FRANCHISE DISCLOSURE DOCUMENT

	SCOOTER'S COFFEE, LLC (a Nebraska limited liability company) 10500 Sapp Bros. Drive, Omaha, Nebraska 68138. Phone: (402) 614-1723 Fax: (402) 614-3702 www.scooterscoffee.com

Scooter's Coffee, LLC, is offering franchises for the right to operate a quick service coffee store, offering drive-through, carry-out and in-store seating service of espresso drinks, smoothies, baked goods, and other items under the service mark "SCOOTER'S COFFEE".

The total investment necessary to begin operation of a SCOOTER'S COFFEE Drive-Thru Kiosk (Kiosk) franchise is from $389,942 to $685,874. This includes $110,000 to $135,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a SCOOTER'S COFFEE Drive-Thru Coffeehouse (Coffeehouse) franchise is from $552,676 to $860,654. This includes $110,000 to $135,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin operation under a Multiple Store Development Agreement is from $394,942 and $715,874, depending on the type and number of stores opened under the Multiple Store Development Agreement (this range is for the purchase of two to seven stores). This includes $115,000 to $165,000 that must be paid to the franchisor or an affiliate (this range is for the purchase of two to seven stores).

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 to you. To discuss the availability of disclosures in other formats, contact John Todd at Scooter's Coffee, LLC, 10500 Sapp Bros. Drive, Omaha, Nebraska 68138. Telephone: (402) 614-1723.

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

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

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

Issuance Date: March 16, 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 or Exhibits D and E.
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 F 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 Scooter's Coffee 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 Scooter's Coffee franchisee?	Item 20 or Exhibits D and E 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 [State]. 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 [State] than in your own state.

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.

DISCLOSURES REQUIRED BY MICHIGAN LAW

To the extent the Michigan Franchise Investment Law, Mich. Comp. Laws §§445.1501 – 445.1546 applies, the terms of this Addendum apply.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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

The franchisor is Scooter's Coffee, LLC and is referred to in this Disclosure Document as "Scooter's," "we," "us" or "our." We refer to the person or entity who buys the franchise as "you" throughout this Disclosure Document. If you are a corporation, partnership or a limited liability company, "you" also may refer to the shareholders of the corporation, partners of the partnership or members of the limited liability company.

The first Scooter's store was created in 1998 by Don and Linda Eckles. As detailed below, Scooter's franchises were first offered in 2002.

Franchisor

We are a Nebraska limited liability company organized on September 15, 2010. We do business as "Scooter's Coffee." Our principal business address is 10500 Sapp Bros. Drive, Omaha, Nebraska 68138. In addition to offering SCOOTER'S COFFEE Store franchises under this Disclosure Document, we also offered area representative franchises from September 2012 to March 2019. We have offered SCOOTER'S COFFEE Store franchises since October 2010, although, as described further below, our predecessors have offered similar coffee store franchises (under the same or similar trademarks) since 2002.

We have not operated and do not currently operate SCOOTER'S COFFEE Stores, but as described further, our affiliates and predecessors have operated SCOOTER'S COFFEE Stores since 1998. We have not offered franchises in other lines of business. Our agents for service of process are disclosed in Exhibit A.

Predecessors

Our immediate predecessor is Scooters Coffeehouse, Inc. ("SCI"), a Nebraska corporation formed on February 3, 2005. The principal business address for SCI was 10665 Bedford Avenue, Omaha, Nebraska 68134. SCI offered franchises under the "SCOOTERS JAVA EXPRESS" and "SCOOTERS COFFEEHOUSE" marks from 2005 to October 2010. In October 2010, our parent, Boundless Enterprises, LLC, purchased the franchise system from SCI and formed Scooter's Coffee, LLC, to hold and operate the franchise system. SCI no longer offers franchises. SCI previously operated "SCOOTERS JAVA EXPRESS" stores and "SCOOTER'S COFFEEHOUSE" stores. From February 2005 through October 2010, SCI offered "SCOOTER'S COFFEEHOUSE" franchises which were similar to the type of business you will operate. SCI also offered "SCOOTER'S COFFEEHOUSE" area representative franchises from February 2005 through October 2010. SCI has not offered franchises in any other line of business.

Parents and Affiliates

Our parent company is Boundless Enterprises, LLC, ("Parent" or "Boundless Enterprises"), a Nebraska limited liability company formed on November 28, 2006. Parent, as a former

franchisee, operated SCOOTER'S COFFEE Stores from November 2006 to October 2010. Parent has not directly offered franchises of the type of business you will operate or of any other line of business.

We have two affiliate companies that are also wholly owned by Parent that must be disclosed in this Disclosure Document: Harvest Roasting, LLC ("Harvest Roasting") and Boundless Operations, LLC ("Boundless Operations"). Harvest Roasting and Boundless Operations were each organized on September 15, 2010. Prior to that, they were a part of, or divisions of, Parent. Harvest Roasting provides coffee beans, syrups and sauces, sandwiches, burritos, baked goods (in areas where Harvest Roasting delivers such goods), smoothie mixes, paper goods (e.g., hot and cold cups, lids, napkins, etc.) and other items bearing any SCOOTER'S COFFEE logo or trademark, and certain equipment (e.g., espresso machines, brewers, grinders, ovens) to SCOOTER'S COFFEE franchisees and other licensees of ours. Boundless Operations does not provide any goods or services to franchisees. Boundless Operations owns and operates franchised SCOOTER'S COFFEE Stores and has done so since October 2010. Neither Harvest Roasting nor Boundless Operations has offered franchises in this or any other line of business.

We have no other predecessors, parents or affiliates that must be disclosed in this Disclosure Document. Boundless Operations, Harvest Roasting and Parent all share our principal business address.

The Franchises

We offer franchises for the establishment and operation of quick-service coffee stores, specializing in drive-through, carry-out and in-store-seating service of espresso drinks, smoothies, baked goods, and other items ("SCOOTER'S COFFEE Stores" or "Stores") under the form of Franchise Agreement attached as Exhibit B ("Franchise Agreement"). Below are the two types of Stores we currently offer:

> **Drive-Thru Kiosk ("Kiosk")** – There is no seating in Kiosk Stores and sales are primarily of drinks and associated food products served through drive-up windows. Kiosk Stores are designed to be low overhead, small footprint, and are usually located in a parking lot near other retail shopping. Kiosk Stores provide convenience for the mobile customer. As a result, Kiosk Stores are generally dependent on strong morning traffic.
>
> **Drive-Thru Coffeehouse ("Coffeehouse")**– Coffeehouse Stores are generally located in a strip center as "end cap space," although these Stores occasionally may be a free-standing building. Coffeehouse Stores offer drive-up window service to mobile customers, plus some inside seating to accommodate walk-in customers. Coffeehouse Stores rely on strong morning and afternoon traffic and vibrant daytime activity.

