

FRANCHISE DISCLOSURE DOCUMENT



NEXTERUS FRANCHISING, LLC
a Delaware Limited Liability Company
802 Far Hills Drive
New Freedom, Pennsylvania 17349
(717) 227-5617
www.nexterusfranchising.com
www.nexterus.com

We grant you the right to operate a business offering sophisticated supply chain capabilities (services such as modeling, optimization and management of transportation, warehousing and related support services).

The total investment necessary to begin operation of your Business is from \$87,800 to \$124,300. This includes \$52,500 to \$67,500 that must be paid to us or our affiliates.

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 Ryan Polakoff at 802 Far Hills Drive, New Freedom, PA 17349; telephone (717) 227-5617.

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

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

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

Issuance Date: April 20, 2020, as amended August 26, 2020

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.
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 B 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 NEXTERUS business 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 have been involved in material litigation or bankruptcy proceedings.
What's it like to be a NEXTERUS franchisee?	Item 20 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 Franchising 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 designates. These items may be more expensive than similar items you could buy on your 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 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 A.

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 risk(s) 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 Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Financial Condition.** The Parent's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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 PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice 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 it not limited to:

- (i) The failure of the proposed franchisee 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 \$100,000.00, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor 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 the notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-3800

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is “Nexterus Franchising, LLC.” For ease of reference, we will be referred to as “Nexterus,” “we,” or “us” in this Disclosure Document. The person or entity who buys the franchise will be referred to as “you” and “your” throughout this Disclosure Document. If you are a corporation or limited liability company, your owners must sign our “Guaranty and Assumption of Obligations,” which means that all of our Franchise Agreement’s provisions also will apply to your owners.

The Franchisor

We are a Delaware limited liability company formed in August 2017 under the name Nexterus Franchising, LLC. Our principal business address is 802 Far Hills Drive, New Freedom, Pennsylvania 17349. We have not operated any NEXTERUS businesses. We began offering franchises in January 2018.

We operate under the name “NEXTERUS®” and the other marks described in Item 13 (the “Marks”).

Agents for Service of Process

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

Parents, Predecessors and Affiliates

We do not have any predecessors. Our parent company is Abraham Allan Holdings, LLC (“AAH”), a Delaware limited liability company formed in August 2017. AAH has the same principal place of business as us. AAH has never operated a NEXTERUS business and does not or has not offered franchises in any line of business.

We have two affiliates who will provide services to franchisees. Our affiliate Nexterus Inc. (“NI”) is a Delaware corporation formed in April 2000 but whose predecessor company began operation in 1946. NI changed its name from TBB Global Logistics, Inc. on March 1, 2016. NI may provide services including supply chain consulting and advisory services, cargo claims, technology services, accounts receivable collection services, or customer service call center services to franchisees and the clients of franchisees. NI also will pay a franchisee a monthly commission based on gross profit for all international shipments that a franchisee’s clients order, excluding fees earned for services related to services provided in accordance with NI’s license from U.S. Customs & Border Protection. Since April 2000, NI has operated a NEXTERUS business similar to the NEXTERUS business a franchisee will operate, except that NI’s business includes international operations (Customs brokerage, NVO and ocean /air freight forwarding) which a franchisee will not offer. Another affiliate, NXT Technologies, LLC, develops custom software and licenses same to Us and to You. NXT Technologies is a Delaware limited liability company formed in August 2017. NXT Technologies has never operated a NEXTERUS business. Another affiliate, NXT IP, LLC (“NXT IP”) does not provide products or services to franchisees, but owns

the NEXTERUS Marks, as further described in Item 13 of this Disclosure Document. NXT IP is a Delaware limited liability company formed in August 2017. NXT IP has never operated a NEXTERUS business. All of these affiliates have the same principal place of business as ours. None of these affiliates offer or has offered franchises in any line of business.

The Franchise Offered

We grant you the right to develop and operate a business offering sophisticated supply chain capabilities (services such as modeling, optimization and management of transportation, warehousing and related support services) for small to mid-sized enterprises (SME) under the “NEXTERUS” trademark (the “Business”). You will need specialized training and certification from us prior to offering certain services to clients. In other instances, we or an affiliate will provide services to your clients, although you still will act as the sales agent and receive commissions for those sales agent services. We will establish the services you are authorized to provide as part of your Business through the Franchise Agreement or other written communication. You also must participate in our Terrance Cares Program, a community service initiative wherein you and your employees choose the individuals and/or groups you wish to serve.

You must operate your Business under the NEXTERUS System (the “System”) featuring our operating systems, methods, policies and procedures as further defined in the Franchise Agreement. A copy of the Franchise Agreement is attached as Exhibit C to this Disclosure Document. You must adhere to the System standards in the operation of your Business.

Market and Competition

Your competitors will include other local, regional and national companies that offer modeling, optimization and logistics services. Your clients will be SME comprised primarily of manufacturers, distributors and retailers and secondarily, any entity holding, or responsible for, transporting physical inventory. Examples include public utilities, museums and food banks. While there are clients that will have seasonality, franchisees are encouraged to have a mix of clients in which varying seasonality programs can smooth the aggregate portfolio. The market for these services is well developed and highly competitive.

You will earn the majority of your revenue through the management of transportation in association with our proprietary Transportation Management System (TMS) called Fusion Center. Fees for this service can be generated as a percentage of the client’s annual freight expenditure, referred to as assets under management, and/or in a traditional cost-plus model wherein you determine a markup on transportation purchased by Us. Your Nexterus business will be differentiated through the TMS software and other support services such as strategic account management, pre-audit of freight invoices, freight payment, freight and related reporting required by your client’s accounting department, vendor management, claims management and Periodic Business Reviews (PBRs).

As you conduct PBRs, quarterly, semiannually or annually, at the client’s discretion, you will provide consulting services to the client via the data presented. PBRs are usually included as a value added service provided the client has committed to you 100% of its freight expenditure in one or more lines of business (e.g. Less-Than-Truckload or “LTL,” Truckload or “TL,” Parcel or

“PKG.”) During the course of a PBR, or prior or subsequent to a PBR, you will consult with the client to identify related supply chain needs requiring billable consulting hours by you. Examples include the client’s desire to penetrate a new territory, the introduction of a new product, or a change in a key supplier. Some or all of these consulting engagements may require supply chain expertise from Us. PBRs consultation and billable consulting projects are powered by software tools such as Tableau and the Supply Chain Guru suite from Llamasoft. We maintain a perpetual license to use these tools for the SME market. Most consulting performed by you will likely be in the form of non-billable hours in exchange for TMS revenue commitments as noted above. Billable consulting projects are infrequent but invaluable in differentiating your Nexterus business from the competition, many of whom offer only transactional freight brokerage.

Industry-Specific Regulations

Brokering of domestic transportation requires you to obtain a property broker’s license from the Federal Motor Carrier Safety Administration (FMCSA). There also may be laws and regulations applicable to the operation of a franchise business within a particular state and we urge you to ask about the described laws, regulations and any other laws or regulations that can impact the operation of your Business. You must comply with all other local, state, and federal laws that apply to the operation of your Business, including EEOC, OSHA, discrimination, employment, and sexual harassment laws. You also must comply with all Payment Card Industry (PCI) Data Security Standards. You should consult with an attorney concerning those and other local laws and ordinances that may affect your Business.

ITEM 2 BUSINESS EXPERIENCE

CEO: Samuel R. Polakoff

Mr. Polakoff has been our President and CEO since our formation in August 2017. He also has been President of NI since 1999 and since August 2017 has also served as President of NXT Technologies and NXT IP.

President: Ryan Polakoff

Mr. Polakoff has been our President since January 2020. He served as our Vice President, Sales and Marketing from January 2018 to January 2020, and prior to that was Manager, Sales and Marketing from August 2017 to January 2018. He also has been the Vice President, Sales and Marketing of NI since January 2018. He was the Manager, Sales and Marketing from October 2015 to January 2018. From January 2014 to October 2015, Mr. Polakoff was an account executive for NI and from May 2013 to January 2014, he was the Supply Chain Project Manager at NI.

Chief Financial Officer: Scott Reifsnyder

Mr. Reifsnyder has been our Chief Financial Officer since April 2018. Mr. Reifsnyder has been a Chief Financial Officer for more than 12 years. From October 2017 to April 2018, he was

the Senior Financial Manager for various companies in the Baltimore, Maryland area including George R. Ruhl & Son, WindowNation and SoilSafe through Randstad Professionals. Mr. Reifsnyder was the Chief Financial Officer for Cryo-Trans, Inc. in Reisterstown, Maryland from July 2012 to September 2017. He was the Chief Financial Officer at B. Green & Co in Baltimore, Maryland from July 2005 to July 2012.

NI, NXT Technologies and NXT IP all have the same corporate address as we do in New Freedom, Pennsylvania.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee will range from \$45,000 to \$60,000 depending on the size of the Supply Chain Management (SCM) spend for your Area of Primary Responsibility (“APR”), as we determine using a formula of 5% of enterprise spend for specific SIC industry codes and an enterprise size filter from the Hoover’s database excluding existing Nexterus house accounts, as follows:

SCM Spend for APR	Initial Franchise Fee
<\$500 million	\$45,000 (Territory B)
>\$500 million	\$60,000 (Territory A)

The Initial Franchise Fee is paid in full at the time you sign the Franchise Agreement and is fully earned upon receipt and is nonrefundable. We will reduce the Initial Franchise Fee by 20% if you are an honorably discharged US military veteran and the majority owner of the franchisee.

Initial Marketing Launch Fee

You must pay us an Initial Marketing Launch Fee of \$7,500. This amount is paid upon the signing of the Franchise Agreement and is nonrefundable. We will spend this amount on the initial marketing launch for your Business prior to and during the 90 days after you open and begin operating your Business.

**ITEM 6
OTHER FEES**

Type of Fee (1)	Amount	Due Date	Remarks
Royalty (2) (3)	3% of Gross Sales of your Business, with an annual minimum royalty based on the size of the APR. 3% is reduced to 2.75 % when Gross Sales for the year exceeds \$2,000,000.	Weekly for previous week, with the minimum due 30 days after invoiced	Invoiced weekly and paid by electronic funds transfer initiated by us.
Brand Development Fee (4)	\$100 per month, with the right to increase to an amount not to exceed .75% of Gross Sales	15 th day of each month for the previous month	Invoiced monthly and paid by electronic funds transfer initiated by us.
Technology Fees	.45% of Gross Sales of Your Business	Once per month 15 th of each month for previous month	Payable to us and paid by electronic funds transfer initiated by us.
Audit Fee	Cost of audit. Precise estimate is unknown as of the date of this Disclosure Document, but is estimated to range from \$500 to \$2,000 per occurrence	5 days after notice of amount due	You will pay us the costs of an audit to be performed if you fail to provide monthly financial statements, which are required by the Franchise Agreement in excess of three times per calendar year or if a random audit shows an understatement of Gross Sales in excess of 2%.
Late Fee/NSF	\$5 per day; \$250 for payment not received due to insufficient funds (NSF)	Within 5 days of the date of our statement for amount due	You will pay us the late fee if you fail to pay the Royalty or Brand Development Fee, or fail to submit any report when due. You also will be required to pay us a late fee on any other overdue amount beginning with the date payment is due until you pay the arrearage. In Minnesota, there is a statutory cap of \$30 on a service charge.
Interest on Late Payments	1% per month not to exceed the maximum amount permitted by applicable law	Within 5 days of date of our statement for amount due	You will pay us interest on any Royalty or Brand Development Fee or other fees due us, in the amount of 1% per month. You also will be required to pay us interest on any other overdue amount beginning with the date payment is due until you pay the arrearage.

Type of Fee (1)	Amount	Due Date	Remarks
Additional Training Fee	To be determined by us, but not to exceed \$2,400 per person per day	Within 5 days of date of our statement for amount due	You will pay us a non-refundable fee if you ask for special assistance or we determine that additional training is warranted after your initial training period.
Renewal Fee (Successor Term)	\$1,750	Before signing the renewal franchise agreement for a successor term	Payable to us if you wish to renew your franchise.
Transfer Fee	75% of then-current Initial Franchise Fee (reduced to 50% if transfer to another existing franchisee or \$1,500 if transfer between existing owners)	Due at time of transfer	Either you or transferee must pay us the transfer fee.
Seminar and Convention Costs	No charge for attending seminars or conventions, although we reserve the right to charge a convention fee in the future	As incurred	Costs for travel, food, and lodging to attend seminars and conventions will be paid by you to various vendors.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for arbitration proceedings.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for any claims arising from your operation of your business.
Insurance (5)	\$3,500 to \$4,500 per year	As incurred	You must be fully covered in all areas of operating a business including obtaining a property broker surety bond. If you do not procure and maintain the required insurance coverage we may, but are not required to, procure insurance coverage on your behalf and to charge the costs to you together with a reasonable fee for the expenses we incur.
Call Center Services	\$35 per hour, although we will waive this amount for Year 1	Once per month 15 th of each month for previous month	Payable to us and paid by electronic funds transfer initiated by us.
Client Satisfaction/QA Monitoring	\$250 per occurrence	Per occurrence	Payable to us and paid by electronic funds transfer initiated by us.. If we receive 75% or more response from clients, we will waive the fee.

