("us"), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ ("Developer") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for each and every provision in the Agreement that sets out an obligation of the Developer, including both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Developer under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Developer arising as a result of the Guarantor's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 8 (Enforcement) of the Agreement, which is incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed

GUARANTOR(S)	**SPOUSE(S)**
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

EXHIBIT C

LIST OF DUNN BROTHERS COFFEE SHOPS

STORE LIST

FRANCHISED LOCATIONS – BY STATE (AS OF DECEMBER 31, 2022)

**designates Shops offering the full menu of food products and drive-thru*

	State	First Name	Last Name	Address	City	Zip	Phone
1.	IA	Brian & Gina	Bettini	787 Middle Road	Bettendorf	52722	563-345-6099
2.	IA	*Justin & Kodie	Ignoto	1105 Lawrence Ave	Burlington	52601	319-237-8990
3.	IA	*Tom & Janet DeAngelo & Alexandra	Calcagno Seay	3284 Crosspark Rd, Suite A	Coralville	52241	319-665-2020
4.	IA	Brian & Gina	Bettini	4520 E. 53rd Street	Davenport	52807	563-345-6022
5.	IA	*DB1 – Waukee, LLC – Mark Roemer		1196 SE University Ave.	Waukee	50263	515-987-9112
6.	IA	*Tom & Janet DeAngelo & Alexandra	Calcagno Seay	1140 Blairs Ferry Rd. NE, Suite 400	Cedar Rapids	52402	319-200-3015
7.	MN	*Courtney	Keller	405 50th Avenue W. Suite 101	Alexandria	56308	320-759-2287
8.	MN	Knowlan's Super Markets, Inc. - Jason Herfel		2218 Bunker Lake Blvd. NW	Andover	55304	763-755-4436
9.	MN	Hammad	Malek	15265 Galaxie Ave.	Apple Valley	55124	952-255-8417
10.	MN	*Greta/ Timothy	Dvorak/Johnson	1160 West County Road E	Arden Hills	55112	651-478-1957
11.	MN	Mike	Webb	100 East Second Street Suite 100	Chaska	55318	952-361-3011
12.	MN	*Marta	Swenson	401 Northdale Blvd NW	Coon Rapids	55448	763-754-0506
13.	MN	Scott	Nelson	2401 London Road	Duluth	55812	218-724-8838
14.	MN	*Michael & Jim	Thares	1012 Diffley Road	Eagan	55123	651-209-3378
15.	MN	Mickey	Smith	19344 Hwy 169 NW	Elk River	55330	763-274-0260
16.	MN	Ken	Sutherland	11 Water Street	Excelsior	55331	952-401-8004
17.	MN	*Darren	Senn	919 Vermillion Street, Ste 140	Hastings	55033	651-438-9297
18.	MN	Dan	LeSage	4 Shady Oak Road	Hopkins	55343	952-405-6789
19.	MN	Knowlan's Super Markets, Inc. - Jason Herfel		14775 Victor Hugo Blvd	Hugo	55038	651-294-3990
20.	MN	*Michael	Thares	114 Main Street NE, Suite 102	Hutchinson	55350	320-234-7012
21.	MN	*Michael & Jim	Thares	16106 Pilot Knob Rd Suite 110	Lakeville	55044	952-683-1717
22.	MN	*Misty	Lawson	9390 Lexington Ave	Lexington	55014	763-783-2122
23.	MN	Cub Foods		8150 Wedgwood Lane	Maple Grove	55369	763-494-8364
24.	MN	Noble Ventures – Christian Ochsendorf		3348 Hennepin Ave. So.	Minneapolis	55408	612-822-3292
25.	MN	Hammad	Malek	329 West 15th Street	Minneapolis	55403	612-872-4410
26.	MN	Minneapolis Convention Center – Nicole Dudziak		1301 Second Avenue South	Minneapolis	55403	612-335-6000
27.	MN	MCTC – Tiffins, Inc. – Jagdeep Singh Arora		1501 Hennepin Ave. S.	Minneapolis	55403	651-492-6879
28.	MN	*Rich & Norma	Gunderson	14525 Hwy. 7 Suite 130	Minnetonka	55345	952-444-2789
29.	MN	Dennis & Lynn	Wong	120 Elton Hills Drive NW	Rochester	55901	507-285-4991
30.	MN	*Dennis & Lynn	Wong	1340 Salem Rd. SW	Rochester	55902	507-424-3086
31.	MN	Dan	Brandt	5801 Egan Drive	Savage	55378	952-226-2026
32.	MN	Coborn's, Inc.		900 Cooper Ave. South	St. Cloud	56304	320-251-0484