We have in the past and, under limited circumstances in the future, may offer individuals the right to operate a Store in a non-traditional location. Non-traditional Stores are carts or small spaces located in specialty locations (e.g. airports, hospitals, stadiums, train stations, military bases, amusement parks and business atriums), but are also located within other businesses such as large office buildings.

All Stores operate under the service mark "SCOOTER'S COFFEE" and related trademarks (together, the "Marks") and our marketing plan and proprietary business methods ("System"). Under the terms of the Franchise Agreement, franchisees are loaned a franchise operations manual (the "Operations Manual"). All or a portion of the support as may be made available to franchisees under the terms of the Franchise Agreement may be available from us or from one of our Area Representatives (as defined below).

We also offer multi-unit franchises under a Multiple Store Development Agreement (the "MSD Agreement"), a copy of which is attached as Exhibit C. If you sign an MSD Agreement, you agree to open a certain number of Stores according to an agreed upon development schedule. You will sign a separate franchise agreement for each Store you develop. For each future Store you develop, you may be required to sign our then-current form of franchise agreement, which form franchise agreement may differ from the form attached to this Disclosure Document as Exhibit B. The minimum number of Stores for an MSD Agreement is two.

Periodically in the past we have offered, but do not currently offer, area representative franchises ("Area Representative Franchises"), in which an area representative ("Area Representative") acts as our sales representative within a defined geographic area ("Marketing Area") to solicit and identify prospective franchisees, to assist them in locating and securing sites for SCOOTER'S COFFEE Stores within that area, and to provide additional support before, during and after the Store opens. While our Area Representatives will be involved in recruiting prospective franchisees, our Area Representatives do not have management responsibility relating to the sale or operation of unit franchises. If your SCOOTER'S COFFEE Store is located inside an Area Representative's Marketing Area, certain of our responsibilities to you may be assigned to, and provided by, the Area Representative.

We currently operate a franchisee referral program under which we will pay a franchisee a referral fee if the franchisee refers to us a qualified candidate who signs a franchise agreement and the franchisee satisfies other conditions of the program.

Other than offering SCOOTER'S COFFEE franchises and operating the SCOOTER'S COFFEE System, we have no other business activities.

Market and Competition

The market for espresso-based drinks is well-established and highly competitive. You will compete with national as well as local coffee stores, operating under well-known and recognizable service marks, as well as with independent restaurants and other businesses that offer similar products. In your market, you may be competing with other stores, restaurants and a variety of retail outlets selling coffee, espresso-based beverages, smoothies, pastries, and other items, as well as quick-service restaurant (QSR) facilities that offer coffee, espresso-based beverages, smoothies, or pastries.

Regulations

We are not aware of any state or federal laws specifically regulating the operation of a SCOOTER'S COFFEE Store, although you are required to comply with all local, state and

federal health and sanitation laws, including all regulations related to menu labeling and the sale and labeling of food products. The federal Food and Drug Administration ("FDA"), the Consumer Product Safety Commission ("CPSC") and the Federal Trade Commission ("FTC") regulate consumer advertising and the storage, offer and sale of many of the food products in your Store. Franchisees must also comply with all local, state and federal laws of a more general nature which affect the operation of the Store, including employment, worker's compensation, insurance, corporate, taxing, licensing, and similar laws and regulations. You should familiarize yourself with these laws.

ITEM 2. BUSINESS EXPERIENCE

Chairman and Co-Founder: Donald W. Eckles

Don Eckles co-founded the "Scooter's" business in 1998 and has been active in senior leadership involving the "Scooter's" business since its inception. Since April 2016 Mr. Eckles has served as Chairman. Mr. Eckles served as the President and CEO of Boundless Enterprises, LLC, in Omaha, Nebraska from its inception in November 2006 until April 2016. He has also served as CEO of Scooter's Coffee, LLC, and affiliated companies (all in Omaha, Nebraska) since their inception in September 2010, and as President of Scooter's Coffee, LLC, from September 2010 to April 2015.

Chief Executive Officer: Todd Graeve

Todd Graeve serves as Chief Executive Officer of Boundless Enterprises, LLC, Scooter's Coffee, LLC, Boundless Operations, LLC, and Harvest Roasting, LLC, in Omaha, Nebraska, positions he has held since April 2016. Mr. Graeve served as Chief Financial Officer for Boundless Enterprises in Omaha, Nebraska from April 2010 to April 2016, and for Scooter's Coffee, LLC, Harvest Roasting, LLC, and Boundless Operations, LLC from September 2010 to April 2016. From March 2014 to the present, Mr. Graeve has been a member of Freedom Enterprises, LLC, which is a current SCOOTER'S COFFEE franchisee located in Kansas City, Missouri.

Chief Legal Officer: Dave Anderson

Dave Anderson has served as Chief Legal Officer for Boundless Enterprises, LLC, Scooter's Coffee, LLC, Boundless Operations, LLC and Harvest Roasting, LLC since February 2017. From April 2016 to February 2017, Mr. Anderson served as the General Counsel for Boundless Enterprises, LLC, Scooter's Coffee, LLC, Boundless Operations, LLC, and Harvest Roasting, LLC, in Omaha, Nebraska. From January 2016 through April 2016, Mr. Anderson was an attorney with Carlson & Burnett, LLP, in Omaha, Nebraska. Mr. Anderson served as Senior Vice President, General Counsel and Secretary of Ballantyne Strong, Inc., in Omaha, Nebraska from November 2012 to November 2015.

Chief Marketing Officer: Bill Black

Bill Black has served as our Chief Marketing Officer since January 2018. From August 2010 until January 2018, Mr. Black was the President of The Marketing Coach, LLC, an independent consulting firm in Atlanta, Georgia. From March 2014 until September 2017, Mr. Black was the Vice President and Chief Marketing Officer of C2 Education in Johns Creek, Georgia.

Chief Development Officer: John Todd

John Todd has served as our Chief Development Officer since September 2018. Mr. Todd has also served as Chief Development Officer of Boundless Enterprises since September 2018. From February 2017 to August 2018, Mr. Todd was Senior Vice President of Development for Cici's Enterprises LP in Dallas, Texas. From April 2012 to January 2017, Mr. Todd was the Chief Development Officer of Fiesta Restaurant Group, Inc. in Dallas, Texas.