Type of Fee (1)	Amount	Due Date	Remarks
A/R Collections	\$35 per hour	Once per month 15 th of each month for previous month	Payable to us and paid by electronic funds transfer initiated by us.
FMCSA Property Broker's License (from The Federal Motor Carrier Safety Administration)	\$300	One time	Payable to FMCSA
Credit Check Fee	\$40 per report	Once per month 15 th of each month for previous month	Payable to us and paid by electronic funds transfer initiated by us. Report for each prospective sales lead
APR Expansion Fee	80% of the then-current initial franchise fee for the territory to be awarded.	Per occurrence	Payable to us and paid by electronic funds transfer initiated by us.
Accounting Technology Fees	\$30-\$40 per month	As Incurred	Currently payable to Intuit/Quickbooks

Notes:

- (1) You will pay all fees to us unless otherwise noted. All fees are non-refundable unless otherwise noted. All fees are uniformly imposed.
- (2) If in any single year, your aggregated royalties do not equal or exceed the minimum annual royalty fee, you will be assessed a charge for the difference as follows:

	12 Mo Min. Royalty Year 2	12 Mo. Min. Royalty Year 3	12 Mo. Min. Royalty Year 4	12 Mo. Min. Royalty Year 5
Franchise Fee/Territory Size				
\$45,000 (B)	\$24,000	\$31,200	\$37,440	\$41,184
\$60,000 (A)	\$30,000	\$39,000	\$46,800	\$51,480

- (3) Gross Sales include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, trade or other consideration) that arise, directly or indirectly, from the operation of or in connection with your Business whether under any of the Marks or otherwise. Gross Sales exclude (i) sales taxes, if any, which are collected from clients and paid to the appropriate taxing authority and (2) commissions you receive from us for any sales agent services you may provide in connection with international transportation and warehousing services that we provide to clients.
- (4) The Brand Development Fee is paid to us for deposit in a Brand Development Fund as described in Item 11. In addition to the Brand Development Fee and Initial Marketing Launch Fee, you must spend on approved local marketing activities (i) \$5,000 during the balance of year 1 and year 2; (ii) \$7,500 in year 3; and (iii) \$10,000 each year thereafter.

- (5) Insurance includes all risk or all peril coverage, business interruption insurance, comprehensive general liability insurance, workers' compensation insurance, and other forms of insurance we require. All liability policies must name us as an additional insured. You must deliver to us upon commencing operation of your Business, and then annually or at our request, a proper certificate evidencing the existence of the required insurance coverage.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee (1)	\$45,000 – \$60,000	Lump Sum	Upon signing Franchise Agreement	Us
Training Expenses (2)	\$2,000 - \$4,000	As incurred	As incurred	Paid to various vendors
Initial Marketing Launch Fee (3)	\$7,500	Lump sum	Upon signing Franchise Agreement	Us
Computer System (4)	\$3,000 - \$5,000	As agreed to	First 90 days	Various vendors
Legal and Accounting Fees	\$1,500 - \$5,500	As incurred	Before opening	Third parties
Initial Insurance Premiums	\$3,500 - \$4,500	As agreed to	As incurred	Insurance companies
Additional Funds—3 Months (5)	\$25,000 - \$37,500	As agreed to	As incurred	Various vendors
Property Brokerage Licensure Application	\$300	As incurred	As incurred	FMCSA
Total (6)	\$87,800 - \$124,300			

Notes:

*We do not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amounts that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable. You likely will initially operate your Business from your home office although all client meetings must be held in professional office space.

(1) Initial Franchise Fee. The Initial Franchise Fee is \$45,000 - \$60,000, as described in Item 5. In certain limited circumstances, we may reduce the Initial Franchise Fee by 20% if you are an honorably discharged US military veteran who will be the majority owner of the franchise.

(2) Training Expenses. We will not charge you a fee for up to two persons to attend our initial training program. You, however, are responsible for all hotel, transportation and other costs and expenses for the people you designate to attend our initial training program. The amount

in the table represents the estimated costs and expenses you will incur for you and one additional person to attend our initial training program. These amounts are generally not refundable.

(3) Initial Marketing. Monies to be included in initial marketing for the first three months of operation. These monies are not refundable.

(4) Computer System. The required computer system is described in more detail in Items 8 and 11.

(5) Additional Funds. This item estimates your expenses during the initial period (first three months) of operation of your NEXTERUS Business (other than the items identified separately in the table). This estimate includes payroll costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how closely you follow our recommended methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period of operation of your Business. This amount does not end your initial investment obligation. We also recommend that you plan for another \$25,000 - \$37,500 for additional working capital during months 4 – 6 of the operation of your Business.

(6) Total. We relied on our affiliate's 74 years of experience in establishing and operating a NEXTERUS Business to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the NEXTERUS System, you must maintain and comply with our quality and system standards. You must equip and operate your Business according to our then-current approved design, specifications and standards. You also must use signage, products, supplies, equipment and marketing materials that meet our specifications and standards.

Designated Sources

You may be required to purchase certain products and supplies only from us or our required suppliers as noted in this Item 8. From time to time we, an affiliate or a third party vendor or supplier may be the only approved supplier for certain products. You will pay the then-current price in effect for all purchases you make from us, our affiliate or any third party vendor we designate. As of the date of this Disclosure Document, our affiliate NI is the only approved vendor

for international transportation and Customs clearance services. In addition, you must use (i) our affiliates for supply chain consulting services, warehousing service providers, domestic transportation providers, freight audit & payment services, and cargo claims administration services, and (ii) the following third parties, Quick Books for bookkeeping/accounting software, Tableau for data visual analytics software and Shoretel for VoIP phone services.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory products, equipment, supplies and other items or services necessary to operate the Business (“Approved Supplies List”). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or service. We reserve the right to designate a required source of supply for certain products and services, and we or an affiliate may be a required source.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products or services. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers.

Except where we identify a sole single source, if you propose to use in the operation of your Business any product or supply which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days). You may not use any product, supply, or material that we have not approved.

Supplier approval will depend on product or service quality, delivery frequency and reliability, service standards, financial capability, client relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier’s willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications. As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier’s facilities.

Nothing contained in this Disclosure Document or in the Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

Some of our officers own an interest in our affiliates, which may be approved suppliers of products or services.

You must carry insurance policies protecting you, us and our affiliates. You must purchase and maintain a policy or policies of comprehensive public liability insurance covering all Business assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than two million dollars (\$2,000,000) but no less than \$1,000,000 per occurrence (including Products/Completed Operations and Personal Injury and Advertising Injury). In addition, our current minimum insurance requirements include (i) motor vehicle liability coverage, combined single limit in the amount we specify, up to \$2,000,000 but no less than \$1,000,000, on each owned, non-owned or hired vehicle used in connection with the Business; (ii) professional errors and omissions coverage of not less than one million dollars (\$1,000,000); (iii) workers' compensation coverage with minimum coverage as required by law; (iv) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses; (v) casualty insurance in a minimum amount equal to the replacement value of your interest in your Business furniture, fixtures, and equipment and (vi) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Business. Additional insurance requirements may be set forth in the Operations Manual. We may increase the minimum coverage requirement annually if necessary to reflect inflation or other changes in circumstances. If you have employees, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law.

We must be named as an additional insured on all liability policies and severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us. You must also carry any other such insurance coverages or amounts as required by law or other agreement related to the Business. We may from time to time modify the required minimum limits (including an increase to the umbrella policy) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the NEXTERUS System, standards of liability and higher damage awards.

You must deliver to us upon commencing business, and then annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the insurance requirements. The insurance certificate must show our status as an additional insured and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what

coverage, in addition to the minimum required coverage, may be needed for you and your Business.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services. Most of these payments will be calculated on an amount based on products or services sold. We will retain and use such payments as we deem appropriate or as required by the vendor. During our 2019 fiscal year, neither we nor our affiliates received any rebates or other payments from any of our required or approved suppliers. We also may derive revenue from items or services we or affiliates sell directly to you by charging you more than our or their cost.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

You can expect items purchased or leased in accordance with our specifications will represent approximately 75% to 100% of total purchases you will make to begin operations of the business and 10% to 50% of the ongoing costs to operate the business.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement*	Item in Disclosure Document
(a) Site selection and acquisition/lease	Sections 2A and 5A	Items 7 and 11
(b) Pre-opening purchases/leases	Sections 5A, 6B and 8A	Items 5, 6, 7 and 8
(c) Site development and other pre-opening requirements	Section 5A	Items 7, 8 and 11
(d) Initial and ongoing training	Sections 6B and 6C	Items 6 and 11
(e) Opening	Section 2A	Items 5 and 11
(f) Fees	Section 8	Items 5, 6 and 7
(g) Compliance with standards and policies/operations manual	Section 5G	Items 6, 7, 8, 11, 14 and 16
(h) Trademarks and proprietary information	Sections 3A-3E	Items 13 and 14
(i) Restrictions on products/services offered	Sections 5B and 5C and 6A-6C	Items 6, 7, 8, 11 and 16
(j) Warranty and customer service requirements	Section 5K	Items 6 and 11

Obligation	Section in Agreement*	Item in Disclosure Document
(k) Territorial development and sales quotas	Sections 2B and 2D	Item 12
(l) Ongoing product/services, purchases	Sections 5B and 5C	Items 6, 7 and 8
(m) Maintenance appearance and remodeling requirements	Section 5L	Items 8 and 11
(n) Insurance	Section 9C	Items 6, 7 and 8
(o) Advertising	Sections 7A-7D and 8C	Items 6, 7 and 11
(p) Indemnification	Section 9B	Not Applicable
(q) Owner's participation/management/staffing	Sections 6A-6E	Items 11 and 15
(r) Records and reports	Sections 8G and 8H	Item 11
(s) Inspections/audits	Sections 5F and 8G	Items 6 and 11
(t) Transfer	Sections 10A-10G	Items 6 and 17
(u) Renewal	Section 4B	Items 6 and 17
(v) Post-termination obligations	Sections 9D and 13	Item 17
(w) Non-competition covenants	Section 9D	Item 17
(x) Dispute resolution	Sections 11A-11D	Item 17
(y) Other	Not Applicable	Not Applicable

*Unless otherwise noted, Section references are to the Franchise Agreement.

ITEM 10 FINANCING

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

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

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

Pre-Opening Assistance

Before you commence operation of the Business, we will:

1. Provide you with our standards and specifications for your Business and the authorized services you will deliver to clients, services and supplies. (Franchise Agreement—Sections 5.A, 5.B and 8.B.)

2. Provide you with the Approved Supplies and Approved Suppliers Lists. (Franchise Agreement—Section 5.C.)

3. Provide you with an electronic copy of the Operations Manual, the current table of contents of which is in Exhibit D. As of the date of this Disclosure Document, the Operations Manual contains 63 pages. (Franchise Agreement—Section 6.I.)

4. Provide the initial training program described below. (Franchise Agreement—Section 6.B.)

Post-Opening Assistance

During your operation of the Business, we will:

1. Maintain and administer the Brand Development Fund. (Franchise Agreement—Section 7.A.)

2. Provide updates to the Approved Supplies and Approved Suppliers Lists. (Franchise Agreement—Section 5.C.)

3. Make periodic visits to your Business as we reasonably determine necessary to provide consultation and guidance. We will advise you of any problems arising out of the operation of your Business as disclosed by the report or by our inspection. (Franchise Agreement—Section 5.F.)

4. Periodically offer refresher training courses as we determine necessary and require you to attend. (Franchise Agreement—Section 6.C.)

5. We may make suggestions to you with regard to your pricing or gross margin policies. In addition, we have the right to negotiate strategic account arrangements, including pricing which will bind all NEXTERUS Businesses providing services to such accounts. Although you generally have the right to establish prices and gross margins for the services you provide, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law. (Franchise Agreement—Section 5.K)

Site Selection

You select the site for your Business. As we don't approve your site, we have no site approval factors. You can operate the Business out of your home office, but you must then conduct client meetings at professional meeting or conference room space similar to the standards met by organizations such as Regus. We do not assist you in connection with selecting and securing a site for your Business as it is your responsibility to find a site, although the site you select must be in your APR. There is no time limit for us to approve a site and no consequences if we cannot agree on a site, as you likely will start to operate the Business out of your home office.

Time of Opening

The typical length of time between the signing of the Franchise Agreement and the commencement of business for a NEXTERUS Business is two to four months. You may not commence operations until (1) you complete pre-opening training to our satisfaction; (2) you pay the Initial Franchise Fee and other amounts then due to us; (3) you obtain all necessary licenses, permits and authorizations; (4) you give us certificates for all required insurance policies; and (5) we approve the commencement of operations.

Marketing

As of the date of this Disclosure Document, we collect a \$100 per month Brand Development Fee. We have the right to increase the Brand Development Fee up to 0.75% of Gross Sales. All Brand Development Fees will be deposited in a Brand Development Fund (the "Fund"). In addition to and separate from the \$7,500 Initial Marketing Launch Fee, you must spend a minimum on approved local marketing activities as follows: (i) \$5,000 during the balance of year 1 and year 2; (ii) \$7,500 in year 3; and (iii) \$10,000 each year thereafter.

We will administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. Any and all interest earned from the account belongs to us. If all of the Brand Development Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast, print or on-line advertising and brand awareness; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising); (4) any marketing or related research and development; (5) advertising and marketing expenses, including services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel; and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor. Any media coverage will initially be local or regional.

We determine the use of the monies in the Fund, although we may seek franchisee input from time to time on how to use the Fund (we reserve the right to make all decisions regarding the Fund). We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. We oversee the marketing programs and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned Businesses in the same local marketing area. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We may use in-house resources or an outside

national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. We will not use the Fund for the solicitation of franchise sales.

For our 2019 fiscal year (ending December 31, 2019), we did not collect or spend any Brand Development Fees.

You must obtain our written approval of all promotional and marketing materials prior to their use.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Brand Development Fee.

As of the date of this Disclosure Document, we do not have an advertising or marketing council.

Computer System

You must obtain and use in your Business the approved computer system. The initial cost of the computer system is \$3,000 - \$5,000. The computer includes Windows and a printer. Your internet browser should be Internet Explorer, Google Chrome or Mozilla Firefox. Additional required software includes Norton Antivirus, Microsoft Office and Tableau. You must record all revenue and sales on the System. The System will generate reports on proposals, billings, contracts, business analysis, and the sales and expenses of the Business. You will be solely responsible for the operation, maintenance, and upgrading of the System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the System. We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the System, but it is recommended, and we reserve the right to do so in the future. The current annual cost of the Tableau license is approximately \$1,700. The estimated cost of upgrading your laptop computer is \$2,000 every two to three years.

You may be required to license proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. Our affiliate, NXT Technologies, will license to you Fusion Center which encompasses a franchisee portal, a CRM and a TMS system as well as other functionality as enhancements are released.