	State	First Name	Last Name	Address	City	Zip	Phone
33.	MN	*Heather	Hurley	201 Central Avenue	St. Michael	55376	763-777-9224
34.	MN	Lizbeth	Swanson	1798 Market Dr. Ste. #2	Stillwater	55082	651-275-1888
35.	MN	Knowlan's Super Markets, Inc. - Jason Herfel		2671 E County Rd. E	White Bear Lake	55110	651-653-1405
36.	MN	*KO Coffee Company – Christian & Lauren Ochsendorf		2800 South 1st Street	Willmar	56201	320-235-8495
37.	MN	Noble Ventures – Christian Ochsendorf		10060 City Walk Drive, Suite #104	Woodbury	55129	651-731-6231
38.	MN	Tiffins, Inc. – Jagdeep Singh Arora – Normandale College		9700 France Ave. So.	Bloomington	55431	612-423-5186
39.	MO	Andy & Shelly	Vercelli	3218 West Edgewood	Jefferson City	65109	573-893-5303
40.	ND	*Patricia	Locken	1401 Skyline Blvd	Bismarck	58503	701-751-4886
41.	ND	*Reginald	Herman	210 Hwy. 2 West	Devil's Lake	58301	701-662-3866
42.	ND	*Stephen & Diane	Duchscher	269 16th Street West	Dickinson	58601	701-483-1650
43.	ND	Coborn's, Inc. – Cashwise – David Meyer, VPO		4907 Timber Pkwy S	Fargo	58104	701-235-4495
44.	SD	*Michael & Jim	Thares	2020 8th Ave. NE Suite 1	Aberdeen	57401	605-725-2767
45.	SD	*Diane & Scott	O'Connor	405 Canal St. #1500	Rapid City	57701	605-721-0600
46.	SD	*Alaina	Huyser	5320 E. Arrowhead Parkway	Sioux Falls	57110	605-271-8038
47.	SD	*Eric	Ward	8220 W. 12th St.	Sioux Falls	57107	605-409-3866
48.	TX	Alan & Karen	Geddie	3725 Beltline Road	Addison	75001	972-406-9711
49.	TX	**Worldwide Drinking Solutions – Stan Borodyansky		525 Talbert Dr.	Plano	75093	214-448-7826
50.	WI	Lizbeth	Swanson	2521 Hanley Rd	Hudson	54016	715-531-0160
51.	WI	Lizbeth	Swanson	529 2nd Street	Hudson	54016	715-808-0466
52.	WI	*Hanna	Blake	1716 Dorset Ln Ste 100	New Richmond	54017	715-531-0160
53.	WI	Al & Elisa	Jung	950 West Paradise Drive	West Bend	53095	262-353-4840

* Designates Shops offering a full menu of food products and a drive-thru
** This location ceased operations in April 2023

FRANCHISE AGREEMENTS SIGNED BUT SHOPS NOT OPEN AS OF DECEMBER 31, 2022

None.

EXHIBIT D
LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES THAT LEFT THE SYSTEM DURING THE 2022 FISCAL YEAR

The following franchisees left the system in the calendar year 2022 or have not communicated with us within 10 weeks of this Disclosure Document's issuance date.

	State	First Name	Last Name	Address	City	Zip	Phone	Reason
1.	MN	Blackhawk Coffee Collective, LLC - Anthony Jones II		5008 Xerxes Avenue So	Minneapolis	55409	952-210-7005	Nonrenewal
2.	MN	Blackhawk Coffee Collective, LLC - Anthony Jones II		2814 West 43rd Street	Minneapolis	55410	952-210-7005	Nonrenewal
3.	MN	Jeff	Zierden	7899 Main St.	Maple Grove	55311	763-753-6188	Nonrenewal
4.	MN	Jeff	Zierden	3841 St. Francis Blvd	Anoka	55303	763-753-6188	Nonrenewal
5.	MN	Ken & Kari	Howe	501 Paul Bunyan Drive South	Bemidji	56601	218-368-2750	Nonrenewal
6.	MN	Armark Educational Services, LLC – University of Minnesota – Kay Akey		56 East River Road	Minneapolis	55455	612-240-5413	Termination
7.	MN	Amanda & Todd	Linna	7610 University Ave.	Fridley	55432	763-331-4684	Reacquired By Franchisor
8.	MN	Bob	Algren	405 50th Avenue West, Suite 101	Alexandria	56308	320-808-3303	Transfer
9.	MN	Marvin	Sorvala	401 Northdale Blvd NW	Coon Rapids	55448	651-233-7892	Transfer
10.	MN	Paul	Soukup	114 Main Street NE, Suite 102	Hutchinson	55350	612 756 0906	Transfer
11.	MN	Dave & Marilyn	Tucci	9390 Lexington Ave.	Lexington	55014	612-616-4013	Transfer
12.	MN	Josh & Rachel	Dexter	329 West 15th Street	Minneapolis	55403	651-492-6879	Transfer
13.	MN	Josh & Rachel	Dexter	1501 Hennepin Ave. South	Minneapolis	55403	651-492-6879	Transfer
14.	MN	Matt	Kammann	201 Central Avenue	St. Michael	55376	612-269-7121	Transfer
15.	TX	*Worldwide Drinking Solutions – Stan Borodyansky		525 Talbert Drive	Plano	75093	214-448-7826	Termination