Vice President, Franchise Sales: Tim Arpin

Tim Arpin has served as our Vice President of Franchise Recruitment since August 2019. Mr. Arpin served as Vice President of Franchise Development for Self Esteem Brands, LLC in Woodbury, Minnesota from July 2018 to August 2019, and as Director of Franchise Development from September 2013 to July 2018.

Vice President, Operations and Training: Missy McKinley

Missy McKinley has served as our Vice President of Operations since December 2019. From September 2017 to November 2019, Ms. McKinley served as Vice President of Operations for Wireless Advocates LLC, in Seattle, Washington. From May 2016 to August 2017, Ms. McKinley was Vice President of Operations for Circle K Convenience Stores Southwest in Dallas, Texas. From May 2011 until May 2016, Ms. McKinley served as Zone Vice President for Dollar Tree Stores, Inc in Chesapeake, Virginia.

Vice President of Real Estate: Ben Alderson

Ben Alderson has served as our Vice President of Real Estate since March 2020. Most recently he served as Senior Director of Real Estate for Blink Fitness in Dallas, Texas from February 2019 to March 2020, and Senior Director of Real Estate for CiCi Enterprises, LP in Irving, Texas from March 2016 to February 2019. From October 2012 to March 2016, Mr. Alderson served as Real Estate Manager for Firehouse of America, LP in Dallas, Texas.

Vice President of Development: Mike Michaelis

Mike Michaelis has served as our Vice President of Development since January 2019. From November 2007 to January 2019, Mr. Michaelis served as a Principal of M2 Development Services, Inc., a restaurant construction consulting services company in Great Bend, Kansas.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Franchise Agreement

Initial Franchise Fee

We offer an individual Store franchise and territory development rights under a Multiple Store Development Agreement (the "MSD Agreement"). The "Initial Franchise Fee" for an individual SCOOTER'S COFFEE Store, regardless of the type of Store you purchase, is $40,000 for each Store. The Initial Franchise Fee is due when you sign the Franchise Agreement and is not refundable for any reason.

Except for reduced initial franchise fees that you may pay under the MSD Agreement (as described below), you will pay us our then-current initial franchise fee if you sign any additional franchise agreements. You must sign our then-current form of franchise agreement for each Store you operate and, except as described in the MSD Agreement, you must pay us our then-current initial franchise fee in a lump sum when each franchise agreement is signed.

During 2019, we received initial franchise fees ranging from $0 to $40,000.

Initial Opening Support Fee

Under the Franchise Agreement, you must pay us an Initial Opening Support Fee of $10,000 at the time the Franchise Agreement is signed (the "Initial Opening Support Fee"). We (or an Area Representative) will match up to 50% of your Initial Opening Support Fee (for example, $5,000) if you satisfy our Initial Grand Opening Support program requirements. We will use some (or all) of the Initial Opening Support Fee to directly pay or reimburse you for qualified expenses related to your grand opening promotional advertising campaign. We may also use the Initial Opening Support Fee to off-set the costs and expenses related to providing on site opening assistance at your Store. The Initial Opening Support Fee is not refundable for any reason.

Initial Inventory and Equipment

You must purchase your initial inventory and certain Store equipment from our affiliate, Harvest Roasting (and other preferred vendors), before opening your Store. We estimate that the range of the costs of your opening inventory (including menu items, ingredients, paper goods, uniforms and branded products and merchandise for retail sale) and certain Store equipment (including, espresso machine, countertops, storage, coffee brewers, coffee grinders, smoothie machines,

oven, refrigerators, ice makers, sinks, shelving, menu board) will be $60,000 to $85,000. The amount paid for your opening inventory and equipment is not refundable for any reason.

We are a member of the International Franchise Association ("IFA"), and support and participate in IFA's VetFran Program. If you are an honorably discharged veteran who meets our qualifications for new SCOOTER'S COFFEE franchisees, you will receive a $20,000 product credit from our affiliate, Harvest Roasting. You must use this credit within one year from the date you open your Store. This credit may be granted only for your first Store.

MSD Agreement

If you elect to develop more than one Store under an agreed upon development schedule, you will pay us a $5,000 development fee ("Development Fee") for each Store (excluding your first Store) that you agree to develop under the MSD Agreement when you sign the MSD Agreement. For example, if you agree to develop 5 Stores under the MSD Agreement, you will pay us a Development Fee of $20,000 ($5,000 times 4 Stores) under the MSD Agreement. We do not count your first Store when calculating the Development Fee as you will sign your first Franchise Agreement and pay us the Initial Franchise Fee for your first Store when you sign the MSD Agreement.

There is no maximum number of Stores that we would allow in an MSD Agreement, but generally our MSD Agreements allow for the development of 2 to 7 Stores. We reserve the right, however, to limit the number of Stores in any given MSD Agreement based on market conditions, our strategic goals, and the financial and other attributes of the Developer, among other factors. We will apply the Development Fee you pay for each Store under the MSD Agreement toward the Initial Franchise Fees for the respective Store to be developed after the first one. We do not refund the Development Fee, once paid, under any circumstances.

ITEM 6. OTHER FEES

Franchise Agreement

Type of Fee[1]	Amount	Due Date	Remarks
Royalty	6% of Gross Sales	Paid by electronic funds transfer every Tuesday for the preceding Reporting Period. See Note 2	Gross Sales includes all revenue from the Store, including sales made away from the Store premises. Gross Sales does not include sales taxes or customer discounts. See Note 2
Marketing Contribution	2% of Gross Sales	Paid by electronic funds transfer every Tuesday for the preceding Reporting Period. See Note 2	The Marketing Contribution will be deposited into the Marketing Fund. Our affiliate-owned Stores will contribute the same as franchisee-owned Stores. We may establish regional marketing and advertising cooperatives and may reallocate all or a portion of this fee to regional marketing and advertising. Currently, Marketing Contributions are paid by electronic transfer of funds. See Note 2