We may independently access the System and retrieve, analyze, download and use all software, data and files on the System. We may access the System through our intranet, from your Business or from other locations. You must retain all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must have your Business connected to the Internet. You will be provided a permanent Internet email account.

You understand that the data storage, phone line, communication software, Internet access, and all additional hardware and software needed to implement and maintain these services is at your cost.

Training

Before you commence operation of your Business, we will train you and one additional person. We will provide approximately 5-10 days of training (although the specific number of days depends on our opinion of your experience and needs) in New Freedom, Pennsylvania, or another location we designate. This initial training is included as part of the Initial Franchise Fee. You must attend and complete training to our satisfaction. The training program will be conducted on an as-needed basis as franchisees become ready to commence business operations.

Additional people beyond the first two may attend initial training if you pay our then-current training charge for each additional person (we will determine the training charge, but in no event will this charge exceed \$2,400 per person per day). You also must pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our initial training program.

Training will occur after you sign the Franchise Agreement. You must complete the training to our satisfaction before you may commence operations of the Business. If you do not successfully graduate our training program you will have to attend the entire program again at your cost before operating the Business. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Licensures and Insurance Applications	2		New Freedom, Pennsylvania
Technology:			New Freedom, Pennsylvania
Fusion Center- CRM	2		
Fusion Center- Rate, Tender, Track	6		
Fusion Center- Reporting	1		
Marketing:			New Freedom, Pennsylvania
Referral groups	2		
Advertising	2		
Trade shows	2		
Collateral	2		
Social Media	2		
Sales:			New Freedom, PA & Onsite
CRM/Pipeline	3		
Scripts	4	4	
Presentations/Proposals	4	4	
Onboarding	3		
Sales Calls- Corporate Team*	16		

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Account Management-Client Visits* Sales Calls- Franchisee APR*	16	16	
Operations: Consulting Warehousing Transportation Management	4 2 2		New Freedom, PA
Finance & HR: Client Invoicing A/R Collections Cash Receipts Posting Client Credit Checks	1 1 1 1		New Freedom, PA
Total	79	24	

**includes travel time to and from client visits*

Ryan Polakoff will be the primary training instructor. We also use other trainers as instructors. Ryan has more than six years of experience in the supply chain and logistics business. The Operations Manual will be used as the principal instructional material.

You and/or other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. In addition to attending these courses, you must attend any annual meeting of all franchisees which we sponsor at a location we designate. We will not require attendance at the annual meeting for more than three days during any calendar year. You are responsible for all related travel and living expenses and wages. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional training program we may require is unknown. Generally, this additional training will be available on an “as needed” basis depending on new product and services introduction, and the availability of training locations.

Operations Manual

The Table of Contents of the Operations Manual, together with the number of pages in each Section and the total number of pages (63), is included in Exhibit D. You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Business, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard.

ITEM 12 TERRITORY

A territory (referred to as the Area of Primary Responsibility or “APR”) will be identified in Schedule A to the Franchise Agreement when you sign it. The location and size of your APR will be decided on by discussions between you and us. Any APR expansion will be specifically

described on the Data Sheet attached to your Franchise Agreement. During the term of the Franchise Agreement and provided that you are in compliance with the terms and conditions of the Franchise Agreement, we will not modify the APR without your written permission.

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. There are no restrictions on where we or our affiliates can provide supply chain management and logistic services, although we will limit who franchisees can provide services to through our client management tools. Franchisees will only be allowed to solicit or accept work engagements if a client within their APR has suppliers, clients or sites within the APRs of other franchisees and the franchisee complies with our client management rules.

Even though you are licensed to operate within your APR, you may follow-up on leads and accept client engagements, regardless of whether such leads or engagements originate from inside or outside of your APR, although you can't actively market within the APR of another franchisee using any channel of distribution (Internet, telemarketing or other direct marketing), all as further set forth in our then-current client engagement policies and procedures, which may include certain limitations on how you may actively solicit and market leads outside your APR or using the Internet, telemarketing or other direct marketing. Certain states may be off-limits for any franchisee. We also may establish House Accounts, which are accounts that only we or our affiliates will service regardless of where the clients are located, including within your APR.

The client engagement policies and procedures will include provisions regarding protected leads and accounts where we will allow franchisees to identify and protect a certain number of leads they are actively working or clients with whom they are actively engaged. We modify and change those policies and procedures from time to time on written notice to you. We may establish an E-commerce or similar program to obtain leads or engagements over the Internet directly or indirectly from clients, and we may direct the leads or sales to you or to another franchisee without regard to whether or not the lead or client is located inside your APR. We will use our best efforts to direct the lead to the franchisee who is closest to the lead and who is best qualified to service the lead.

We retain all rights that are not expressly granted to you under the Franchise Agreement. In addition to the rights described above in this Item 12, we may, among other things, on any terms and conditions we deem advisable, without compensation to you or any franchisee, and without granting you any rights therein:

- (i) merge with, acquire or become acquired by ("Merger/Acquisition Activity") any businesses, including competitive businesses, which businesses operate under trademarks other than the NEXTERUS Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your NEXTERUS Business, and which may be located anywhere inside or outside the APR;

- (ii) sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the

Internet, within and outside the APR, products or services the same as or different from the products and services offered from your NEXTERUS Business, and which are offered and distributed under the Marks or marks different than the Marks. Any individual, corporation or other entity that owns an interest in us or is an affiliate can produce, market and sell, within and outside the APR, products and services that are the same as, similar to or competitive with the products and services offered by NEXTERUS Businesses; and

(iii) create a marketing or other program (a “Business Program”) to generate new business opportunities for you and our other franchisees (“Business Opportunities”). The Business Opportunities may include Strategic Accounts (as defined in the Franchise Agreement). We may condition your participation in any Business Program upon such terms and conditions as we feel are appropriate, including the payment of additional or different fees, the completion of additional training and/or any other certification requirements. Should you choose not to participate in any particular Business Program, other qualified franchisees will be permitted to take advantage of the Business Opportunities.

Continuation of your franchise rights and APR do not depend on the achievement of a certain sales volume, market penetration or other contingency in year one. After year one, you must generate minimum annual sales in accordance with the chart below or we will have the right to terminate your franchise.

Franchise Fee/Territory Size	12 Mo Min. Annual Sales Year 2	12 Mo Min. Annual Sales Year 3	12 Mo Min. Annual Sales Year 4	12 Mo Min. Annual Sales Year 5
\$45,000 (B)	\$800,000	\$1,040,000	\$1,248,000	\$1,372,000
\$60,000 (A)	\$1,000,000	\$1,300,000	\$1,560,000	\$1,716,000

You do not receive any rights of first refusal or similar rights. You are free to relocate your Business office within your APR as long as the office location is within your APR.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Business. The following Marks are registered trademarks on the principal registry of the United States Patent and Trademark Office (“USPTO”) and owned by our affiliate, NXT IP:

Mark	Registration Date	Registration No.
	November 8, 2016	5,079,562
NEXTERUS (Word Mark)	November 8, 2016	5,079,563

NXT IP will file or has filed all required affidavits regarding the USPTO Marks. You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Marks in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

We have entered into a Trademark License Agreement with NXT IP, dated January 18, 2018, under which we have been licensed to use and sublicense the NEXTERUS Marks. The term of this License Agreement is for 20 years and after that it is renewed for an additional 20-year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy.

Your use of the Marks and any goodwill is to our and our affiliate's exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products or services, new equipment, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

Except as described above in this Item 13, there are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We will protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks. We have the right to determine whether or not we will take affirmative action when notified of these uses or claims and

the right to exclusively control any litigation or proceedings. You are required to assist us in the prosecution of such litigation or proceedings. We will reimburse you for all actual damages (other than loss of income) and out-of-pocket expenses incurred by you in connection with any claim by any third party for infringement or unfair competition arising out of your use of the Marks; however, our obligations to reimburse you will exist only if you have used the name or Mark that is the subject of the controversy in strict accordance with the provisions of this Agreement and our rules, regulations, procedures, requirements, and instructions, and have notified us of the challenge as stated above and have otherwise fully cooperated with us in the defense of any action.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes training and operations materials; methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing and operating NEXTERUS Businesses; marketing, advertising and public relations programs; knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials concerning a NEXTERUS Business, whether or not protectable intellectual property and whether created by or for you or your owners or

employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The day-to-day operations of your NEXTERUS Business must be managed at all times by you (or a Designated Owner as defined below).

You are required to inform us immediately of a change of the Designated Owner of your business operation.

You must attend any annual meeting, convention or conference of franchisees and all meetings related to new products/services, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. We do not anticipate requiring franchisees to attend meetings for more than seven days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions or conferences. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term become, a business corporation, partnership, limited liability company, or other legal entity, you must designate a “Designated Owner.” Your Designated Owner must be an individual who (a) owns and controls not less than 51% of the equity and voting rights; (b) has completed our initial training program; and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The Personal Guarantee is attached to your Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell services and products that we authorize for NEXTERUS Businesses. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer.

You may not offer for sale any products or services through the Internet or other online programming or marketing, except in compliance with our policies and standards. You may not generally advertise, market or promote your Business within the APR of any other NEXTERUS franchisee. You are not otherwise limited in the clients to whom you may sell products or services, although you must comply with our client engagement policies and procedures.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Agreement*	Summary
a.	Length of the term of the franchise	Section 4A	Term is 5 years.
b.	Renewal or extension of the term	Section 4B	Renewal for three additional successor terms of 5 years each.
c.	Requirements for you to renew or extend	Section 4B	You give us written notice of your decision to renew at least 120 days but not more than 180 days before the end of the expiring term; you sign our then current form of franchise agreement; you have complied with the modernization requirements for your Business; you are not in default and have satisfied your obligations on a timely basis; you comply with our training requirements; you pay us a renewal fee; and you sign a release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 12C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach.
e.	Termination by us without cause	None	Not applicable

	Provision	Section in Agreement*	Summary
f.	Termination by us with cause	Sections 12A and 12B	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations.
g.	“Cause” defined - defaults which can be cured	Sections 12A and 12B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.
h.	“Cause” defined – defaults which cannot be cured	Sections 12A and 12B2	Non-curable defaults include: any material misrepresentation or omission in your application for a franchise or other reports, abandonment, the loss of your right of possession, closing of the Business, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally (or unintentionally in two or more occasions) understating or underreporting Gross Sales or Profits or other fees, multiple defaults, or failure to cure within 24 hours of notice a default which violates any international, federal or state transportation law or regulation.
i.	Your obligations on termination/non-renewal	Section 13A-13C	Obligations include complete de-identification and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and confidential information, proprietary materials and related writings, and right to purchase assets of the Business (also see (o) and (r) below).
j.	Assignment of contract by Us	Section 10G	No restriction on our right to assign.
k.	“Transfer” by you – defined	Section 10A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change.
l.	Our approval of transfer by you	Section 10B	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Sections 10B-10D	Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, transferee executes then current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below).
n.	Our right of first refusal to acquire your business	Section 10F	We can match any offer for your Business assets and, in the case of a proposed stock sale, we can purchase your Business assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Our option to purchase your business	Section 12B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Business. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.

	Provision	Section in Agreement*	Summary
p.	Your death or disability	Section 10E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions.
q.	Non-competition covenants during the term of the franchise	Section 9D	Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business (defined in (r) below) other than the one authorized in the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 9D	No direct or indirect involvement in a Competing Business for two years (i) in the APR (ii) within 50 miles of the former APR or (iii) inside the APR of any other system franchisee. A Competing Business for purposes of the post-term non-compete includes any business which provides supply chain management services.
s.	Modification of the Agreement	Section 14B	No modifications generally, but we have the right to change the Operations Manual and list of authorized Marks.
t.	Integration/merger clause	Section 14B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 11	Except for certain claims, all disputes must be mediated or arbitrated in the county where our headquarters are located (currently, York County, Pennsylvania) (subject to state law).
v.	Choice of forum	Section 14I	Litigation must be in the applicable federal or state court where our headquarters are located (currently, York County, Pennsylvania) (subject to state law).
w.	Choice of law	Section 14H	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state of Pennsylvania (subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and 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.

The following historical information is provided for the purpose of helping you evaluate data concerning certain segments of a Nexterus business. The historical information is from NI's corporate location in New Freedom, Pennsylvania. Rather than provide information regarding gross revenue for NI's corporate location, which with its predecessor has been in business since

1946, we have provided historical information regarding key components of NI's corporate location's business in the 2017, 2018 and 2019 calendar years that will be similar to the business segments that a prospective franchisee will operate as part of its business. For example, the information below relates to domestic revenue/gross margins and does not include any international revenue as a franchisee will not conduct international operations similar to NI's international operations.

This Item 19 financial performance information includes the following: (1) Gross Profit Margin percentage for the core domestic brokered transportation business that NI operates for small to mid-sized enterprises; (2) Managed Transportation Fee Range - the range of service fees assessed for an NI client's ability to load domestic transportation pricing in Fusion Center, our online Transportation Management System ("TMS"), and (3) the average revenue for supply chain billable projects that NI's corporate office completed in calendar years 2017, 2018 and 2019 and the period from January 1, 2020 to July 31, 2020 ("Partial 2020").