* This location ceased operations in April 2023

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

EXHIBIT E

FINANCIAL STATEMENTS

Dunn Bros Franchising, LLC

Financial Statements

December 31, 2022

Dunn Bros Franchising, LLC

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December 31, 2022

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Independent Auditors' Report

To the Member
Dunn Bros Franchising, LLC

Opinion

We have audited the accompanying financial statements of Dunn Bros Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2022 and the related statements of operations and member's equity and cash flows for the period from June 9, 2022 (inception) to December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Los Angeles, California
March 23, 2023

Dunn Bros Franchising, LLC

Balance Sheet
December 31, 2022

Assets

Current Assets		
Cash and cash equivalents	$	179,434
Accounts receivable		256,204
Inventory		22,961
Due from affiliates		70,709
Prepaid expenses		48,833
Total current assets		578,141
Property and Equipment, Net		205,672
Right of Use Asset		336,065
Franchise Agreements, Net		733,373
Total assets	$	1,853,251

Liabilities and Members' Equity

Current Liabilities		
Accounts payable	$	75,395
Accrued expenses		164,962
Deferred franchise fees, current		59,738
Lease liability, current		58,561
Other current liabilities		58,889
Total current liabilities		417,545
Deferred Franchise Fees, Net of Current Portion		192,090
Lease Liability, Net of Current Portion		423,593
Total liabilities		1,033,228
Member's Equity		820,023
Total liabilities and member's equity	$	1,853,251

See notes to financial statements

Dunn Bros Franchising, LLC

Statement of Operations and Member's Equity
Period From June 9, 2022 (Inception) to December 31, 2022

Revenues		
Royalty income	$	698,843
Marketing fees		421,676
Franchise fees		96,485
Other		190,396
Total revenues		1,407,400
Operating Expenses		
Salaries and wages		609,636
Marketing expenses		449,236
General and administrative		322,642
Total operating expenses		1,381,514
Operating Income		25,886
Other Expense		
Interest expense		(165)
Total other expense		(165)
Net Income	$	25,721
Member's Equity, Beginning		-
Member contributions	$	794,302
Net income		25,721
Member's Equity, Ending	$	820,023

See notes to financial statements

Dunn Bros Franchising, LLC

Statement of Cash Flows
Period From June 9, 2022 (Inception) to December 31, 2022

Cash Flows From Operating Activities		
Net income	$	25,721
Adjustments to reconcile net income to net cash provided by operation activities:		
Depreciation and amortization		48,128
Changes in operating assets and liabilities:		
Accounts receivable		16,375
Inventory		(3,349)
Prepaid expenses		(21,201)
Accounts payable		(83,234)
Accrued expenses		6,947
Lease liability		(16,507)
Other current liabilities		52,263
Net cash provided by operating activities		25,143
Cash Flows From Investing Activities		
Due from affiliates		(70,709)
Net cash used in investing activities		(70,709)
Cash Flows From Financing Activities		
Contributions from members		225,000
Net cash provided by financing activities		225,000
Net increase in cash, cash equivalents and restricted cash		179,434
Cash, Cash Equivalents and Restricted Cash, Beginning		-
Cash, Cash Equivalents and Restricted Cash, Ending	$	179,434
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$	165
Supplemental Disclosure of Noncash Investing Information		
Net assets and liabilities contributed by member	$	569,302

See notes to financial statements

1. Organization and Description of Business

Dunn Bros Franchising, LLC (the Company), a Delaware limited liability company (LLC), was formed on June 9, 2022. The sole member of the Company is Dunn Bros Parent LLC, a Delaware LLC (the Member).

The Company offers and sells franchises to operate coffee shops under the Dunn Brothers coffee brand throughout the U.S. and internationally through a 99-year renewable trademark license agreement with its Member. The license agreement grants the Company a nonexclusive right to use the Dunn Bros trademarks and to license the trademarks to franchisees under franchise agreements. As of December 31, 2022, the Company has 53 franchise locations in operation, of which 53 are located in a total of seven U.S. states.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company believes this information includes all adjustments, consisting of normal recurring accruals, necessary to fairly present the financial condition as of December 31, 2022. References to Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) included hereinafter refers to the Accounting Standards Codification and Accounting Standards Update established by the Financial Accounting Standards Board as the source of authoritative U.S. GAAP.

Use of Estimates

The preparation of the financial statements, in accordance with U.S. GAAP, requires that management makes certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date. The actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of 90 days or less to be cash equivalents. As of December 31, 2022, the Company carried no cash equivalents.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts and consists mainly of royalty fees and marketing administration fees collected from the Company's franchisees. On a periodic basis, the Company evaluates its accounts receivable balance and establishes an allowance for doubtful accounts, if required, based on a history of past write-offs and collections and current credit considerations. Management of the Company has determined there is no need for a reserve as of December 31, 2022.