Type of Fee[1]	Amount	Due Date	Remarks
Local Marketing and Advertising Commitment	None currently, provided that we may require you to spend up to 2% of Gross Sales for local marketing and advertising.	If required, you would spend the specified amount each calendar quarter.	We must give 60 days' written notice to impose such a requirement.
Regional Marketing and Advertising Cooperatives	None currently. May vary, with recurring contributions up to 3% of Gross Sales.	Usually on a monthly basis, based on prior month's Gross Sales, or as directed by co-op	As of the date of this Disclosure Document, there are no established cooperatives. Affiliate Stores contribute on the same basis as franchised Stores, and have the same voting power as franchised Stores. Regional Advertising Cooperative Fee may be offset by any Local Marketing and Advertising Commitment, if imposed. Maximum advertising expense of 5%.[3]
Cost of Marketing, Advertising and Promotional Materials	Varies depending on the type of promotion and the type of materials used in the promotion	Due upon invoice	If you purchase advertising or marketing materials from us, we may, at our option, pass on the cost of these materials to you.
Inventory Purchases from Franchisor or Affiliate	Varies according to sales volume	Paid by electronic funds transfer on the date of invoice	Purchases are from our affiliate, Harvest Roasting.
Interest and Late Charges	$25 late charge, plus the lesser of 1½ % per month, or highest rate of interest allowed by law	Late fee automatically assessed; interest on demand	Begins to accrue the day after payments are due.
Transfer Fee	$10,000	Before the transfer is effective	If you transfer your rights to an existing franchisee, we will waive this fee.
Successor Renewal Fee	The greater of $10,000 or 25% of the then current Initial Franchise Fee for the first Store.	When you sign the then current Franchise Agreement	Payable if you opt for and qualify for a successor franchise at the end of the initial term.
Inspection and Audit Fee	Interest on past due amount at 18%, or highest rate of interest allowed by law plus costs of audit	15 days after receipt of our notice to you of any underpayment	Costs of audit payable only if you understate your Gross Sales by 3% or more, do not submit reports to us or do not cooperate in performance of the inspection and audit. Interest payable if you understate your Gross Sales by any amount.
Alternative Supplier Approval Fee	You must reimburse us for the actual cost of any testing and the reasonable cost of our investigation.	Upon approval or disapproval	You must make a written request for approval. We will respond within thirty days after receiving your written request.
Technology Fee	Will vary under the circumstances, currently $175/month	The first day of each month	You pay this Fee for POS System support (see Item 11).
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement.
Indemnification	Will vary depending on nature of the claim involved	As incurred	You must reimburse us if we are held liable for claims arising from your Store's operations.

Type of Fee[1]	Amount	Due Date	Remarks
Insurance Premiums	Will vary depending on your location and insurer	As incurred	If you fail to obtain or maintain required insurance, we may obtain insurance on your behalf and seek from you reimbursement for insurance, including late charges.
Relocation Fees	Minimum of $500 up to a maximum of $1,000 depending on expenses we incur	$500 due when you submit request to relocate and remainder, if any, due before opening	Payable only if you relocate your Store during the term of your Franchise Agreement. You pay all costs of relocating.
Conference Fee	Will vary based on location of the conference, up to $500 per person per year	As incurred	You must pay our then-current registration fee for the franchisee conference. We reserve the right to charge you this fee if you fail to attend the franchisee conference. Additional travel and lodging expenses are your responsibility.
Additional Training Fee	$500 per person	Before training begins	Training for up to four people is included in the Initial Franchise Fee. This fee is payable only if you choose to train more than four people or if you send a new Designated Manager to training. See Note 4.
Tax Indemnification	We may collect from you the cost of all sales and related taxes arising from our licensing of intellectual property (such as the Royalty fees) to you in the state where your Store is located, as well as any assessment on fees and any other revenue we receive from you.	Payable, when applicable, by electronic funds transfer.	Only imposed if state collects these taxes or assessments from us.

[1] Except as otherwise noted, fees are imposed by and paid to us. All fees are nonrefundable. All fees are uniformly imposed except as otherwise indicated.

[2] Before opening, you must sign and deliver to us and your bank all documents necessary to permit us to electronically debit your bank account for each week's Royalty and Marketing Contribution payments and other payments that you make to us or to our affiliates. Reporting Period means the period of Saturday to Friday (unless we designate otherwise). If you fail to report Gross Sales, we may debit your bank account by an amount equal to the amount transferred from your account for the last Reporting Period for which a report of Gross Sales of the Store was provided to us, together with a late fee on that amount. We will credit any overpayment against the next week's amount due. Any deficiency is debited from your account. If you fail to pay us or one of our affiliates in a timely manner, we may debit your bank account for any amounts due us.

[3] A franchisee's maximum marketing and advertising expense will be 5% of Gross Sales, which includes any Marketing Contribution, Local Marketing and Advertising Commitment, and Regional Coop Expenditure.

[4] You are responsible for all expenses associated with travel, meals and lodging while you attend initial training sessions. All of these expenses are paid to third parties. These expenses will vary according to where you stay, where you eat and how far you have to travel.

ITEM 7. ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount for Kiosk Store	Amount for Coffeehouse Store	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee (See note 1)	$40,000	$40,000	Cash	At signing of Franchise Agreement	Us
Initial Opening Support Fee	$10,000	$10,000	Cash	At signing of Franchise Agreement	Us
Free-Standing Building Leasehold improvements (See note 2)	$228,442 to $391,820 (not including the purchase of land)	$286,514 to $490,858 (not including the purchase of land)	As negotiated	Before opening	Other suppliers
Architectural and Engineering Fees (See note 3)	$10,000 to $42,830	$10,000 to $42,830	As negotiated	Before opening	Other suppliers
Equipment, fixtures and furniture (See note 4)	$57,000 to $97,760	$156,500 to $162,082	As negotiated	Before opening	Harvest Roasting and other suppliers
Signs (See note 5)	$15,000 to $39,464	$17,263 to $50,650	As negotiated	Before opening	Other suppliers
Point-of-sale system and software (See note 6)	$6,000 to $10,000	$8,899 to $10,234	As negotiated	Before opening	Other suppliers
Deposits and licenses (See note 7)	$2,500 to $7,000	$2,500 to $7,000	As negotiated	Before opening	Other suppliers
Initial training: travel and living expenses (See note 8)	$4,000 to $7,000	$4,000 to $7,000	Cash	Before opening	Other suppliers
Opening inventory and supplies (See note 9)	$7,000 to $10,000	$7,000 to $10,000	Cash	Before opening	Harvest Roasting and other suppliers
Additional funds — 3 months (See note 10)	$10,000 to $30,000	$10,000 to $30,000	Cash	As incurred	Other suppliers and your employees
Total (See note 11)	$389,942 to $685,874	$552,676 to $860,654			

Explanatory Notes

General Note: The above chart and respective estimates apply to both Kiosk and Coffeehouse Stores, except as otherwise noted below.

Note 1: Initial Franchise Fee. If you sign an MSD Agreement and this is your second or subsequent Store, we apply the nonrefundable $5,000 Development Fee paid for the second and each subsequent Store to be developed toward the Initial Franchise Fee for each Store.