	2017	2018	2019	Partial 2020
BROKERED TRANSPORTATION				
Blended Gross Profit Margin LTL, TL, Parcel	16.40%	16.15%	16.14%	15.41%
MANAGED TRANSPORTATION				
Fee Range for TMS services	1.5% - 7.5%	1.5% - 7.5%	1.5% - 7.5%	1.5% - 7.5%
Total Fees	\$471,893	\$660,242	\$736,463	\$360,450
Number of Clients	7	10	11	11
Average Fees Per Client	\$67,500	\$66,024	\$66,951	\$32,768
Range of Fees	\$201 - \$280,000	\$1,234 - \$320,000	\$1,367 - \$383,315	\$1,100 - \$134,303
Median Fees	\$4,200	\$33,230	\$34,681	\$13,170
Number and Percentage of Clients Above the Average	2 / 29%	3 / 30%	3 / 28%	4 / 36%
SUPPLY CHAIN CONSULTING				
Average Revenue Per Billable	\$5,650	\$4,667	\$6,250	\$8,000
Number of Billable Projects	3	3	3	1
Range of Fees	\$2,600 - \$7,200	\$2,400 - \$6,000	\$1,500 - \$15,000	\$8,000
Median Fees	\$7,150	\$5,600	\$2,250	\$8,000
Number and Percentage of Billable Projects Above the Average	2 / 66%	2 / 66%	1 / 33%	1 / 100%

Notes:

1. **Brokered Transportation.** The Brokered Transportation Gross Profit Margin percentages are calculated taking into account 99.75% of all domestic revenue achieved by NI's corporate location in 2017, 99.6% in 2018 and 99.5% in 2019. Other peripheral services such as warehousing did not generate enough revenue to be material in the calculations and those peripheral services will not apply to or be offered by franchisees. We excluded international revenue, as the franchisee will not generate international revenue in the same manner as NI. The Brokered Transportation Gross Profit Margin percentage is NI's blended Gross Profit Margin percentage for the freight expenditures for the Less-Than-Truckload or "LTL," Truckload or "TL," Parcel or "PKG" lines of business. "Gross Profit Margin" means Gross Sales less Supply Chain Resource Costs (as percentages rather than raw numbers). Gross Sales include the total revenues and receipts from those LTL, TL and PKG lines of business and excludes sales taxes. "Supply Chain Resource Costs" mean contracted transportation, and warehousing for those LTL, TL and PKG lines of business.
2. **Managed Transportation.** Service fees shown are assessed for a client's ability to load domestic transportation pricing in Fusion Center, inclusive of other key strategic services. As part of NI's Managed Transportation service package, clients can utilize Fusion Center for shipment rating, routing, e-dispatch, tracking and reporting. Clients also receive NI's freight bill payment/audit service, loss and damage claims filing/arbitration service, and a dedicated key account manager, who provides quarterly reporting. Clients also continue to receive support from NI's call center, which has 24/7 availability. Fees for this service can be generated as a percentage of the client's annual freight expenditure, referred to as assets under management ("AUM"), and/or in a traditional cost-plus model wherein NI determines a markup on transportation purchased. Fees shown are expressed as a percentage of AUM. For example, if a client's annual freight expense is \$1 million (AUM) and the NI Managed Transportation fee is 1.5%, the Managed Transportation fee earned would be equal to \$15,000. NI began Managed Transportation in 2015.
3. **Supply Chain Consulting.** These billable projects are in addition to the periodic business reviews on a quarterly basis for NI's top 50 clients in support of the suite of services provided to those clients. These projects are generally billed at a time and materials rate of \$300/hour. Some clients requested a fixed fee for a project in which case we estimate the number of hours required and multiply by \$300. The \$300 rate is sometimes discounted for larger clients.
4. NI does not pay a Royalty fee and may not spend the same amounts on local marketing activities as our franchisees. Other than those items and factors related to the size of the NI corporate location business and its years of operation (for example, NI has more employees operating at the corporate location than a new franchisee who can begin operations on his/her own with no additional employees), there are no material financial and operational differences between corporate/affiliate owned locations and franchised locations. As of December 31, 2019, we had no franchisees, although we did have one franchisee begin business and then close the business within a 12-month period.

5. **Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
6. You are responsible for developing your own business plan for your business, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances. We encourage you to consult with your own accounting, business, and legal advisors to assist you in identifying the expenses you likely will incur in connection with your franchised business and to prepare your budgets.
7. Written substantiation for the financial representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, NEXTERUS Franchising, LLC does not make any other 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 Ryan Polakoff at 802 Far Hills Drive, New Freedom, Pennsylvania 17349; telephone (717) 227-5617, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2017–2019**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Company-Owned	2017	1	1	0
	2018	1	1	0
	2019	1	1	0
Totals	2017	1	1	0
	2018	1	1	0
	2019	1	1	0

*As of December 31, 2017, and 2018; and 2019.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years 2017-2019

State	Year	Number of Transfers
All States	2017	0
	2018	0
	2019	0
Totals	2017	0
	2018	0
	2019	0

* As of December 31, 2017, and 2018; and 2019. States not listed had no transfer activity to report.

Table No. 3
Status of Franchised Outlets
For Years 2017-2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
Illinois	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	1	0
Totals	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	1	0

* As of December 31, 2017, and 2018; and 2019. States not listed had no franchised activity to report.

Table No. 4
Status of Company-Owned Outlets
For Years 2017-2019

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Pennsylvania	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Totals	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1

* As of December 31, 2017, and 2018; and 2019.

Table No. 5
Projected Openings as of December 31, 2019

State	Franchise Agreements Signed but Business not Opened	Projected Franchised New Business in the Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Georgia	0	1	0
Ohio	0	1	0
Massachusetts	0	1	0
North Carolina	0	1	0
Total	0	4	0

We commenced offering and selling franchises in January 2018. As of the date of this Disclosure Document, we have no franchisees.

There has been one franchisee who has ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed in 2019 or who has not communicated with us, within the last ten weeks:

LeapFWD LLC
1623 Ithaca Drive
Naperville, IL 60562
(302) 340-4424
Owner: Paul E. Quinn

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

During the last three fiscal years, one franchisee has signed confidentiality clauses. We have not created, sponsored or endorsed any trademark-specific franchisee associations.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B are our opening audited balance sheet as of January 5, 2018, our audited financial statements for our fiscal years ending December 31, 2018 and December 31, 2019, and our unaudited financial statements for the period ending June 30, 2020. We have not been in business for three years or more and cannot include all the financial statements required by the FTC Rule for our last three fiscal years.

ITEM 22 CONTRACTS

The following documents are attached as exhibits to this Disclosure Document.

Exhibit C Franchise Agreement with Schedules

Exhibit E State Addenda

ITEM 23 RECEIPTS

Attached to this Disclosure Document as Exhibit G is a detachable acknowledgment of receipt.

Exhibit A

LIST OF AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>ILLINOIS</u>	Attorney General State of Illinois 500 South Second Street Springfield, IL 62706	Attorney General State of Illinois 500 South Second Street Springfield, IL 62706
<u>INDIANA</u>	Securities Commissioner Indiana Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
<u>MINNESOTA</u>	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 Telephone: (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 Telephone: (651) 539-1600
<u>NEW YORK</u>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005-1495 (212) 416-8236	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492

Exhibit B

FINANCIAL STATEMENTS

NEXTERUS FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018



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Independent Auditor's Report

To the Member of Nexterus Franchising, LLC

We have audited the accompanying financial statements of Nexterus Franchising, LLC (a Delaware limited liability company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations and members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Nexterus Franchising, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rosen, Sapperstein & Friedlander, LLC

Rosen, Sapperstein & Friedlander, LLC
Baltimore, Maryland
July 31, 2020

NEXTERUS FRANCHISING, LLC
BALANCE SHEETS
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 12,257	\$ 10,153
Prepaid expenses	<u>3,352</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 15,609</u>	<u>\$ 10,153</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 317,483	\$ 103,620
MEMBER'S EQUITY	<u>(301,874)</u>	<u>(93,467)</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 15,609</u>	<u>\$ 10,153</u>

See Accompanying Notes to Financial Statements

NEXTERUS FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
FRANCHISE FEE INCOME - NET	\$ 70,516	\$ -
OPERATING EXPENSES	<u>(291,379)</u>	<u>(180,979)</u>
LOSS FROM OPERATIONS	<u>(220,863)</u>	<u>(180,979)</u>
OTHER INCOME AND EXPENSE		
Interest income	207	162
Donations	<u>(515)</u>	<u>(150)</u>
TOTAL OTHER INCOME AND EXPENSE	<u>(308)</u>	<u>12</u>
NET LOSS	(221,171)	(180,967)
MEMBER'S EQUITY - BEGINNING OF YEAR	(93,467)	-
MEMBER CONTRIBUTIONS	<u>12,764</u>	<u>87,500</u>
MEMBER'S EQUITY - END OF YEAR	<u><u>\$ (301,874)</u></u>	<u><u>\$ (93,467)</u></u>

See Accompanying Notes to Financial Statements

NEXTERUS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (221,171)	\$ (180,967)
Changes in assets and liabilities:		
Prepaid expenses	(3,352)	-
Accounts payable and accrued expenses	<u>213,863</u>	<u>103,620</u>
NET CASH USED BY OPERATING ACTIVITIES	(10,660)	(77,347)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions received in cash	<u>12,764</u>	<u>87,500</u>
NET CHANGE IN CASH	2,104	10,153
CASH - BEGINNING OF YEAR	<u>10,153</u>	<u>-</u>
CASH - END OF YEAR	<u><u>\$ 12,257</u></u>	<u><u>\$ 10,153</u></u>

See Accompanying Notes to Financial Statements

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Nexterus Franchising, LLC (the Company) is a Delaware Limited Liability Company formed in August 2017. The Company began offering franchises in January 2018, allowing franchisees the right to develop and operate a business offering sophisticated supply chain capabilities for small to mid-sized enterprises under the “NEXTERUS” trademark.

Basis of Presentation

The Company's financial statements are prepared on the accrual method of accounting, which recognizes revenues and the related assets when earned, and expenses and the related liabilities when the obligations are incurred.

Revenue Recognition

The Company adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, on January 1, 2019, with no significant impact to its financial position or results of operations, using the modified retrospective method. ASU 2014-09 is a comprehensive new revenue recognition model that requires an entity to recognize the amount of revenue which reflects the consideration it expects to receive in exchange for the transfer of the promised services to franchisees.

Results for reporting periods beginning after January 1, 2019 are presented under ASU 2014-09, while prior period amounts have not been restated and continue to be reported in accordance with our historic accounting of revenue recognition. The Company had no adjustment to opening retained earnings as of January 1, 2019 and no material impact on revenues for the year ended December 31, 2019 as a result of adopting and applying ASU 2014-09. The accounting disclosures and accounting policies are discussed below. This ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from costs incurred to obtain or fulfill a contract.

Franchisee Agreements

The Company generates revenue primarily from offering franchises the right to develop and operate a business offering supply chain capabilities for a fee. The Company identified the following services as one performance obligation in connections with the franchise contracts:

- Intellectual Property (IP) licenses grant a non-exclusive, limited revocable license to the Nexterus trademark and name.
- Training Services provide operational assistance unique to the Nexterus brand, business model and standard.
- Marketing Services and Arrangements benefit the overall network and include brand promotions, brand name marketing, and various other targeted programs.

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition (Continued)

Franchise Agreements (Continued)

The performance obligation related to franchise revenues is delivered over time. While the underlying services may vary from day to day, the nature of the promise are the same each day, which is recognized in the month the services are provided, and the Franchisee can benefit from each day's service. Franchise agreements also contain royalty fees over the term of the contract. Revenue from royalty fees are based on a percentage of gross profit and are recognized at a point-in-time. See Note 3 – Franchise Fee Revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents.

Financial Credit Risk

The Company maintains its cash balances at one financial institution and its balance may at times exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company has not experienced any losses in the account and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that the Company is not exposed to any significant credit risk with respect to its cash balances.

Advertising and Marketing Costs

All advertising and marketing costs are expensed when incurred. Advertising and marketing expense for the years ended December 31, 2019 and 2018 amounted to \$22,147 and \$25,182, respectively.

Income Taxes

The Company operates as a Limited Liability Company (LLC). For income tax purposes, LLCs are treated as a partnership. The Company itself is not a taxpaying entity, but the member of the LLC is taxed on the Company's taxable income. No provision or liability for income taxes has been included in these financial statements.

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Accounting for Uncertainty in Income Taxes

The Company adopted the Accounting for Uncertainty in Income Taxes standard of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The standard requires the recognition and measurement of uncertain tax positions taken or expected to be taken by the Company in the preparation of its tax returns. The Company determines whether it is more-likely-than-not that a certain tax position will be sustained upon examination by a taxing authority. If an uncertain tax position is less-likely-than-not to be sustained, an estimate of the potential effect is recognized in the financial statements and the uncertain tax position is required to be disclosed. Per the Company's evaluation as of December 31, 2019, it was determined that no material adjustments were required in the financial statements for tax positions less-likely-than-not to be sustained upon examination by a taxing authority. The Company is subject to income tax examinations for all years since inception.

Subsequent Events

Events that occurred subsequent to December 31, 2019 have been evaluated by the Company's management for potential recognition or disclosure in the financial statements through the date of the independent auditor's report, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events during this period. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operations. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 2 – EQUITY CONTRIBUTION

During 2019, the sole member of the Company, Abraham Allan Holdings, LLC made an equity contribution in the amount of \$12,764 to assist in funding the of operations for the Company.

On January 5, 2018, the sole member of the Company, made an equity contribution in the amount of \$60,000 to fund the commencement of operations for the Company and made an additional equity contribution of \$27,500 later in 2018.

NOTE 3 – FRANCHISE FEE REVENUES

As of December 31, 2019, the Company has zero (0) executed franchise agreements. On October 18, 2019, the Company terminated its franchise agreement with a franchisee. The agreement required for the Company to pay the franchisee \$10,000 after executing the termination agreement. Prior to termination of the franchisee, the franchisee had completed its pre-opening obligations and paid the Company an initial franchise fee of \$72,000. Other franchise fee revenues for the years ended December 31, 2019 and 2018 were for marketing and royalty fees which amounted to \$7,500 and \$717, respectively.

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 3 – FRANCHISE FEE REVENUES (CONTINUED)

As of December 31, 2018, the Company has one (1) executed franchise agreement. The agreement requires an initial franchise fee of \$72,000. This payment is due once pre-opening obligations to the franchisee have been completed by the Company and the franchisee has commenced operations. As of December 31, 2018, these obligations were not met and no monies are due the Company.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company pays management fees to Nexterus, Inc., a related party through common ownership, for administrative services including facility space. For the years ended December 31, 2019 and 2018, the Company incurred management fees of \$60,000, all of which are included in accounts payable and accrued expenses. In addition, the Company pays technology fees to Nexterus Technology, LLC, a related party through common ownership. For the years ended December 31, 2019 and 2018, the Company incurred technology fees of \$86,033 and \$33,864, respectively, all of which are included in accounts payable and accrued expenses. Amounts payable to affiliates as of December 31, 2019 and 2018 amounted to \$308,983 and \$93,467, respectively.