Franchise Agreements

Franchise agreements are stated at fair value at time of acquisition, less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives of the assets, which was determined to be 15 years.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years for equipment and the lesser of seven years or the life of the lease for leasehold improvements. The Company capitalizes assets with useful lives greater than one year and a value of more than $500. Expenditures for major additions or improvements which extend the useful lives of assets are capitalized. Minor replacements, maintenance and repairs, which do not improve or extend the lives of the assets, are charged to operations as incurred. Disposals are removed at cost less accumulated depreciation and amortization, and any resulting gain or loss is reflected in current operations.

Leases

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

Fair Value Measurements

The Company's financial instruments, none of which are held for trading purposes, include cash, accounts receivable, accounts payable and accrued expenses. Management estimates that the fair value of all financial instruments at December 31, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

Revenue Recognition

The Company records revenue under ASC Topic 606, *Revenue From Contracts With Customers* (Topic 606), which requires revenue to be recorded as the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services. The Company recognizes franchise rights fees revenue evenly over the life of the franchise agreement commencing on the date of store opening. Initial training fees and grand opening marketing fees are recognized upon store opening. Revenue related to the Company's franchise royalties is recorded when earned based upon the franchisee's sales. Additionally, the Company records revenues and related expenses of the Ad Fund on a gross basis within the statement of operations. These funds exist solely for the purpose of promoting the Dunn Bros brand.

Franchise and Development Revenues

The franchise arrangement between the Company and each franchise owner of a Dunn Bros store is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the Dunn Bros brand and does not involve the direct transfer of goods and services to the franchise owner as a customer.

The transaction price in a standard franchise arrangement consists of (i) franchise/development fees; (ii) continuing franchise fees (royalties); and (iii) advertising fees. Franchise and development fees are recognized evenly over the life of the franchise agreement commencing upon store opening.

Royalty and Advertising Fee Revenue

Royalty and advertising fee revenues are based on a percentage of sales and are recognized when the food items are delivered to or carried out by customers. Royalty fees amount to up to 5% of franchisee gross sales per year and advertising fees amount to up to 3% of franchisee gross sales per year. Payments for domestic royalties and advertising fees are generally due and collected within seven days of month end.

General and Administrative Expenses

The Company's general and administrative expenses consist of occupancy costs, legal fees, office supplies and related expenses, telephone and internet and bank/finance charges.

Advertising and Marketing Costs

Advertising costs, including general brand marketing and contributions to local advertising cooperatives which are based on a percentage of sales, are expensed when incurred.

Franchised and Company-owned stores in the United States contribute to an Ad Fund that the Company manages on behalf of these stores. The Company is committed under its franchise and other agreements to spend revenues of the Ad Fund on marketing, creative efforts, media support, or related purposes specified in the agreements. Contributions to the Ad Fund are recognized as revenue, while expenditures are included in advertising expenses on the accompanying statements of operations. Expenditures of the Ad Fund are primarily amounts paid to third parties but may also include personnel expenses and allocated costs. At each reporting date, to the extent contributions to the Ad Fund exceed expenditures on a cumulative basis, the excess contributions are recorded in Franchisee payables on the accompanying balance sheets. While no profit is recognized on amounts received by the Ad Fund, when expenditures exceed contributions to the Ad Fund on a cumulative basis, income from operations and net income may be affected due to the timing of when revenues are received and expenses are incurred.

Income Taxes

As a single member LLC, the Company is considered a disregarded entity and the results of its operations will be filed with the Member's federal and state income tax returns. As such, the Company itself is typically not subject to an income tax liability as the taxable income or loss of the Company is passed through to Member. Therefore, no liability for federal income taxes has been included in the financial statements.

The Company accounts for uncertain tax positions in accordance with ASC No. 740. ASC No. 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and required disclosures. The Company does not have any entity-level uncertain tax positions.

Recently Adopted Accounting Standards

Effective June 9, 2022 (inception), the Company adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Company recorded operating lease right-of-use assets and lease liabilities of approximately $349,000 and $499,000, respectively, and no finance leases.

The new standard provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term;

Additional required disclosures for Topic 842 are contained in Note 5.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through March 23, 2023, which is the date the financial statements were available to be issued and concluded that there were no additional events or transactions that need to be disclosed.

3. Property and Equipment, Net

Property and equipment, net, consists of the following:

Furniture and equipment	$	27,474
Leasehold improvements		162,366
Computer equipment and software		50,831
		240,671
Less accumulated depreciation and amortization		(34,999)
Property and equipment, net	$	205,672

Depreciation and amortization expense was approximately $35,553 for the period ended December 31, 2022 which included depreciation expense for assets that were written off prior to year end.