Note 2: Free-Standing Building Leasehold Improvements. Typically, a Kiosk Store will have 550 square feet. The total investment depends on a number of factors, including utility access,

outside finish materials and local code requirements. This estimate does not include any costs of constructing an optional walk-up window or patio. Typically, a Coffeehouse Store will range from approximately 1,600 to 2,000 square feet of retail space and have inside seating for up to 25-50 customers. Your costs for leasehold improvements for the Store will depend in large part on the square footage of your Store, the extent of the remodeling required, and the location and overall costs in the market in which you are developing the Store. The estimates in the above chart assume that the premises of the Coffeehouse Store exists and the estimated leasehold improvements reflect the build-out of space that is "ready to occupy" based on the recommended size of Store, although your actual costs may vary under or over the estimates. Although we may supply you with standardized blueprints for a Store, you are responsible for preparing all required blueprints to suit the shape and dimensions of the Franchised Location. For both Kiosk and Coffeehouse Stores, the leasehold improvements you will typically make include: interior remodeling, floor covering, painting, HVAC, lighting, electrical, plumbing, design, utilities, water and other improvements. You may receive an allowance from the landlord to finish the interior or build the building, or you may receive a rent credit to cover a portion of the same. You will need to factor this into your cost analysis. If you purchase property (or land) for the Store, your investment obligations will be significantly higher, and will depend on the location of the land. We do not typically invest in the land for a SCOOTER'S COFFEE Store and cannot estimate these costs due to the significant variances based on location and market conditions.

Note 3: The estimate provided in the table above includes estimated architectural fees and structural and civil engineering fees and costs. Although we may supply you with standardized blueprints for a Store, you are responsible for preparing all required blueprints to suit the shape and dimensions of the Franchised Location.

Note 4: Equipment, Fixtures and Furniture. This item includes the estimated costs to obtain and install the merchandising systems, espresso machine, coffee brewers, coffee grinders, smoothie machines, oven, refrigerators, ice makers, sinks, furniture and shelving, and menu board. This estimate also includes office equipment, including a telephone system and access to satellite radio. For a Coffeehouse Store, this item also includes the estimated costs for counters for order taking, counters for order pick-up and display cases as well as tables, chairs and an in-store menu board.

Note 5: Signs. You will be required to have a monument sign unless it is prohibited under city codes or regulations or by your landlord. The estimate provided in the table assumes that you will have a pole sign or monument sign.

Note 6: Point-of-Sale System and Software. This item includes the estimated costs to purchase and license a computerized point-of-sale system ("POS System") and Internet access. None of these payments are refundable once paid. All of these costs are paid to third party suppliers.

Note 7: Deposits and Licenses. Security deposits, if applicable to your Store, range from one to two months' rent; utility deposits range from a nominal amount to approximately $500; and business licenses range from approximately $200 to $500 a year. Each or any of these items may exceed the stated range depending on your location.

Note 8: Initial Training (Travel and Living Expenses). Your travel and living expenses when you attend our initial training program in Nebraska vary depending on the length of your instruction, the distance you must travel and the standard of living you desire while you attend the program. The high range estimate covers expenses for the Store owner(s) attending a three-day owners training session, and for four people attending our four-week training session in Nebraska or at one of our certified training stores.

Note 9: Opening Inventory and Supplies. You must open with and maintain an adequate inventory of menu items, ingredients, paper goods, uniforms and branded products and merchandise for retail sale. You will be required to purchase several of these items from our Preferred Suppliers (as defined in Item 8). We anticipate that all of your initial purchases will be from Harvest Roasting or a vendor recommended by Harvesting Roasting.

Note 10: Additional Funds. This estimates other, pre-operational expenses, which we have not separately listed above, as well as additional funds necessary for the first three months of your business operations. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs depend on factors such as: the extent to which you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as: debt service; legal costs (for lease review and other costs); accounting fees; rent; insurance premiums; employee salaries; and other miscellaneous costs. However, this item excludes your salary.

Note 11: Basis for Estimates; Financing. We relied on our affiliate's and predecessors' experience in coffee service businesses of the past 20 years, as well as estimates we have received from some third party vendors, when preparing these figures. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expense in starting or operating your Store. We do not offer financing either directly or indirectly for any part of the initial investment. The availability and terms of financing from independent third parties depends on factors such as the availability of financing generally, your creditworthiness, other security and collateral you may have and policies of lenders.

MSD Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Development Fee (See note 1)	$5,000 to $30,000	Cash	At signing of MSD Agreement	Us
Initial Store Development (See note 2)	$389,942 to $685,874	As negotiated	As incurred	Us, other suppliers and your employees
Total	**$394,942 to $715,874**			

Explanatory Notes

Note 1: Development Fee. If you sign a MSD Agreement to open multiple Stores, you must pay us a nonrefundable $5,000 Development Fee for each Store to be developed under the MSD Agreement after the initial Store. We apply the $5,000 Development Fee toward the Initial Franchise Fee for each respective Store to be developed under the MSD Agreement after the initial Store. There is no maximum number of Stores that we would allow in an MSD Agreement, but generally our MSD Agreements allow for the development of 2 to 7 Stores and we reserve the right to limit the number in any given MSD Agreement based on market conditions, our strategic goals, and the wherewithal of the Developer, among other factors.

Note 2: Initial Store Development. Your initial investment for your first Store will depend on the type of Store you develop and will be based on the estimated investments disclosed in this Item 7. As your first Store likely will be a Kiosk Store, the above estimate assumes you will first develop a Kiosk Store. If your first Store is a Coffeehouse Store, your estimated initial Store investment cost would be $552,676 to $860,654. You should be aware that your initial investment for your second and subsequent Stores likely will be higher than the above estimates for your first Store due to inflation and other economic factors that vary over time.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure a uniform image and uniform quality of products and services throughout the SCOOTER'S COFFEE System, you must establish and operate your SCOOTER'S COFFEE Store in compliance with the Franchise Agreement and our required standards and specifications. We will provide you with our Operations Manual that will contain these standards, which we may modify from time to time. As we determine trends in the marketplace or develop new marketing techniques, technologies, products and services, we anticipate that we will develop and modify our standards as we consider appropriate and useful, and notify you through amendments to the Operations Manual.