NEXTERUS FRANCHISING, LLC

FINANCIAL STATEMENT

JANUARY 05, 2018



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Independent Auditor's Report

To the Member of Nexterus Franchising, LLC

We have audited the accompanying balance sheet of Nexterus Franchising, LLC (a Delaware limited liability company) as of January 05, 2018, the end of the initial accounting period of the Company, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Nexterus Franchising, LLC as of January 05, 2018, in accordance with accounting principles generally accepted in the United States of America.

Rosen, Sapperstein & Friedlander, LLC

Rosen, Sapperstein & Friedlander, LLC
January 9, 2018

NEXTERUS FRANCHISING, LLC
BALANCE SHEET
January 5, 2018

ASSETS

CASH	\$ 60,000
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TOTAL ASSETS	<u>\$ 60,000</u>
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LIABILITIES AND MEMBER'S EQUITY

LIABILITIES	\$ -
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MEMBER'S EQUITY	<u>60,000</u>
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 60,000</u>
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See Accompanying Notes to Financial Statement

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
January 5, 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Nexterus Franchising, LLC (the Company) is a Delaware Limited Liability Company formed in August 2017. The Company began offering franchises in January 2018, allowing franchisees the right to develop and operate a business offering sophisticated supply chain capabilities for small to mid-sized enterprises under the “NEXTERUS” trademark.

At the time of issuance, principal operations of the Company have not yet commenced.

Basis of Presentation

The Company's financial statements are prepared on the accrual method of accounting, which recognizes revenues and the related assets when earned, and expenses and the related liabilities when obligations are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents.

Financial Credit Risk

The Company maintains its cash balances at one financial institution and its balance may at times exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company has not experienced any losses in the account and monitors the creditworthiness of the financial institution with which it conducts business. Management believes that the Company is not exposed to any significant credit risk with respect to its cash balance.

Income Taxes

The Company operates as a Limited Liability Company (LLC). For income tax purposes, LLCs are treated as a partnership. The Company itself is not a taxpaying entity, but members of the LLC are taxed on their proportionate share of the Company's taxable income. No provision or liability for income taxes has been included in this financial statement.

NEXTERUS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
January 5, 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Accounting for Uncertainty in Income Taxes

The Company adopted the Accounting for Uncertainty in Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The standard requires the recognition and measurement of uncertain tax positions taken or expected to be taken by the Company in the preparation of its tax returns. The Company determines whether it is more-likely-than-not that a certain tax position will be sustained upon examination by a taxing authority. If an uncertain tax position is less-likely-than-not to be sustained, an estimate of the potential effect is recognized in the financial statements and the uncertain tax position is required to be disclosed. Per the Company's evaluation as of January 05, 2018, it was determined that no material adjustments were required in the financial statement for tax positions less-likely-than-not to be sustained upon examination by a taxing authority. The Company is subject to income tax examinations for all years since inception.

Subsequent Events

Events that occurred subsequent to January 05, 2018 have been evaluated by the Company's management for potential recognition or disclosure in the financial statement through the date of the independent auditor's report, which is the date the financial statement was available to be issued. The Company did not have any material recognizable subsequent events during this period.

NOTE 2 – EQUITY CONTRIBUTION

On January 05, 2018, the sole member of the Company, Abraham Allan Holdings, LLC made an equity contribution in the amount of \$60,000 to fund the commencement of operations for the Company.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

NEXTERUS FRANCHISING, LLC
BALANCE SHEET
6/30/2020

ASSETS

This Month
6/30/2020

CURRENT ASSETS:

CASH-CHECKING	36,798
ACCOUNTS RECEIVABLE	(4)
TOTAL CURRENT ASSETS	<u>36,794</u>

REAL PROPERTY:

LAND	0
BUILDING	0
LEASEHOLD IMPROVEMENTS	0
TOTAL REAL PROPERTY	<u>0</u>
LESS: ACCUMULATED DEPRECIATION	0
NET REAL PROPERTY	<u>0</u>

OTHER ASSETS:

DUE FROM NEXTERUS INC..	0
PREPAID COSTS	18,583
TOTAL OTHER ASSETS	<u>18,583</u>

TOTAL ASSETS	<u><u>55,377</u></u>
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LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES:

ACCOUNTS PAYABLE	421,657
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NOTES PAYABLE:

PNC BANK	0
TOTAL NOTES PAYABLE	<u>0</u>

OTHER CURRENT LIABILITIES:

ACCRUED EXPENSES	16,938
DUE TO NEXTERUS INC.	0
TOTAL OTHER CURRENT LIABILITIES	<u>16,938</u>
TOTAL CURRENT LIABILITIES	<u>438,595</u>

NON-CURRENT LIABILITIES

NOTES PAYABLE:	
PNC BANK	0
DUE TO NEXTERUS	0
TOTAL NOTES PAYABLE	<u>0</u>

TOTAL NON-CURRENT LIABILITIES	0
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TOTAL LIABILITIES	<u><u>438,595</u></u>
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MEMBER'S EQUITY

MEMBER'S CONTRIBUTED CAPITAL	74,737
RETAINED EARNINGS	(394,993)
DISTRIBUTIONS	0
NET INCOME (LOSS)	<u>(88,134)</u>
TOTAL MEMBERS' EQUITY	<u>(408,390)</u>

TOTAL LIABILITIES & MEMBER'S EQUITY	<u><u>30,205</u></u>
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***Unaudited - for internal review purposes.**

NEXTERUS FRANCHISING, LLC
INCOME STATEMENTS
FOR THE 6 MONTHS ENDING 6/30/20

	<u>6/30/2020</u> <u>2020</u>
REVENUE:	
FRANCHISE FEE INCOME	48,000
MARKETING FUND INCOME	7,500
TOTAL REVENUE	<u>55,500</u>
GROSS PROFIT	55,500
EXPENSES:	
COMMISSIONS EXPENSE	24,000
INSURANCE	12,338
MEALS & ENTERTAINMENT	91
MEALS - TRAVEL	874
PROFESSIONAL FEES-LEGAL	10,290
OFFICE SUPPLIES	70
TRADE SHOW EXPENSE	11,633
TECHNOLOGY SERVICES	360
RECRUITING COSTS	18,099
SALARIES	30,952
PAYROLL AND RELATED EXPENSES	114
SUBSCRIPTIONS	1,889
TAX-LICENSES & OTHER	658
TELEPHONE-CELL & OTHER	676
TRAVEL EXPENSES	1,609
MANAGEMENT FEE EXPENSE	30,000
TOTAL EXPENSES	<u>143,653</u>
OPERATING INCOME (LOSS)	<u>(88,153)</u>
OTHER INCOME/(EXPENSE):	
INTEREST INCOME	20
TOTAL OTHER INCOME	<u>20</u>
NET INCOME (LOSS)	<u><u>(88,133)</u></u>

***Unaudited - for internal review purposes.**

Exhibit C

FRANCHISE AGREEMENT

NEXTERUS® FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

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- B. Electronic Transfer of Funds Authorization
- C. Telephone Number and URL Assignment Agreement
- D. Personal Guarantee
- E. Acknowledgement Addendum

FRANCHISE AGREEMENT

This Franchise Agreement (the “Agreement”) is made as of the Effective Date as defined in Section 14.P, below, between Nexterus Franchising, LLC, a Delaware limited liability company with its principal business located at 802 Far Hills Drive, New Freedom, Pennsylvania 17349 (“we” or “us”), and “Franchisee” or “you” as identified on the Data Sheet attached as Schedule A (the “Data Sheet”). If Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

A. Our affiliate, Nexterus Inc. (“NI”), has developed a system for establishing and operating a business providing sophisticated supply chain capabilities (services such as modeling, optimization, and management of transportation, warehousing and related support services) to small and medium sized customers pursuant to certain standards and specifications (“System” as defined below);

B. Our affiliate NXT IP, LLC (“NXT IP”) owns the NEXTERUS® service mark and other marks (“Marks” as defined below) used in connection with the operation of a NEXTERUS business and the granting of franchises to third parties for the right to operate a NEXTERUS business;

C. NI and NXT IP have licensed to us the right to grant franchises to others to use the System and Marks as part of our franchise business model and system;

D. You desire to develop and operate a NEXTERUS business in accordance with our franchise business model and system; and

E. We have agreed to grant you a franchise, subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the promises and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions (with other terms defined throughout the Agreement):

A. “Area of Primary Responsibility” or “APR” means the area designated in Section 3 of the Data Sheet.

B. “Carrier” means any company that provides transportation or transportation-related services within the NEXTERUS system.

C. “Carrier Contracts” are agreements formalizing relationships between us, our affiliates, and Carriers as negotiated with any particular Carrier.

D. “Confidential Information” means any proprietary and confidential information owned by us or NI or any of our other affiliates relating to the development or operation of a NEXTERUS Business whether contained in the Operations Manual or otherwise, including, but not limited to: (1) supply chain capabilities (services such as modeling, optimization, and management of transportation, warehousing and related support services) and related information, expertise and corporate/brand strategy; (2) Carriers or Carrier Contracts; (3) databases of current or potential customers; (4) sales and marketing programs and techniques for NEXTERUS Businesses; (5) knowledge of operating systems, results and financial performance of NEXTERUS Businesses; and (6) computer systems, technology and software programs and tools.

E. “Customer Information” means contact information (including name, physical address, email address, phone and other contact information), sales and payment history, and all other information about (1) any person or entity included on any marketing or customer list provided by us to you, (2) any person or entity who has purchased or purchases services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any services, (3) any person or entity for whom you provide services on our behalf or at our direction; and (4) if customer is a corporation or limited liability company, all employees of such corporation or limited liability company.

F. “Franchised Business” means the NEXTERUS business you develop and operate pursuant to this Agreement. Your Franchised Business is also referred to in the Agreement as the NEXTERUS Business. “Businesses” mean the NEXTERUS Businesses that operate using the System.

G. “Gross Profits” mean Gross Sales less Supply Chain Resource Costs.

H. “Gross Sales” include the total revenues and receipts from whatever source (whether in the form of cash, credit, agreement to pay, trade or other consideration) that arise, directly or indirectly, from the operation of or in connection with your Franchised Business whether under any of the Marks or otherwise. Gross Sales exclude (i) sales taxes, if any, which are collected from customers and paid to the appropriate taxing authority and (2) commissions you receive from us for any sales agent services you may provide in connection with international transportation and warehousing services that we provide to customers.

I. “Internet” means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

J. “Marks” mean the “NEXTERUS” service mark, logo, and such other trademarks, service marks, logo types and commercial symbols and other intellectual property, as we may from time to time expressly authorize or direct you to use in connection with the operation of your Franchised Business.

K. “Operations Manual” or “Manual” means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for the System and operating NEXTERUS Businesses, all of which we may change from time to time. The term “Operations Manual” includes all means of communicating such information, including all written, digitized, computerized, and electronically formatted versions, such as an Extranet site, bulleting, e-mails, videotapes, audio tapes, compact discs, and solid state memory devices.

L. “Strategic Accounts” mean local, regional or national accounts which we or an affiliate centrally coordinate and which will involve services provided to one or more offices or locations of a customer. Strategic Accounts also include “House Accounts,” which are accounts that only we or our affiliates may service regardless of location or any APR rights granted to any franchisee.

M. “Supply Chain Resource Costs” mean contracted logistics services such as transportation and warehousing as well as direct labor capital.

N. “System” means our operating systems, methods, policies and procedures, and the intellectual property and know-how associated therewith, for establishing and operating a business providing sophisticated supply chain capabilities (services such as modeling, optimization, and management of transportation, warehousing and related support services) for customers and their management teams and sales forces, including brand standards related to the Marks and certain requirements or guidelines for operating and administrative procedures, all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time. As part of the System, we or are affiliates will

develop Strategic Accounts and may enter into agreements with Carrier Contracts regarding transportation services for customer accounts, all of which will be part of the System and may include specific terms and conditions that will apply to you in the operation of your Franchised Business.

GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Rights Granted. We hereby grant to you, subject to the terms and conditions of this Agreement, the right and license to engage in and conduct a NEXTERUS Business identified by the Marks that we authorize for your use hereunder (or such other marks as we may direct) for the APR set forth in Section 3 of the Data Sheet. In the event the APR is not designated at the time you and we sign this Agreement, we will notify you of the APR within 30 days of the Effective Date.

You hereby accept said license and undertake the obligation to operate your Franchised Business faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System. You agree to maintain and operate your Franchised Business under your active and continuous supervision and management. You must begin operating your Franchised Business within four months of the date we sign this Agreement, although you may not commence operations of your Franchised Business until you successfully complete our training program, and we have approved the commencement date of operations. You do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement.

B. Rights in APR. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not modify the APR without your written permission. The APR you receive is not exclusive as further set forth below, although we will not locate another company- or affiliate-owned or franchised NEXTERUS businesses with a physical office geographically located within your APR. If you desire to expand your APR, and we approve the expansion, you must pay our then current APR Expansion Fee, and we will amend the APR set forth in the Data Sheet.

Even though you are licensed to operate within the APR, you may follow-up on leads and accept customer engagements, regardless of whether such leads or engagements originate from inside or outside of your APR, and you acknowledge and agree that other franchisees may follow-up on leads and accept customer engagements, regardless of whether those leads or engagements originated from within your APR, all as further set forth in

our then-current customer engagement policies and procedures, which may include certain limitations on how you may actively solicit and market leads outside your APR or use the Internet and other conditions like revenue sharing for certain types of accounts or restrictions on your ability to provide any services in states that we consider part of the corporate territory. The customer engagement policies and procedures also will include provisions regarding when franchisees will be allowed to solicit or accept work within another franchisee's APR if a client within their APR has suppliers, clients or sites within the APRs of other franchisees and the franchisee complies with our client management rules, which includes instances where businesses have locations, offices or branches in multiple territories in which case the franchisee whose territory includes the "controlling" business will be the franchisee that provides supply chain management services to all locations, offices or branches of that business even if within the territories of other franchisees or our corporate or affiliate locations. The policies and procedures also will include provision regarding protected leads and accounts where we will allow franchisees to identify and protect a certain number of leads they are actively working or customers with whom they are actively engaged. We may modify and change those policies and procedures from time to time on written notice to you. We may establish an E-commerce or similar program to obtain leads or engagements over the Internet directly or indirectly from customers, and we may direct the leads or sales to you or to another franchisee without regard to whether or not the lead or customer is located inside your APR.