4. Related-Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions, or if they are subject to common control or common significant influence. The significant related-party transactions consist of borrowings from, and payments to, the Member and other related parties under common control of the Member. Due from related-party balances are as follows:

Dues from member	$	48,781
Due from affiliates		21,928
Total	$	70,709

5. Lease Liability

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Company made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;
- The Company does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31, 2022:

Operating lease right-of-use assets	$	336,065
Operating lease liabilities:		
Current		58,561
Long-term		423,593
Total operating lease liabilities	$	482,154

Below is a summary of expenses incurred pertaining to leases during the period ended December 31, 2022:

Operating lease expense	$	24,870
Total lease expense	$	24,870

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 5.00%. As of December 31, 2022, the weighted average remaining lease term was approximately 9.8 years.

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2022:

Years ending:		
December 31, 2023	$	58,561
December 29, 2024		59,995
December 28, 2025		61,428
December 27, 2026		62,862
December 26, 2027		64,607
Thereafter		297,441
Total lease payments		604,894
Less present value discount		(122,740)
Total lease liabilities		482,154
Less current portion		58,561
Long-term lease liabilities	$	423,593

The following table includes supplemental cash flow and noncash information related to the leases for the year ended December 31, 2022:

Leasehold improvements received for amounts included in the measurement of lease liabilities	$	150,012
Operating lease right-of-use assets obtained in exchange for lease liabilities		348,639

6. Advertising Fund

The Company manages the Ad Fund on behalf of all Dunn Bros stores in the United States. The Company is committed under its franchise and other agreements to spend revenues of the Ad Fund on marketing, creative efforts, media support, or related purposes specified in the agreements.

Activity in the Ad Fund for the periods reported is as follows:

Opening fund balance	$ -
Advertising fee income	421,676
Ad fund expense	(449,236)
Total overspend	$ (27,560)

7. Supplier Relationship and Purchase Commitments

The Company sources green coffee for its franchise system with assistance from a coffee supplier and uses a third party distributor for fulfilling orders. The third party distributor is responsible for the collection of payments from the franchisees as well as the credit risk. The Company is paid a commission based on the coffee shipments from the coffee supplier to the third party distributor.

In order to ensure an adequate supply of coffee to meet the needs of its franchisees, the Company has made forward commitments to purchase coffee from the coffee supplier. If the specific selections of coffee are not purchased in the quantities and time frame specified in the individual commitments, the Company would be obligated to purchase the coffee. Typically, the commitments to purchase a specific variety of coffee span four to eighteen months. As the coffee is purchased, the Company’s obligation under a specific commitment is diminished and is replaced with new commitments for coffee. As of December 31, 2022, the purchase requirements have been fulfilled by the franchisees and accordingly, the Company has not recognized a liability on its balance sheet for these amounts.

8. Commitments and Contingencies

Litigation

The Company from time to time may be involved in claims and legal proceedings in the ordinary course of its business. In the opinion of management, the Company is adequately insured against such claims and any ultimate liability arising from such proceedings will not have a material adverse effect on the financial condition, operations or cash flows of the Company.

Purchase Commitments

The Company is party to a purchase commitment agreement with its coffee supplier (Note 7). The agreement requires the Company’s franchisees to purchase a minimum of approximately $440,000 of coffee for the period from January 2023 through June 2023. Should a shortfall occur, the Company is obligated to purchase the amount of the shortfall.

9. Member's Equity

The Company's LLC operating agreement has a perpetual life. Excess cash flow, tax liability distributions, and profits and losses are to be distributed to the Member in accordance with the operating agreement. The liability of the Company's Member is limited to the Member's specific capital balance. Upon liquidation of the Company, the net assets will be distributed to the sole member.

During the period ended December 31, 2022, the Company's member contributed $225,000 in cash and approximately $569,302 in net assets and liabilities. Assets and liabilities contributed were recognized at fair value with the net value recorded as contributions to the Company.

EXHIBIT F

TABLE OF CONTENTS FOR OPERATIONS MANUAL

DUNN BROTHERS COFFEE OPERATIONS
MANUAL TABLE OF CONTENTS

INTRODUCTION 5 pages

Introduction to Dunn Brothers Coffee
Philosophy of Dunn Brothers Coffee A Brief
History of Coffee
History of Dunn Brothers Coffee
Dunn Brothers Coffee Mission Statement
Franchisee Training

DAILY STORE OPERATIONS 6 pages

Store Standards
Store Hours
Opening and Closing store Cash
Control
Cash Register Procedures
Daily Drawer Counts and Deposit Procedures Safe
Pest Control
Background Music and Entertainment

REQUIRED OPERATIONAL STANDARDS 7 pages

Standards for Service Standards
for Quality Standards for
Cleanliness Standards for Food
Safety
Standards for Equipment Maintenance
Repair & Maintenance and Modernization