Proprietary Items

Your Store will feature and offer for sale a variety of coffee drinks, smoothies, baked goods and other food and beverage items that we require and approve. Before opening your Store, you must purchase specific items of goods and equipment, including espresso machines, coffee brewing machines, coffee grinders, blenders, refrigerators, coffee beans, flavoring syrups and sauces, smoothie mixes, baked items, sandwiches, burritos, mugs, cups, T-shirts, caps and other branded merchandise and proprietary food items that we may designate from time to time (the "Proprietary Items"). As detailed further below, you must obtain the Proprietary Items from Designated Suppliers (as defined below). Specifically, and as of the date of this Disclosure Document, you must obtain all coffee beans, syrups and sauces, sandwiches, burritos, baked goods (in areas where Harvest Roasting delivers such goods), smoothie mixes, paper goods (e.g., hot and cold cups, lids, napkins, etc.) and other items bearing any SCOOTER'S COFFEE logo or trademark, and equipment (e.g., espresso machines, brewers, grinders, ovens) only from our affiliate, Harvest Roasting, or our Designated Supplier.

Store Build-Out and Lease

You must operate your Store from the Franchised Location that we consent to. We consent to locations on a case by case basis, considering items such as size, appearance and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics, such as rental obligations and other lease terms (including those that we require be in the lease). You may not sign a lease for the Franchised Location until you provide us with a copy of the lease and allow us reasonable time to confirm that the lease contains certain mandated provisions. You and the landlord must sign a Lease Addendum (in the form that we require) in connection with any lease agreement. We reserve the right to reject the lease if the lease does not contain these provisions, or the landlord does not sign the Lease Addendum. You also will provide us with a copy of the fully-executed lease or purchase agreement. If you (or your affiliate) desire to own the premises of the Franchised Location, you may do so only through a separate business entity (either a limited liability company, corporation or limited partnership) and will be required to enter into a lease agreement, as the tenant of the Franchised Location, with your affiliate (as the land owner), and the lease must reflect current market rates and other terms and conditions acceptable to us. You are not required to purchase, lease or sublease the Franchised Location from us or our affiliate.

You must construct and develop your Store using only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture and signs that we have approved as meeting our specifications and standards for appearance, function and performance. You must submit construction plans, bids, specifications, and any other documentation or forms we may require to us for our approval before you begin construction of your Store, and you must submit all revised plans and specifications to us during the course of construction. You must ensure that the plans and specifications comply with the Americans With Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. You must construct your Store with the assistance of contractors, architects and suppliers designated or approved by us.

In developing and operating your Store, you may purchase only the types of construction and decorating materials, fixtures, equipment, furniture and signs that we require and have approved as meeting our specifications and standards for quality, design, appearance, function and performance. You must purchase these items from any Designated Supplier we select, or, if no Designated Supplier has been identified, from an Approved Supplier who can satisfy our standards and specifications. As of the date of this Disclosure Document, our affiliate, Harvest Roasting is the Designated Supplier for the following equipment: espresso machines, brewers, grinders and ovens.

You must maintain the condition and appearance of the Store, and refurbish and modify its layout, decor and general theme, as we may require to maintain the condition, appearance, efficient operation, ambience and overall image of SCOOTER'S COFFEE Stores. We require that you obtain our written consent to any improvements to the Franchised Location before construction begins.

Computer Hardware and Software

You must obtain a license for our proprietary "Dashboard Software" from us and purchase the related back-office computer hardware from any Approved Supplier, provided the computer hardware meets our standards and specifications. You also must purchase or lease a point-of-sale system that meets our standards and specifications (together with the software we designate, referred to as "POS System") from our Designated Supplier. See Item 11 for further information on the POS System and the Dashboard Software. You must install and maintain a high-speed Internet connection at your Store to allow us access to your Store's data. You must run all sales through the POS System. You also must have satellite radio at your Store.

Supplier and Product Approval

We will provide you with lists of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory, products, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Store ("Approved Supplies List"). The Approved Suppliers List will list particular suppliers from which you must purchase certain inventory, supplies, fixtures or other items for use in your Store, and will identify any Designated Suppliers. The Approved Supplies List may include specific brands or types of supplies, fixtures, equipment or other items that you may buy from any source provided that the items conform to the standards and specifications for the System. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products (a "Designated Supplier"). As of the date of this Disclosure Document, our affiliate, Harvest Roasting, and Dean Foods, are the Designated Suppliers of coffee beans, syrups and sauces, sandwiches, burritos, baked goods (in areas where Harvest Roasting and/or Dean Foods delivers such goods), smoothie mixes, paper goods (e.g., hot and cold cups, lids, napkins, etc.) and other items bearing any SCOOTER'S COFFEE logo or trademark, and certain equipment (e.g., espresso machines, brewers, grinders, ovens). If your Store is located within an area served by Harvest Roasting and/or Dean Foods, you must purchase these items from them unless we agree otherwise in writing. Except as described in this Item 8, as of the date of this Disclosure Document, we and our affiliates are not the Designated Supplier of any other item. The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you want to use any unapproved material, fixture, inventory, supplies, equipment, furniture, sign or services, or purchase any items from any supplier that we have not approved, you must first notify us in writing and must submit to us, at our request, sufficient information, specifications and samples for us to determine whether the services, material, fixture, inventory, suppliers, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. You may not propose an alternative supplier or item for any items for which we have appointed a Designated Supplier. We will notify you of our decision within 90 days following our receipt of all information requested. You must reimburse us for the actual cost of any testing and the reasonable cost of our investigation. We may inspect the facilities and products of any supplier or approved item and revoke our approval of any item or supplier which fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or supply. As part of the approval process, we

may require that a proposed supplier sign a supplier agreement covering such items as insurance, product quality, trademark use, and indemnification. We do not provide material benefits to you based on your use of designated or approved sources.

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

Advertising and Marketing

All marketing and promotion of your SCOOTER'S COFFEE Store and all signs and displays must conform to our standards and specifications.

You must submit to us samples of all marketing, advertising and promotional materials that have not been prepared or previously approved by us. We retain the right to develop and control all marketing and advertising using our Marks, both on and off the Internet. We reserve the right, on 30 days' prior written notice to you, to require you to participate in electronic advertising by creating, customizing or providing access to a linked web page. Subject to applicable law, you must participate in any gift/loyalty card program or other marketing promotions we implement.