C. Our Reservation of Rights. We retain all rights that are not expressly granted to you under this Agreement. We may, among other things, on any terms and conditions we deem advisable, without compensation to you or any franchisee, and without granting you any rights therein:

- (i) establish and/or license others to establish franchised or company- or affiliate-owned NEXTERUS businesses at any physical office geographically located outside the APR regardless of the proximity of such location to the APR;

- (ii) merge with, acquire or become acquired by any businesses, including competitive businesses, which businesses operate under trademarks other than the NEXTERUS Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your NEXTERUS Business, and which may be located anywhere inside or outside the APR;

- (iii) sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of

distribution, including the Internet, within and outside the APR, products or services the same as or different from the products and services offered from your NEXTERUS Business, and which are offered and distributed under marks the same as or different than the Marks;

(iv) establish Strategic Accounts, House Accounts, or create a marketing or other program (a “Business Program”) to generate new business opportunities for you and our other franchisees (“Business Opportunities”). We may condition your participation in any Strategic Account or Business Program upon such terms and conditions as we feel are appropriate, including the payment of additional or different fees, the completion of additional training and/or any other certification requirements. Should you choose not to participate in any particular Strategic Account or Business Program, other qualified franchisees will be permitted to take advantage of the Strategic Account or Business Opportunity; and

(v) own, operate or franchise one or more supply chain capabilities, businesses located or operating within the APR so long as such supply chain, transportation or warehouse management business is identified under any other trade names or trademarks other than the Marks. Any individual, corporation or other entity that owns an interest in us or is an affiliate can produce, market and sell, within and outside the APR, products and services that are the same as, similar to or competitive with the products and services offered by NEXTERUS Businesses if they do so under trade names or trademarks other than the Marks.

TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Marks are our affiliate’s property and we have licensed the use of the Marks to you and others. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Marks Ownership. The Marks are our affiliate’s valuable property, and it is the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the NEXTERUS Business and of the business conducted that is associated with or attributable to the Marks. Your use of the Marks will inure to the benefit of our affiliate. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other

inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of Marks. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the NEXTERUS Business, except those we authorize or direct in writing. You may use the Marks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing, including any promotional activities you conduct for the Franchised Business. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, production, and sale.

C. Business Identification. You must use the name NEXTERUS as the trade name of the Franchised Business and you may not use any other mark or words to identify the Franchised Business without our prior written consent. You may not use the words “NEXTERUS” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other business entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we describe, (ii) use the marks only in accordance with all of our trademark usage and branding standards, (iii) include a statement on the materials indicating that the business is independently owned and operated by you, (iv) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (v) make available to us, upon our request, a copy of any materials depicting the Marks. You must put your customers on notice (by language in your contracts) identifying you as a NEXTERUS franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the NEXTERUS Business.

D. Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must pay us for our costs and expenses. We will reimburse you for all actual damages (other than loss of income) and out-of-pocket expenses incurred by you in connection with any claim by any third party for

infringement or unfair competition arising out of your use of the Marks; however, our obligations to reimburse you will exist only if you have used the Mark that is the subject of the controversy in strict accordance with the provisions of this Agreement and our rules, regulations, procedures, requirements, and instructions, and have notified us of the challenge as stated above and have otherwise fully cooperated with us in the defense of any action.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time, and you will be responsible for any costs you incur in any change we make to the Marks.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the NEXTERUS Business, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is 5 years. The initial term commences upon the Effective Date (as defined in Section 14.P) of this Agreement.

B. Renewal for a Successor Term and Renewal Conditions. You may renew your license for three additional terms of 5 years each, provided that with respect to each renewal/successor term: (i) you have given us written notice of your decision to renew at least 90 days but not more than 120 days prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (iv) you comply with our then-current training requirements; (v) you and your guarantors execute a

general release of claims in a form we prescribe; and (vi) you pay a renewal fee of \$1,750 to cover our administrative expenses.

In the event you and we have agreed to renew your license for each of the three 5 year renewal terms described above, at the end of the third renewal term you can reapply for a new franchise with a new initial term and any renewal terms granted at that time, provided we are granting new franchises at that time.

C. Interim Period. If you do not exercise your right to renew your license for a successor term prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Period”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

OPERATIONS STANDARDS AND REQUIREMENTS

5. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to operation of your Franchised Business:

A. Office Space. You may operate your Franchised Business from your residence, provided that you meet our in-residence office requirements and you conduct all client meetings in professional office space that meets our standards. However, we reserve the right to require you to obtain office space for your Franchised Business outside your residence at any time after two years of operation.

B. Authorized Services and Products. You must use in the operation of the NEXTERUS Business and in the offer, sale and delivery of the authorized services and products only the techniques, procedures and supplies we specify in writing. You also must comply with all applicable Carrier Contracts and any mix of services that we authorize as further set forth in the Data Sheet, with the understanding that you may be required to comply with certain training requirements that we establish in order to expand the services you are authorized to offer as part of your Franchised

Business. You acknowledge and agree that we may change any of our requirements periodically and that you are obligated to conform to the requirements.

C. Approved Supplies and Services; Approved Suppliers. We may furnish to you from time to time lists of approved supplies and services or approved suppliers. We reserve the right to require that you only use approved services, products, equipment, technology, marketing materials, and other items (collectively “approved supplies and services”) in the NEXTERUS Business as set forth in the approved supplies and services or approved suppliers lists, as we may amend from time to time. We may develop new products or services as we determine necessary. Although we do not do so for every item, we have the right to approve the supplier of approved supplies and services. You acknowledge and agree that certain approved supplies and services may only be available from one approved supplier source, and we or our affiliates may be that source. You will pay the then current price in effect for any approved products and supplies or services you purchase from us or our affiliates. All materials and other items and supplies used in the operation of the NEXTERUS Business must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.**

D. Computer System. You must purchase a computer system, including all future updates, supplements and modifications (the “Computer System”) that meets our standards and requirements. The Computer System may have different components and technologies for you to use in the operation of the Franchised Business as further described in the Data Sheet. The Computer System will be used to develop a database of Customer Information and your prospects, schedule your appointments, generate proposals, maintain communications over the Internet, and produce your accounting records. You may be required to license software from us, an affiliate, or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. You may not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement.

You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the Computer System. You must have Internet access with a form of high speed connection as we require and you must maintain a dedicated email account for the NEXTERUS Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require. It is your responsibility to make sure that you are in compliance with all laws and related requirements that are applicable to the Computer System or other technology used in the operation of your Franchised Business, including all data protection or security laws as well as payment card industry (PCI) compliance.

E. Evaluations. We or our authorized representative have the right to visit and inspect your NEXTERUS Business 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 you, and to inspect and evaluate your services, supplies or products and other aspects of your Franchised Business. Any failure of an inspection is a default under this Agreement. Further, if we determine that any condition in the NEXTERUS Business presents a threat to customers or public health or safety, we may take whatever measures we deem necessary. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of your Franchised Business or to assume any responsibility for your obligations under this Agreement.

F. Operating Procedures. We will loan you a copy of our Operations Manual. You must adopt and use as your continuing operational routine the required standards, procedures, techniques and management systems described in our Operations Manual or other written materials relating to authorized services, approved supplies and suppliers, financial management, and other operational requirements. We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically, including items like required service agreements and other similar documents and processes, to meet changing conditions in the best interest of the commercial NEXTERUS businesses.

The Operations Manual will contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may

follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our and our affiliates' interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all times treat the Operations Manual as Confidential Information. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement.

G. Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the NEXTERUS Business. Any and all Confidential Information, including, without limitation, methods, procedures, suggested pricing and margins, customer lists, technology, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the NEXTERUS Business. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchise, your manager and other key employees. You must provide executed copies of these agreements to us upon our request.

H. Compliance with Laws; Licenses and Permits. You must at all times maintain and conduct your NEXTERUS Business operations in compliance with all applicable federal, state and local laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your NEXTERUS Business, including but not limited to obtaining and maintaining your FMCSA Property Broker's License from the Federal Motor Carrier Safety Administration or required authorizations from federal or transportation authorities.

You acknowledge that you are an independent business and responsible for control and management of your NEXTERUS Business, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your NEXTERUS Business.

I. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our NEXTERUS website on the Internet, our intranet or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. We will post your NEXTERUS Business' contact information on our website. You may not separately register any domain name containing any of the Marks or operate a website for your NEXTERUS Business. We reserve the right to establish rules, procedures and policies relating to any website you create for the operation of your NEXTERUS Business. We may immediately terminate this Agreement if you register any domain name containing any of the Marks. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system or intranet system. Your general conduct on our website and intranet or extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, extranet system or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

J. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

K. Suggested Pricing/Gross Margin Policies. We may, from time to time, make suggestions to you with regard to your pricing/gross margin policies. In addition, we have the right to negotiate Strategic Account arrangements, including pricing and gross margins which will bind all NEXTERUS Businesses providing services to such accounts. Although you generally have the right to establish prices or margins for the products and services you sell other than Strategic Accounts, we reserve the right to establish and enforce prices and margins, both minimum and maximum, to the extent permitted by applicable law.

L. Strategic Accounts/House Accounts/Minimum Annual Sales. We reserve the right to establish and administer a Strategic Accounts program under which we will establish the terms and conditions under which we, you, and other franchisees may provide services for customers with multiple offices or locations. If established, you will be required to participate in and comply with all Strategic Accounts standards and procedures as set forth in the Manual. We also will establish and administer a House Accounts program under which only we or our affiliates will service House Account customers regardless of where the customers are located.

In addition, you agree to actively and aggressively promote and market the NEXTERUS business and services within your APR. Without limiting the generality of the foregoing, you agree to attain or exceed the minimum annual Gross Sales levels for your Franchised Business as set forth in the Data Sheet. Failure to achieve the required minimum annual Gross Sales will result in the minimum Royalty fee being due also as set forth in the Data Sheet.

PERSONNEL AND SUPERVISION STANDARDS

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

A. Supervision of the Franchised Business. You must devote full-time attention to your Franchised Business, and it at all times must be under your direct supervision (or a designated owner in the event you are a corporation, partnership, or other business entity). Your owners must be those persons who are actively involved in the Franchised Business and they must be Personal Guarantors.

B. Training. You must comply with all of the training requirements we prescribe for your Franchised Business to be developed under this Agreement. You (or if Franchisee is a legal entity, at least one of your owners) must attend our initial training program and complete the training program to our satisfaction. We will not charge you a fee for up to two persons to attend our initial training program. You, however, are responsible for paying all costs and expenses, including hotel and transportation costs, for the people to attend our initial training program. If you would like us to train more than the two people, or if it becomes necessary to re-train a certain individual, we reserve the right to charge you a training fee. You will also be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program. The training requirements may vary depending on your experience and other factors specific to the NEXTERUS Business. In the event you are given notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to

require, as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe.

C. Ongoing Training. We may require you and other key management individuals of the NEXTERUS Business to attend ongoing training at our training facility or other location we designate, including any training that we deem necessary for you to offer certain services as noted in Section 5.B. If you request training in addition to the initial training program identified above, we reserve the right to charge you a training fee, plus expenses. Any training provided by us to any of your employees will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Meetings. You must attend, at your expense, any annual franchise conventions we may hold or sponsor and any meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences. We reserve the right to charge you a fee to attend any franchise conventions, meetings, programs or other trainings we require. If you are not able to attend a meeting or convention, you must so notify us prior to the meeting and must have a substitute person, acceptable to us attend the meeting. Nothing in this Agreement is intended to require us to hold annual conventions or other meetings.

BRAND DEVELOPMENT; MARKETING

7. You agree to actively promote your NEXTERUS Business, to abide by all of our advertising requirements and to comply with the following provisions:

A. Brand Development Fund. You must pay to us a Brand Development Fee as set forth in Section 8.C. All Brand Development Fees will be placed in a Brand Development Fund that we own and

manage. On behalf of our company- and affiliate-owned NEXTERUS businesses, we will contribute to the Brand Development Fund, but we will not be required to pay the same Brand Development Fee as you based on the other functions we will perform on behalf of the Brand Development Fund. The Brand Development Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Brand Development Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each NEXTERUS business or in each advertising market. We have the right to make disbursements from the Brand Development Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising, public relations, website development and maintenance, and promotional campaigns. The disbursements may include payments to us for the expense of administering the Brand Development Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Brand Development Fund.

B. Initial Launch Marketing. In addition to the Brand Development Fee, during the first 90 days of the operation of your Franchised Business, you must spend in your APR a minimum of \$7,500 on initial advertising, promotion and marketing activities that we approve.

C. Required Local Expenditures. You must use your best efforts to promote and advertise the NEXTERUS Business and participate in any local marketing and promotional programs we establish from time to time. In addition to the Brand Development Fee and your initial marketing spend of \$7,500, you are required to spend a minimum of \$5,000 during the balance of year 1 and year 2, \$7,500 in year 3 and \$10,000 each year thereafter on approved local marketing and promotion in your own market each year, including approved customer acquisition and retention activities. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Brand Development Fund. We also reserve the right in the future to form a regional advertising cooperative, in which case you must participate and contribute all or some of your required local expenditures.

D. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe including compliance with all trademark usage and branding standards. Furthermore, any promotional activities you conduct for the NEXTERUS Business are subject to our approval. You must submit all advertising and promotional materials to us prior to your use. If we do not respond within 14 days after you submit the proposed advertising materials to us, the advertising materials will be deemed not approved.

FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us an Initial Franchise Fee as designated on the Data Sheet. The Initial Franchise Fee must be paid in full at the time this Agreement is signed.

B. Royalty. You must pay to us in the manner specified in Section 8.D a weekly Royalty fee (the “Royalty”) in an amount equal to 3% of the Gross Sales of your Franchised Business (although the 3% is reduced to 2.75% in any Year (as further defined below) where your Gross Sales exceeds \$2,000,000). At the beginning of each Year the Royalty fee is 3%. In addition, a minimum Royalty is due to us beginning with the thirteenth month of operation of your Franchised Business as further set forth in the Data Sheet. The minimum Royalty is based on a 12 month period, with Year 1 beginning on the first day you begin operations of your Franchised Business and ending 12 months later, Year 2 beginning on the first day of the thirteenth month of operation of your Franchised Business and so on for each subsequent Year.

C. Brand Development Fee. You must pay to us a monthly Brand Development Fee of \$100 per month, although we have the right to increase to an amount not to exceed .75% of Gross Sales, with any increase in any given year not exceeding .25% of Gross Sales. For example, if we increase the percentage of Gross Sales to .25% in any given year, during the next year we will not increase the percentage of Gross Profits to more than .5%. We will provide you 60 days’ advance written notice when we increase the Brand Development Fee.

D. Billing and Collections Fee. You must pay us the Billing and Collection Fees set forth in the Data Sheet.

E. Technology Fee. You must pay us a Technology Fee in an amount equal to .45% of Gross Sales.

F. Manner of Payment. All weekly Royalties must be paid to us weekly by Tuesday for the prior week ending Friday. Brand Development Fees and other amounts owed to us or our affiliates are due monthly by the 15th day of each month for the previous month.

A late payment fee (the “Late Payment Fee”) must accompany all late payments and will be equal to \$5.00 per day plus interest after the due date at the highest applicable legal rate for open account business credit in the state of your domicile, not to exceed 1.0% per month, with an additional \$250 charge for any payment not received due to insufficient funds. You acknowledge and agree that this Section does not constitute our agreement to accept payments after they are due or a commitment by us to extend credit to you or to otherwise finance your operation of the Franchised Business. Further, you acknowledge and agree that your failure to pay all amounts when due will constitute grounds for termination of this Agreement, notwithstanding the provisions of this Section.

We have the sole right to reconcile any payments to you with any of your past due indebtedness for Royalties, Brand Development Fees, or other amounts due to us or any affiliate, including, without limitation, amounts related to carrier refund checks for portions of freight bills previously paid. You will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment of any Royalties, Brand Development Fees or any other amounts due us and you will not, on such grounds, discontinue providing services to customers of the Franchised Business in accordance with this Agreement.

G. Electronic Funds Transfer. You must sign an electronic funds transfer (“EFT”) authorization, attached as Schedule B, to authorize and direct your bank or financial institution to allow us to initiate a transfer of funds electronically, on Tuesday of each week, directly to our account and to charge to your account all amounts due to us. Some fees will be debited on the fifteenth of each month for activity generated during the prior month. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section.

H. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly balance sheet and monthly statement of profit and loss. You must also retain check registers, purchase records, invoices, tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your NEXTERUS Business operations. You must compile,

keep and submit to us the books, records and reports to us on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your NEXTERUS Business must include relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than five years. You must allow us electronic and manual access to any and all records relating to your NEXTERUS Business.

I. Reports, Audit and Compliance. You must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. You must certify all reports to be true and correct.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the NEXTERUS Business are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers, vendors, and customers. In the event that any such evaluation or audit reveals an understatement of 2% or more of your Gross Sales, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to two years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the two-year period reveals any understatement of your Gross Sales of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately.

J. Structure of Payments. In consideration of the benefits derived by you in your operation of your Franchised Business, the following sets forth the structure of payments.

1. We, along with our affiliates as applicable, shall submit all invoices to clients for all services furnished to those clients and shall instruct clients to remit payment directly to us or our affiliates. You shall not render bills or statements to clients, but shall use your best efforts to collect bills in accordance with the policies and procedures in the Manual. If payment of any bill is made payable to you, payment shall be deemed to have been

received in trust for us, and you shall not deposit or convert the funds received and shall immediately forward the same, properly endorsed, to us. You agree not to adjust or settle the amount of any invoice without first obtaining our written approval.

2. When cash is collected from your clients, we will electronically remit to you, on the same day, your portion of the Gross Profit accrued on our books from services performed under this Agreement. Your portion of the Gross Profit will be subject to the following adjustments: (i) All fees due us, including Royalties, Brand Development Fees and Billing and Collection Fees will be paid by you via electronic funds transfer initiated by us. Royalties will be deducted prior to remittance to you and all other fees due will be transferred monthly; and (ii) One-half percent (1/2%) of your portion of the Gross Profit will be deducted and credited to your reserve account which will be used to cover your uncollectible accounts. This fund is your ledger asset which will accrue interest at the National Prime Lending Rate as reported in the Wall Street Journal. This reserve account will accrue over time to a maximum of two percent (2%) of your annual Gross Profit. We will remit the balance of the account to you within 90 days of the termination of this Agreement, minus any other indebtedness to us.

3. The amount of any account, deemed to be uncollectible and charged back to you according to the provisions of the Manual, remaining after the reserve account has been exhausted will be deducted from your portions of the Gross Profits and/or from you.

4. You authorize us to deduct from your portion of the Gross Profit any special fee specified in the Manual as liquidated damages for your violation of the APR restrictions set forth in Section 2 of this Agreement, and (b) any other amounts that you owe us under this Agreement.

5. We will underwrite and carry all client accounts receivable as outlined in the Manual for 30 days from invoice date. If any account remains unpaid for more than 30 days from invoice date, we may suspend service. Amounts collected on charged-back accounts by us will be paid to you. We reserve the right to reject or restrict any client as detailed in the Manual.

6. On client accounts over 30 days old, we may charge a monthly finance charge to the client (the greater of 1 ½% per month or an interest rate of 2% over the National Prime Lending

Rate as reported in the Wall Street Journal or other amount set forth in the applicable client service agreement, but in no event will the client be compelled to pay interest at a rate greater than the maximum permitted by applicable law).

7. You acknowledge that any accounts receivable charged for services rendered to clients pursuant to the terms of this Agreement are, from their inception, and shall remain our sole property; and you have no right, title or interest in or to any of the accounts receivable. You agree to execute any and all documents acknowledging this understanding in order to enable us to obtain financing for the accounts receivable, or any other purpose, without charge to us.

8. If, at any time, upon making applicable deductions from the monthly accounting statement, a condition exists which creates a negative commission balance as your share, then said negative commission balance shall be deemed a deficit which must be cured by you through direct payment of the amount of said deficit to us within seven (7) days of receipt of the aforementioned monthly accounting statement.

YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

9. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; and (ii) all accounts and other indebtedness of every kind incurred by you in the conduct of the NEXTERUS Business. You acknowledge and agree that we may establish from time to time certain requirements or conditions for Carrier and customer payables and receivables, including the establishment of an accounts receivable post office box, and you must comply with any such requirement. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive any and all claims against us for damages to property or injuries to persons arising in any way out of this Agreement, your servicing of properties under this Agreement or the operation of your NEXTERUS Business. You agree to defend at your sole expense, fully protect, indemnify and hold harmless, us, our affiliates, and our owners, directors, officers, successors and assigns from any and all

Claims as defined in this subparagraph. “Claims” in this subparagraph means any and all claims, demands, damages, assessments, violations, causes of action, lawsuits, liens, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your NEXTERUS Business (regardless of cause or any concurrent, superseding or contributing fault, liability or negligence of us or our affiliates,) or any breach by you or your failure to comply with any of the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you agree to reimburse us for our costs and attorneys’ fees immediately upon our request as they are incurred.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you willfully indemnify us for any such cost, liability, loss and damage.

C. Insurance. You must purchase and maintain a policy or policies of comprehensive general liability insurance covering all Franchised Business assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than two million dollars (\$2,000,000) but no less than \$1,000,000 per occurrence (including Products/Completed Operations and Personal Injury and Advertising Injury). In addition, our current minimum insurance requirements include (i) motor vehicle liability coverage, combined single limit in the amount we specify, up to \$2,000,000 but no less than \$1,000,000, on each owned, non-owned or hired vehicle used in connection with the Franchised Business; (ii) professional errors and omissions coverage of not less than one million dollars (\$1,000,000); (iii) workers’ compensation coverage with minimum coverage as required by law; (iv) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses; (v) casualty insurance in a minimum amount equal to the replacement value of your interest in your Franchised Business furniture, fixtures, and equipment and (vi) such other insurance as from time to time required by us, under applicable law and under other agreements applicable to your Franchised Business. Additional insurance requirements are set forth in the Operations Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as additional insureds, must provide that such insurance is primary insurance with respect to the interests of all additionally named insureds, and must provide that any other insurance maintained by us or by you is excess and not contributing insurance with the insurance required under this Agreement. The policies must contain a waiver by the insurance carrier of all subrogation rights against us.

In addition, you must procure a bond in accordance with the minimum requirements of your property broker's license from the FMCSA.

You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this Section. The insurance certificate must show our status as an additional insured (as noted above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may modify, upon written notice to you, the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the NEXTERUS System, standards of liability and higher damage awards. In the event of such notification, you must immediately cause the modification of the policy, and evidence thereof, in accordance with our request. If at any time you do not procure or maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a reasonable fee for the expenses we incur in doing so, payable by you immediately upon notice.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph includes, collectively and individually, all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph.

2. You covenant that during the term of this Agreement, or during any Interim Period, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below).

3. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the NEXTERUS Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, advertise, promote in any media including social media platforms, or consult with or have any interest in a Competitive Business (as defined below):

- a. In the APR;
- b. Within a 50-mile radius of the outer boundary of the APR; or
- c. Inside the APR of another NEXTERUS business, whether franchised or owned by us or our affiliates.

For purposes of this Section 10.D, a “Competitive Business” is any business which provides supply chain, logistics, transportation or warehouse management services or software.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

TRANSFER OF FRANCHISE

10. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the NEXTERUS Business. Consequently, neither your interest in this Agreement nor in the NEXTERUS Business may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 10.F, and if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in Section 10.C is paid, and the transfer conditions described in Section 10.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed,

option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 10:

1. Any 20% or more change in the ownership percentage of the franchisee entity; or
2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 10.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in Section 10.C, and satisfy the transfer conditions described in Section 10.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 10 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 10.E must be made by submission on our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or an owner proposes to retain an interest in the property to be transferred. No interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in Section 10.C.

C. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our NEXTERUS franchise program we are offering at the time of the proposed transfer and sign our then-current form of franchise agreement, modified to reflect the term remaining under this Agreement.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates or your suppliers, or upon which we or our affiliates have any contingent liability, must be paid in full.

3. Reports. You must have provided all required reports to us.

4. Transfer Fee. You pay us a transfer fee in the amount of \$20,000, which will be reduced to (i) \$15,000 if the transfer is to another existing franchisee and (ii) \$1,500 if the transfer does not in any way change the majority ownership of the Franchisee.

5. Non-Competition Agreement. You and your owners must execute a non-competition covenant in favor of us and the assignee, agreeing that for a period of not less than two years, commencing on the effective date of the assignment, you and your owner will not, directly or indirectly, offer, sell, solicit or perform any supply chain consulting, software, management or related services (except pursuant to other franchise agreements entered into with us) to any person or business entity which was at any time within 24 months immediately preceding the effective date of the assignment a customer of yours or of the NEXTERUS Business. Further, for this period of time, you shall not employ, attempt to employ, solicit or assist in employing any employees, agents, or employees of agents of ours or of the employees of the franchisee in the aforementioned sectors.

5. Guarantee. In the case of an installment sale for which we have consented to you or any owner retaining an interest or other financial interest in this Agreement or the business operated thereunder, you or such owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your NEXTERUS Business or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with our training requirements.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the NEXTERUS Business and its operations as we deem reasonably necessary or appropriate for assignee and/or us to evaluate the NEXTERUS Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the NEXTERUS Business and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the NEXTERUS Business and proposed transfer and must not be construed in any manner or form whatsoever as an earnings claim, financial performance representation or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

D. Death, Disability or Incapacity. If the event of a death, disability or incapacity of Franchisee (or, if Franchisee is a legal entity of Franchisee's principal owner) and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as the Franchisee or the principal owner of the Franchisee entity, such person or entity must apply for our consent under Section 10.B and satisfy the transfer conditions under Section 10.C, as in any other case of a proposed transfer, all within 120 days of the death or event of disability or incapacity, although we will not charge any transfer fee in the event of a transfer under this Section 10.D. During any transition period to an heir or successor-in-interest, the NEXTERUS Business still must be operated in accordance with the terms and conditions of this Agreement.

E. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 10.A or any transfer described in Section 10.A, you first must offer to sell to us your interest. In the event of a bona fide

offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. We then have 10 days from our receipt of the statement setting forth the third-party offer and other requested information to accept the offer by delivering written notice of acceptance to you. We will have an additional 45 days to complete the purchase if we elect to exercise our right of first refusal. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 10-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 10. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 10.E.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

DISPUTE RESOLUTION

11. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted in Section 11.C below), the parties must first meet to mediate the dispute. The mediation will be held in the county in which our headquarters are located at the time of the mediation. Any such mediation shall be non-binding and shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a mediator in writing within ten days after either party gives written notice of mediation. The mediation hearing will be held within 20 days after the mediator has been appointed. Each party will be responsible for its own fees and expenses, although they will split evenly the cost of the mediator's fees and expenses.

B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your NEXTERUS Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the

arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in the county where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your NEXTERUS Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

C. Exceptions to Arbitration. Notwithstanding Section 11.B, the parties agree that the following claims will not be subject to arbitration:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, including intellectual property or Confidential Information, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder; or
2. any action related solely to the collection of moneys owed to us or our affiliate.

D. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs.