RECOMMENDED TRAINING GUIDELINES 2 pages

New Employee Set-Up and Orientation Guest
Experience, Front Counter, and POS Beans,
Roasting, and Tasting Coffee Introduction to Drinks
and Bulk Mixes Espresso Bar and Building Drinks
Food Platform Training

STORE PROMOTION 3 pages

Advertising
Promotions
Public Relations
Store Marketing
Wholesales Sales

SUGGESTED RECRUITMENT BEST PRACTICES 9 pages

Standards for Employment Practices Plan Ahead
Acquire many High-Quality Applicants Reviewing Applications
Key Points on the Application Filing Applications
Contacting Potential Applicants for Interviews Reference Call Checklists
Anti-discrimination Guidelines

Exhibits
Exhibit A: Required, Recommended, and Approved – Beverage **5 Pages**
Exhibit B: Required, Recommended, and Approved – Food **7 Pages**
Exhibit C: Fees That May Be Imposed **2 Pages**

ADDITIONAL INFORMATION PROVIDED ON THE DUNN BROTHERS INTRANET SITE FOR USE BY FRANCHISEES

Recipes
Food Recipe Manual **87 pages**
Drink Recipe Manual **85 pages**

Product Procurement and Distribution **4 pages**

Roasting Guidelines **5 pages**

Training Outline and Training Modules
Training Outline **12 pages**
A Barista's Guide to Guest Experience **23 pages**
A Barista's Guide to Coffee Beans **40 pages**
A Barista's Guide to the Espresso Bar **32 pages**
Fresh Baked Food Program **18 pages**

Note: Each section of the Operations Manual will be provided as a separate electronic page or series of pages, that may vary in size and number depending on the settings you select on your computer. As such, this Table of Contents is not divided into page numbers.

EXHIBIT G

LIST OF STATE ADMINISTRATORS; AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
PO Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT H

STATE ADDENDA

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF DUNN BROS FRANCHISING, LLC

The following are additional disclosures for the Franchise Disclosure Document of Dunn Bros Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: INDIANA, MICHIGAN, MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

1. The following language is added to the end of Item 6:

The Item 6 line item entitled "Lost Revenue Damages" will not be enforced to the extent prohibited by applicable law.

2. The following language is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Trademarks, we will protect your rights to use the Trademarks and we also will indemnify you from any loss, costs, or expenses from any claims, suits, or demands regarding your use of the Trademarks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

3. The following is added to the end of the "Summary" section of Item 17(c), entitled "Requirements for franchisee to renew or extend":

Any release required as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

4. The following is added to the end of the "Summary" section of Item 17(g), entitled "Cause" defined – curable defaults":

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subd. 3, 4, and 5, which require (except in

certain specified cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

NORTH DAKOTA

1. The following is added to the end of Item 6:

The Item 6 line entitled Lost Revenue Damages will not be enforced to the extent prohibited by applicable law. Under North Dakota Law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the Development Agreement or Franchise Agreement is considered unenforceable.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled "Requirements for franchisee to renew or extend", and Item 17(m), entitled "Conditions for franchisor's approval of transfer":

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following is added to the end of the "Summary" section of Item 17(r), entitled "Non-competition covenants after the franchise is terminated or expires":

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The following is added to the end of the "Summary" section of Item 17(u), entitled "Dispute resolution by arbitration or mediation":

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

5. The following is added to the end of the "Summary" section of Item 17(v), entitled "Choice of forum":

However, subject to your arbitration obligation, and to the extent required by North Dakota Investment Law, you may bring an action in North Dakota.

6. The following is added to the end of the "Summary" section of Item 17(w), entitled "Choice of law":

Except as otherwise required by North Dakota law, the laws of the State of Minnesota shall apply.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO DUNN BROS FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **DUNN BROS FRANCHISING, LLC**, a Delaware limited liability company with its principal business address at 2335 West Highway 36, Suite 201, Roseville, MN 55113 ("us"), and _____, a _____whose principal business address is _____ _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. Terms used but not defined in this Rider have the meanings given under the Franchise Agreement. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Dunn Brothers Coffee Shop that you will operate under the Franchise Agreement will be located in the State of Minnesota; or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **INDEMNIFICATION FOR USE OF TRADEMARKS**. The following is added to the end of Section 5.A of the Franchise Agreement:

> Provided you have complied with all provisions of the Franchise Agreement applicable to the Trademarks, we will protect your rights to use the Trademarks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Trademarks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

3. **RELEASES.** The following is added to the end of Sections 6.I, 17.B, and 17.C of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **RENEWAL AND TERMINATION**. The following is added to the end of Sections 13.A, 13.B and 13.C of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

5. **LOST REVENUE DAMAGES**. The following is added to the end of Section 13.E of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **INJUNCTIVE RELIEF**. The following is added to the end of Section 15.A of the Franchise Agreement:

> Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

7. **LIMITATION OF CLAIMS**. The following is added to the end of Section 15.B of the Franchise Agreement:

> You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such an injunction. A court will determine if a bond is required.