Insurance

You must purchase and maintain for each Store you operate, at your expense, all insurance we require in the types and minimum amounts described below and in the Operations Manual. Your insurance policy or policies must be written by an insurance company that has been approved by us in writing. We reserve the right to designate the insurance vendor you must use. Your insurance policies must include the following minimum requirements: Comprehensive general liability insurance, including product liability, contractual liability, personal injury, property damage, and independent contractor's coverage and auto hired and non-owned vehicles with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate; property and casualty insurance coverage insuring your inventory, equipment, construction of your improvements, and your completed Store for the full replacement value; automobile liability insurance with a minimum combined single limit of $1,000,000; worker's compensation insurance that an applicable state may require; employer's liability insurance with minimum limits of $500,000 per occurrence, $500,000 per employee, and $500,000 policy limit; and employment practices and cyber liability insurance with minimum limits in the amount specified in the Operations Manual. Your obligation to obtain and maintain these insurance policies will not be affected by any insurance which we may obtain for ourselves or our affiliates. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

If you fail to purchase or maintain this insurance, we may demand that you cease operations or we may obtain insurance for you, in which case you must reimburse us and our affiliates for the cost of the insurance. All insurance policies must name us and our affiliates as an additional

insured and give us at least 30 days' prior written notice of termination, amendment or cancellation. You also must provide us with one or more certificates or endorsements of insurance evidencing your insurance coverage and naming us and our affiliates as an additional insured on each applicable policy. You must furnish us with copies of all required insurance policies or other evidence of insurance coverage and payment of premiums at least 30 days before your Store opens, and as we request from time to time.

Miscellaneous

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

During our last fiscal year ended December 31, 2019, we received $56,681 as a result of franchisee purchases of goods, products and services, which represents 0.6% of the total $9,988,884 revenue we received in 2019. During their last fiscal year ended December 31, 2019, our affiliates Harvest Roasting and Boundless Enterprises received $29,399,503 in revenue from the sale of goods, products and services to franchisees.

We may derive revenue directly or in the form of rebates or other payments from suppliers, based on purchases made by our franchisee. In fiscal year 2019, the rebates and other payments we or our affiliates received from suppliers ranged from less than 1% up to 10% or more of the prices franchisees paid for those items. We may, at our option, either retain these commissions, or other volume discounts, rebates or incentives received as a result of your purchases or use them for advertising or other expenses.

Other than our officer's ownership in our affiliate Harvest Roasting, our officers do not own a material interest in any supplier.

We estimate that the purchase or lease of the building, site development costs, equipment, signs, fixtures, vehicles, furnishings, supplies, inventory and advertising and sales promotions materials which meet our specifications will represent approximately 75% to 85% of the total cost to develop the Store. We estimate that the purchase or lease of supplies, inventory and advertising and sales promotions materials which meet our specifications will represent approximately 28% to 36% of the total cost to operate your Store.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Sections 3.1, 3.2, 5.1 and 5.2 of Franchise Agreement; Section 3.3 of MSD Agreement	Items 7 and 11
b. Pre-opening purchase/leases	Sections 5.2 through 5.6 of Franchise Agreement	Item 8

Obligation	Section in agreement	Disclosure document item
c. Site development and other pre-opening requirements	Sections 5.2 through 5.6 of Franchise Agreement	Items 6, 7 and 11
d. Initial and ongoing training	Sections 6.1, 6.2 and 6.3 of Franchise Agreement; and Section 3.5 of MSD Agreement	Item 11
e. Opening	Section 5.8 of Franchise Agreement	Item 11
f. Fees	Sections 4.1, 4.2, 5.6, 11.1, 12.3, 12.4 and 12.5 of Franchise Agreement; Section 2.1 of MSD Agreement; and Section 4 of the Software Access Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 5.1-5.6, 8.1, 10.1, 12.1 and 13.1-13.6 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Sections 14.1, 14.6 and 20.3 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 2.2 and 10.1 of Franchise Agreement	Items 11 and 16
j. Warranty and customer service requirements	None	
k. Territorial development and sales quotas	Section 2.2 of Franchise Agreement, and Section 3.1 of MSD Agreement	Item 12
l. Ongoing product/service purchases	Sections 10.1 and 13.5 of Franchise Agreement	Item 8
m. Maintenance, appearance, and remodeling requirements	Section 10.1 of Franchise Agreement	Item 11
n. Insurance	Sections 21.1-21.4 of Franchise Agreement	Items 7 and 8
o. Advertising	Sections 4.2 and 12.1- 12.6 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 19.3 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Section 10.1 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 15.1-15.5 of Franchise Agreement	Item 11
s. Inspections and audits	Section 15.4 of Franchise Agreement	Item 6
t. Transfer	Article 16 of Franchise Agreement; and Article 5 of MSD Agreement	Item 17
u. Renewal	Article 17 of Franchise Agreement	Item 17
v. Post-termination obligations	Sections 18.4 and 20.2 of Franchise Agreement; Section 6.1 of MSD Agreement; and Section 11 of Software Access Agreement	Item 17
w. Non-competition covenants	Sections 20.1-20.2 of Franchise Agreement; and Section 6.1 of MSD Agreement	Item 17
x. Dispute resolution	Article 22 of Franchise Agreement; and Section 8.1 of MSD Agreement	Item 17

ITEM 10. FINANCING

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

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

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

Pre-Opening Assistance: Before you open a Store, we or our Area Representative, if applicable, will:

1. Provide you with the initial training program described below. (Section 7.1(a) of Franchise Agreement.)

2. Provide you with our site selection criteria and requirements. We may, but are not required to, provide site selection assistance, although site selection acquisition and development of the Store is your sole responsibility. (Section 7.1(b) of Franchise Agreement.)

3. Provide you with the standards and specifications for the leasehold improvements, interior design, layout, floor plan, signs, designs, products, inventory, uniforms, equipment, POS System, color and decor of the Store. (Section 7.1(c) of Franchise Agreement.)

4. Provide you with the standards and specifications for the equipment, supplies and materials used in, and the menu items offered for sale by, the Store, including the Approved Suppliers List and the Approved Supplies List and, if available, a description of any regional or central purchase and supply agreements offered by such Approved Suppliers. (Section 7.1(d) of Franchise Agreement.)

5. Loan to you, or provide electronic access to, the Operations Manual. (Section 7.1(e) of Franchise Agreement.)

6. Provide opening assistance consisting of one representative, or an Area Representative on site at the Franchised Location. The representative will be on site before you open the Store for approximately 5 days before opening and approximately 5 days after opening. We may use the Initial Opening Support Fee to off-set the costs and expenses related to providing this opening assistance. We are obligated to provide this assistance only for your initial Store and may not offer this assistance for any second or subsequent Stores you operate. (Section 7.1(f) of Franchise Agreement.)