DEFAULT AND TERMINATION

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

A. Defaults. You are in default if we determine that you or any guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, conviction of you or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the NEXTERUS Business or any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have 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 12.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occur, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application or other reports or information provided to us, the loss or suspension of your FMCSA Property Broker's License or its associated bond, your voluntary abandonment of this Agreement, the closing of the NEXTERUS Business by any state or local authorities for public safety reasons, you register any domain name containing our Marks, any

unauthorized use of the Confidential Information, insolvency of you or guarantor, you or a guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, conviction of you or any guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Marks or the NEXTERUS Business or any felony, intentionally understating or underreporting Gross Sales, Royalty Fees or Brand Development Fees or any understatement or 3% variance on a subsequent audit within a 2-year period, any unauthorized transfer or assignment in violation of Section 10 or any default by you that is the second default of any type within any 12-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks or if the operation of your NEXTERUS Business presents a health or safety hazard to the public or to your customers or employees: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 13 of this Agreement.

POST-TERM OBLIGATIONS

13. Upon the expiration or termination of this Agreement, or the expiration of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Marks and all other rights and licenses

granted herein and the right and license to conduct business under the Marks will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property.

You must immediately comply with the post-term noncompete obligations under Section 9.D, cease all use and display of the Marks and of any proprietary material (including the Operations Manual) and of all or any portion of promotional materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the NEXTERUS Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Operations Manual, Customer Information and ongoing contracts then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 5.G. You must promptly at your expense, remove or obliterate all NEXTERUS Business materials in your possession that bear any of the Marks or names or material confusingly similar to the Marks. You must cease any and all advertising and identifying materials generated during the term of the franchise, including, but not limited to, terminating all business listings in electronic and print format, cancelation of all websites, domain names, and telephone numbers used in connection with the Franchised Business.

If, for any reason, you continue to do business after termination of this Agreement you must create new web pages, email addresses, phone numbers, business listings, and any other identifying information for the “new business.” You shall not maintain any business listing (e.g., Better Business Bureau, etc.) that were generated while you operated as a NEXTERUS franchisee. All ratings, reviews, customer comments, and the like are our exclusive property and shall not be used by you upon termination of this Agreement. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement, including without limitation, the indemnification provisions of Section 9.B and noncompete provisions of Section 9.D.

B. Purchase Option. We have the right but not the obligation, to purchase or designate a third party that will purchase all or any portion of the assets of your NEXTERUS Business that are owned by you or any of your affiliates including, without limitation, customer engagements (“Accounts”) of your NEXTERUS Business. We have the right to select the

Accounts we desire to purchase and to determine the fair market value of those Accounts. Notwithstanding anything to the contrary in this Agreement, we have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our affiliates.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your NEXTERUS Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

14. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must 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 must, 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. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Operations Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and any application form or similar document executed by you requesting us to enter into this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in

this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to Nexterus Franchising, LLC, 802 Far Hills Drive, New Freedom, Pennsylvania 17349;

2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All persons having a 5% or more ownership interest in a franchisee that is a corporation, partnership, limited liability company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Section 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 11 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Pennsylvania.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of Section 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our 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 our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product and service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the state or federal district court located in the county encompassing our headquarters at the time of the dispute. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business

purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. ALL PARTIES 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.

K. Waiver of Punitive Damages. YOU AND US AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business or franchisee based upon the customs or circumstances of a particular franchise, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such business, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you goods, products and/or services for use in your NEXTERUS Business on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the “Effective Date” of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

Q. Anti-Terrorism Provision. You and each Owner represent and warrant to us that: (a) neither you nor any Owner is named, either directly or by an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control currently located at www.treas.gov/offices/enforcement/ofac/; (b) you and each Owner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the U.S. Patriot Act (currently located at www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13244 (currently located at www.treas.gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws; and (c) you and each Owner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE: (For an Entity)

FRANCHISEE: (For an Individual)

Date: _____

Date: _____

_____,
a _____
(Please type or print name and type of entity)

Name: _____
(Please type or print)

By: _____
(Signature of person signing on behalf of entity)

Signature: _____

Witness: _____
(Please type or print)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

US: NEXTERUS FRANCHISING,
LLC

Date: _____

By: _____

Its: _____

Schedule A to the Franchise Agreement

Data Sheet

1. **Franchisee:** _____

2. **Owners.** You represent and warrant to us that the following persons are the only owners of Franchisee:

Name	Home Address	Percentage of Ownership
-----	-----	-----

The foregoing owners will be devoting their full time to the NEXTERUS Business.

3. **Area of Primary Responsibility (“APR”).** As stated in Section 2 of the Franchise Agreement, and subject to the terms and conditions of the Franchise Agreement, the APR under this Agreement is as follows: _____

4. **Authorized Services Breakdown/Mix: (TBD for commencement in Month 13):**

5. **Computer System Description:** _____

6. **Initial Franchise Fee:** _____

7. **Minimum Royalty Fee/Minimum Annual Gross Sales (which are based on the Initial Franchise Fee/size of APR):**

8. **Billing and Collections Fee:** _____

9. **Miscellaneous Fees:** Call Center Services-\$35 per hour; Client Satisfaction/QA Monitoring-\$250 per occurrence; A/R Collections-\$35 per hour; Credit Check Fee-\$40 per report.

Effective Date: _____

We may amend this Data Sheet from time to time to reflect changes to the Computer System or Authorized Services Breakdown/Mix.

YOU: _____

WE: NEXTERUS FRANCHISING, LLC

By _____
Its _____

By _____
Its _____

Schedule B to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes Nexterus Franchising, LLC or any affiliated entity (collectively, "Franchisor") to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalties or other amounts that become payable by the undersigned to Franchisor. Brand Development Fees and other amounts owed to us or our affiliates are due monthly by the 15th day of each month for the previous month. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

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

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

Sincerely yours,

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

Account Name

Bank Name

Street Address

Branch

City

State

Zip Code

Street Address

Telephone Number

City

State

Zip Code

By _____

Its _____

Bank Telephone Number

Date _____

Bank's Account Number

Customer's Account Number

Schedule C to the Franchise Agreement

Telephone and URL Assignment Agreement

This Assignment Agreement (the "Assignment") is made and entered into between Nexterus Franchising, LLC, a Delaware limited liability company ("Franchisor") and the undersigned NEXTERUS Franchisee ("Franchisee").

RECITALS

A. Franchisor has developed a unique system for the establishment and operation of a business offering supply chain consulting, software, management and related services (the "System");

B. Franchisor and Franchisee have entered into a Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a NEXTERUS Business under the System; and

C. It is the desire of and in the best interests of Franchisor and the System that in the event the Franchise Agreement terminates or expires, the telephone numbers, telephone directory listings and internet addresses used by Franchisee in connection with the operation of its NEXTERUS Business are assigned to Franchisor.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Franchisor's agreeing to enter into the Franchise Agreement, Franchisor and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Franchisor: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Franchisee in connection with operating the NEXTERUS Business (collectively, the "Numbers and Listings") and (ii) those certain Internet Web Site addresses ("URLs") associated with the NEXTERUS Marks and used from time to time by Franchisee in connection with the operation of its NEXTERUS Business.

2. This Assignment is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Numbers and Listings and the URLs, unless and until Franchisor notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and Franchisee's Internet service provider ("ISP") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Numbers and Listings and the URLs to itself or to any third party it designates. In the event Franchisor exercises its assignment rights Franchisee will have no further right, title or interest in the Numbers and Listings or the URLs; provided, however, Franchisee will remain liable to the Telephone Company and the ISP for any and all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

4. Franchisee acknowledges and agrees that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor will have the sole right to and interest in the Numbers and Listings and the URLs, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company and the ISP to assign the same to Franchisor and

execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Franchisor, Franchisor will direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor.

5. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers and Listings and the URLs upon such termination or expiration of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

Agreed to this ____ day of _____, 20 ____.

Franchisor: Nexterus Franchising, LLC

By: _____

Its: _____

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

Schedule D to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 9.D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

Individually		

Print Name		

Address		

City	State	Zip Code
_____	_____	_____
Telephone		

Individually		

Print Name		

Address		

City	State	Zip Code
_____	_____	_____
Telephone		

Schedule E to the Franchise Agreement

**ACKNOWLEDGMENT ADDENDUM TO
NEXTERUS FRANCHISE AGREEMENT**

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

Acknowledgments and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to 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. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Except as noted in Item 19, did any employee or other person speaking on behalf of Nexterus Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any NEXTERUS business, or the likelihood of success at your franchised business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Did any employee or other person speaking on behalf of Nexterus 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:_____

7. Do you understand that that the franchise granted is for the right to operate a NEXTERUS Business within the Area of Primary Responsibility (“APR”) only and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, outside your APR and engage in certain activities inside your APR? Check one: ☐ Yes ☐ No. If no, please comment:_____

8. Do you understand that the Franchise Agreement and Disclosure Document contain the entire agreement between you and us concerning the franchise for the NEXTERUS Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding and you are not relying on any such prior oral or written statements? Check one: ☐ Yes ☐ No. If no, please comment:_____

9. Do you understand that the success or failure of your NEXTERUS Business will depend in large part upon your skills, effort and experience, your business acumen, your location, the local market for products under the NEXTERUS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors and that all of those factors can be different for each franchisee and impact your business differently from any other NEXTERUS business, including any operated by our affiliates? Further, do you understand that the economic, business and other factors that exist at the time you open your NEXTERUS Business may change? Check one: ☐ Yes ☐ No. If no, please comment:_____

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the NEXTERUS system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____

11. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the NEXTERUS brand and Marks and to assist you in the operation of your business and not for the purpose of controlling or in

any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one () Yes () No. If no, please comment: _____

12. On the receipt pages of your Disclosure Document you identified _____

as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one: () Yes () No. If no, please identify any additional franchise sellers involved with this transaction: _____

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

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

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

APPROVED ON BEHALF OF
NEXTERUS FRANCHISING, LLC

Signed _____
Print Name: _____
Date: _____

By: _____
Title: _____
Date: _____

Exhibit D

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Franchise System Operations Manual

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STATE ADDENDA

ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 5, Initial Fees. The following statement is added to Item 5:

Franchisor agrees to defer collection of the initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office has imposed this deferral requirement due to the Franchisor's financial condition.

Item 17, Additional Disclosures. The following statement is added to Item 17:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, 815 ILCS 705/1-44 (West 2016), any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between Nexterus Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; (b) Franchisee is a resident of the State of Illinois; and/or (c) the Store will be located or operated in the State of Illinois.
2. The following language is added to the end of Section 8.A:

Franchisor agrees to defer collection of the initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General’s Office has imposed this deferral requirement due to the Franchisor’s financial condition.
3. The following sentence is added to the end of Section 14.I:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois.
4. The last sentence of Section 14.H(1) is deleted and replaced by the following:

Illinois law governs the franchise agreements.
5. In conformance with Section 41 of the Illinois Franchise Disclosure Act any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

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

FRANCHISOR:

Nexterus Franchising, LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MINNESOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Items 5 and 7, Initial Fees: The following statement is added to Items 5 and 7:

Franchisor agrees to defer collection of the initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

Item 13, Additional Disclosure: The following statement is added to Item 13:

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn. Stat. Sec. 80C.12, Subd.1(g).

Item 17, Notice of Termination: The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which requires, 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.

Item 17, Governing Law, Jurisdiction and Venue and Choice of Forum: The following statement is added to the cover page and Item 17:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 17, General Release: The following statement is added to Item 17:

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

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between Nexterus Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Store will be located or operated in the State of Minnesota.

2. The following language is added to the end of Section 8.A:

Franchisor agrees to defer collection of the initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

3. The following sentence is added to the end of Section 12.B:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C.14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for nonrenewal of the Franchise Agreement.

4. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

5. The following sentence is added to the end of Sections 4.B and 10.C:

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

6. The following sentences are added to the end of Sections 11.C and 14.I:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR:
Nexterus Franchising, LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK ADDENDUM

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

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

2. The following risk factor is added to the Cover Page:

The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

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

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

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

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

9. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES**

This Addendum to the Franchise Agreement (“Franchise Agreement”) dated _____ between Nexterus Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of New York; (b) Franchisee is a resident of the State of New York; and/or (c) the Franchised Business will be located or operated in the State of New York.
2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.
3. The following sentence is added to the end of Sections 4.B and 10.D:

Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695.
4. The following sentence is added at the end of Section 10.G:

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor’s good faith and judgment is willing and able to assume Franchisor’s obligations under the Franchise Agreement.
5. The following sentence is added to the end of Section 14.H(1):

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[THE REST OF THIS PAGE IS
INTENTIONALLY LEFT BLANK]

FRANCHISOR:
Nexterus Franchising, LLC

FRANCHISEE:

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit F

STATE EFFECTIVE DATES PAGE

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:

Illinois: May 11, 2020, as amended _____

Indiana: June 7, 2020, as amended August 26, 2020

Michigan: May 18, 2020, as amended August 26, 2020

Minnesota: June 26, 2020, as amended _____

New York: August 19, 2020, as amended _____

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 F
RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If Nexterus Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Nexterus Franchising, LLC give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa and Michigan require that Nexterus Franchising, LLC give you this Disclosure Document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Nexterus Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is Nexterus Franchising, LLC, located at 802 Far Hills Drive, New Freedom, Pennsylvania 17349. Its telephone number is (717) 227-5617.

Issuance Date: April 20, 2020, as amended August 26, 2020

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

☐ Samuel Polakoff	802 Far Hills Drive, New Freedom, Pennsylvania; telephone (717) 227-5540
☐ Ryan Polakoff	802 Far Hills Drive, New Freedom, Pennsylvania; telephone (717) 227-5617
☐ Jan Pithey	802 Far Hills Drive, New Freedom, Pennsylvania; telephone (717) 227-5000

Other: _____.

Nexterus Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Disclosure Document dated April 20, 2020, as amended August 26, 2020, that included the following Exhibits: (A) Agents for Service of Process & State Administrators, (B) Financial Statements, (C) Franchise Agreement, (D) Operations Manual Table of Contents, (E) State Addenda, (F) State Effective Dates Page, and (G) Receipts.

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

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Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State _____

Phone () _____ Zip _____