8. **WAIVER OF JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 15.F of the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

DUNN BROS FRANCHISING, LLC, a Delaware limited liability company	**FRANCHISEE:**
	_____
	Name of Entity
Sign:_____	Sign:_____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE DUNN BROS FRANCHISING, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **DUNN BROS FRANCHISING, LLC**, a Delaware limited liability company with its principal business address at 2335 West Highway 36, Suite 201, Roseville, MN 55113 ("us"), and _____, a _____whose principal business address is _____ _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. Terms used but not defined in this Rider have the meanings given under the Franchise Agreement. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in the State of North Dakota; or (b) you are domiciled in the State of North Dakota and the Dunn Bros Coffee Shop that you will operate under the Franchise Agreement will be located or operated in the State of North Dakota.

2. **RELEASES**. The following is added to the end of Sections 6.I., 17.B., and 17.C. of the Franchise Agreement:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE / NON-INTERFERENCE**. The following is added to the end of Sections 12.D. and 14.A. of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **LOST REVENUE DAMAGES**. The following language is added to the end of Section 13.E of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. **ARBITRATION**. The following language is added to the end of Section 15.A. of the Franchise Agreement:

> Notwithstanding the foregoing, to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. Further, to the extent required by the North Dakota Franchise

Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 15.B. of the Franchise Agreement:

The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

7. **GOVERNING LAW**. The following is added to the end of Section 15.C. of the Franchise Agreement:

Except as otherwise required by North Dakota law, the laws of the state of Minnesota will apply.

8. **CONSENT TO JURISDICTION AND VENUE**. The following is added to the end of Section 15.D. of the Franchise Agreement:

Except as otherwise required by North Dakota law, the laws of the state of Minnesota will apply.

9. **WAIVER OF JURY TRIAL**. If and then only to the extent required by the North Dakota Franchise Investment Law, Section 15.F. of the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

DUNN BROS FRANCHISING, LLC, a Delaware limited liability company	**FRANCHISEE:**
	_____
	Name of Entity
Sign:_____	Sign:_____
Name: _____	Name: _____
Title: _____	Title: _____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE DEVELOPMENT AGREEMENT

RIDER TO THE DUNN BROS FRANCHISING, LLC.
DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **DUNN BROS FRANCHISING, LLC**, a Delaware limited liability company with its principal business address at 2335 West Highway 36, Suite 201, Roseville, MN 55113 ("us"), and _____, a _____whose principal business address is _____ _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. Term used but not defined in this Rider have the meanings under the Development Agreement. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the Development Area is located in the State of Minnesota; or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **RELEASES.** The following is added to the end of Section 7.D of the Development Agreement:

> Any release required as a condition of assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL AND TERMINATION**. The following is added to the end of Section 8.B of the Development Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **DISPUTE RESOLUTION; INJUNCTIVE RELIEF**. The following is added to the end of Section 13 of the Development Agreement:

> Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.
>
> You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such an injunction. A court will determine if a bond is required.
>
> Minnesota law may prohibit waiver of trial by jury.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Development Agreement.

DUNN BROS FRANCHISING, LLC a Delaware limited liability company	**DEVELOPER:**
	_____
	Name of Entity
Sign:_____	Sign:_____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE DUNN BROS FRANCHISING, LLC
DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **DUNN BROS FRANCHISING, LLC**, a Delaware limited liability company with its principal business address at 2335 West Highway 36, Suite 201, Roseville, MN 55113 ("us"), and _____, a _____whose principal business address is _____ _____ ("you").

1. **BACKGROUND**. We and you are parties to that certain Development Agreement dated _____, 20___ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. Term used but not defined in this Rider have the meanings under the Development Agreement. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Agreement occurred in North Dakota; or (b) you are domiciled in the State of North Dakota and the Development Area is located in the State of North Dakota.

2. **RELEASES**. The following is added to the end of Section 7.D of the Development Agreement:

> However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **DISPUTE RESOLUTION; INJUNCTIVE RELIEF**. The following is added to the end of Section 13 of the Development Agreement:

> Except as otherwise required by North Dakota law, the laws of the state of Minnesota will apply.
>
> The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.
>
> Notwithstanding the foregoing, to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. Further, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.
>
> North Dakota law may prohibit waiver of trial by jury.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Development Agreement.

DUNN BROS FRANCHISING, LLC, a Delaware limited liability company

Sign:_____
Name: _____
Title: _____

DEVELOPER:

_____
Name of Entity
Sign:_____
Name: _____
Title: _____

EXHIBIT I

ACKNOWLEDGMENT ADDENDUM

ACKNOWLEDGMENT ADDENDUM

IF YOU ARE A RESIDENT OF INDIANA, MICHIGAN, MINNESOTA, NORTH DAKOTA, SOUTH DAKOTA, OR WISCONSIN THEN DO NOT SIGN THIS ADDENDUM.

Nothing in this document or any related agreement shall amount to a (i) waiver of any rights or claims that you have under any applicable state franchise law, including fraud in the inducement, or (ii) disclaimer of reliance by you on any statement made by any franchise seller or other person acting on behalf Dunn Bros Franchising, LLC ("**us**").

Acknowledgments and Representations*.

1. Did you receive a copy of our disclosure document (and all exhibits and attachments) at least 14 days before signing the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:

   _____

   _____

2. Have you studied and reviewed carefully our disclosure document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:_____

   _____

3. Other than fill in the blank provisions or changes due to negotiations that you initiated, did you receive a copy of the Franchise Agreement at least seven days before the date on which the Franchise Agreement was executed? Check one: (_) Yes (_) No. If no, please comment:

   _____

   _____

4. Did you understand all the information contained in both the disclosure document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

   _____

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the disclosure document? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

   _____

6. Except as stated in Item 19 of our disclosure document or to the extent you received system wide or other financial information in connection with a DUNN BROTHERS COFFEE® shop you currently operate, did any employee or other person speaking for Dunn Bros Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any DUNN BROTHERS COFFEE® location or Shop, or the likelihood of success at your franchised Shop? Check one: (_) Yes (_) No. If yes, please state in detail the oral, written or visual claim or representation: _____

   _____

7. Except as stated in Exhibit A of our disclosure document, did any employee or other person speaking on behalf of Dunn Bros Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the disclosure document or that is contrary to, or different from, the information contained in the disclosure document. Check one: (__) Yes (__) No. If yes, please comment:_____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the franchised Shop, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: (__) Yes (__) No. If no, please comment: _____

9. Do you understand that the success or failure of your Shop will depend in large part upon your skills and experience, your business acumen, the hours you work, your location, the local market for products under the DUNN BROTHERS COFFEE® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your store may change? Check one: (__) Yes (__) No. If no, please comment: _____

10. Do you acknowledge and agree that the Shop may be impacted by many risks, including those outside our or your control, such as economic, political or social disruption, including epidemics or pandemics or similar events, such as COVID-19 ("Events")? Check one: (__) Yes (__) No. If no, please comment: _____

11. Do you acknowledge and agree that the Events and any preventative or protective actions that federal, state, and local governments may take in response to the Events may result in a period of business disruption, reduced customer demand, and reduced operations for the Shop, and that the extent to which the Events impacts the Shop will depend on future developments which are highly uncertain and which neither we nor you can predict? Check one: (__) Yes (__) No. If no, please comment: _____

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

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

Signed:_____	Signed:_____
Print Name:_____	Print Name:_____
Date:_____	Date:_____

APPROVED ON BEHALF OF
DUNN BROS FRANCHISING, LLC

By:_____
Title:_____
Date:_____

Signed:_____
Print Name:_____
Date:_____

***** These representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
Indiana	Pending
Michigan	April 28, 2023
Minnesota	Pending
North Dakota	Pending
South Dakota	Pending
Wisconsin	April 28, 2023

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

EXHIBIT J

RECEIPTS

RECEIPT
(OUR COPY)

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

Issuance Date: **April 28, 2023**

The franchisor is Dunn Bros Franchising, LLC, 2335 West Highway 36, Suite 201, Roseville, MN 55113. Tel: (612) 334-9746. The franchise seller for this offering is:

❑ Kim Plahn Dunn Bros Franchising, LLC 2335 West Highway 36 Suite 201 Roseville, MN 55113 (612) 334-9746	❑ _____ Dunn Bros Franchising, LLC 2335 West Highway 36 Suite 201 Roseville, MN 55113 (612) 334-9746	❑ _____ Dunn Bros Franchising, LLC 2335 West Highway 36 Suite 201 Roseville, MN 55113 (612) 334-9746

See Exhibit G for our registered agents authorized to receive service of process.

I have received a disclosure document dated **April 28, 2023** that included the following Exhibits:

Exhibit A	Franchise Agreement	Exhibit F	Table of Contents for Operations Manual
Exhibit B	Development Agreement	Exhibit G	List of State Administrators; Agents for Service of Process
Exhibit C	List of Franchisees	Exhibit H	State Addenda
Exhibit D	List of Franchisees Who Have Left the System or Not Communicated with Us	Exhibit I	Acknowledgement Addendum
Exhibit E	Financial Statements	Exhibit J	Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to Legal Department, Dunn Bros Franchising, LLC, 2335 West Highway 36, Suite 201, Roseville, MN 55113. Phone: (612) 334-9746, Facsimile: (612) 334-9749, Email: franchiseinfo@dunnbros.com

RECEIPT
(YOUR COPY)

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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Exhibit E	Financial Statements	Exhibit J	Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.