7. Provide assistance in planning and implementing your grand opening campaign. (Section 7.1(g) of Franchise Agreement.)

If your Store is located inside an Area Representative's Marketing Area, our obligations may be assigned to, or provided by, the Area Representative.

Ongoing Assistance: During the operation of your Store, we or our Area Representative, if applicable, will:

1. Provide access to any advertising and promotional materials that we may develop. We reserve the right to charge you a fee for the cost of copying or providing any advertising or promotional materials to you. (Section 9.1(a) of Franchise Agreement.)

2. Provide such on-going support and assistance as we deem appropriate. (Section 9.1(b) of the Franchise Agreement.)

3. Provide any on-going training programs as we deem appropriate. (Section 9.1(c) of Franchise Agreement.)

4. Provide any updates or changes to the Operations Manual or System (Section 9.1(d) of the Franchise Agreement.)

5. Manage the Marketing Fund (Section 12.3 of the Franchise Agreement.).

If your Store is located inside an Area Representative's Marketing Area, our obligations may be assigned to, or provided by, the Area Representative.

Site Selection

We do not generally own the premises (the "Franchised Location") on which you will locate your Store. It is your sole responsibility to select and acquire the Franchised Location for your Store. We will not select the Franchised Location, but we will select an area in which you may select the Franchised Location for the Store and may provide assistance in connection with the site selection process. You must obtain our consent for any site you may choose for your Store. You must not, without our prior written approval of the site package you have submitted to us, enter into any contract to purchase or lease any premises you intend to use as a Franchised Location for your Store. We base our approval of your site on a variety of factors including the viability of the location and demographics of the proposed site. We are not required to, but may, assist you in negotiating the purchase or lease of the Franchised Location. You must locate, obtain our approval of and sign a lease and Lease Addendum in the form attached as an Exhibit to the Franchise Agreement. If you (or your affiliate) desire to own the premises of the Franchised Location, you may do so only through a separate business entity (either a limited liability company, corporation or limited partnership) and will be required to enter into a lease agreement, as the tenant of the Franchised Location, with your affiliate (as the land owner). In most cases, we will send a representative to your proposed site for approval. No contractual limit exists on the time it takes us to approve or disapprove your proposed location. Once we have all of the necessary documentation for review, however, we typically take no more than 30 days to approve or disapprove your proposed location, and we will generally extend your development deadlines when circumstances beyond your reasonable control delay the site selection and approval process. Our approval of the Franchised Location does not infer or guarantee the success or profitability of a Franchised Location in any manner. We may terminate the Franchise Agreement if you fail to locate a Franchised Location (that meets our approval) and sign a lease for the Franchised Location within 90 days of the date of the Franchise Agreement.

Time To Open

The typical length of time it takes to open a Store after signing the Franchise Agreement or making your first payment for the franchise is 180 to 365 days. The factors which may affect

this time period are your ability to locate a site, secure financing, obtain a lease, obtain permits, and the extent to which you must upgrade or remodel an existing location, the delivery schedule for equipment, inventory and supplies, and completion of your training. Unless we otherwise agree in writing, you must open your Store within one year after you sign the Franchise Agreement or we may terminate the Franchise Agreement.

If you sign an MSD Agreement, then under the terms of that Agreement, you must execute a franchise agreement for the second and each subsequent Store at least 9 months before you are required to open and commence operations of the Store. In the event of an inconsistency, all development and opening deadlines set forth in an MSD Agreement shall override any development and opening deadlines described in a Franchise Agreement that is executed under the MSD Agreement.

Marketing, Advertising and Promotion

Grand Opening Advertising

We and you will decide on a grand opening promotional advertising campaign for your Store, to be conducted at or around the time your Store opens for business. The grand opening promotion will typically consist of direct mail or print advertising campaigns and discounts, along with local newspaper advertisements, trade area or local marketing and special celebrations. You must pay us an Initial Opening Support Fee of $10,000 when you sign the Franchise Agreement. We will use some (or all) of the Initial Opening Support Fee to directly pay or reimburse you for qualified expenses related to your grand opening promotional advertising campaign. We also may use the Initial Opening Support Fee to off-set the costs and expenses related to providing on site opening assistance at your Store. You may, but are not required to, spend additional amounts (in addition to the $10,000 Initial Opening Support Fee you pay to us) on grand opening advertising.

Marketing Fund

We operate a marketing fund (the "Marketing Fund") to advertise and promote the SCOOTER'S COFFEE Stores in the System. You will pay us a weekly marketing contribution in an amount of up to 2% of Gross Sales (the "Marketing Contribution"). We collect the Marketing Contribution via electronic funds transfer. We also will contribute to the Marketing Fund for each SCOOTER'S COFFEE Store that we or our affiliates operate in the United States at the same percentage rate as a majority of SCOOTER'S COFFEE franchisees must pay to the Marketing Fund. We will deposit all Marketing Contributions into our general bank account. We do not have a separate account for the Marketing Fund. We may use the Marketing Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, point of purchase, radio, television, Internet, electronic, digital and billboard advertising, and employing advertising agencies. We also may use the Marketing Fund to develop advertising and promotional materials for regional and local advertising cooperatives and for use in each franchisee's local market, and for administering gift card programs, gift card incentives and other advertising and marketing activities. Currently, we anticipate that the Marketing Fund will be used primarily to

pay for creative design costs to produce marketing materials and templates. In the future, we may develop an in-house advertising staff to assist in advertising. We also contract with various outside advertising agencies and third party vendors to produce certain advertising production and promotional materials and to create and implement public relations campaigns. We will determine the use of monies in the Marketing Fund. We are reimbursed for reasonable administrative costs, employee salaries and benefits and overhead incurred in administering the Marketing Fund for the preceding year.

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

During our last fiscal year ending December 31, 2019, the Marketing Fund was used as follows: 13% on production, 22% on media placement, 47% on labor and benefits, 9% on direct mail, 2% on charitable giving, and 7% on administrative and other expenses.

We do not have an advertising council composed of franchisees that advises us on advertising policies, but we reserve the right to create one in the future.

Local Marketing and Advertising

You currently are not required to spend any minimum amount on local marketing and advertising, but we may require you, on 60 days' notice, to begin spending up to 2% of quarterly Gross Sales on local marketing and advertising (the "Local Marketing and Advertising Commitment"). We may require this expenditure in any or all of the calendar quarters during the term of the Franchise Agreement.

You may create your own advertising and promotional materials, at your expense, although all of your marketing, advertising and promotion must be in such media and of such type and format as we may approve, must be conducted in a dignified manner, and must conform to the standards and requirements as we may specify. You may not use any marketing, advertising or promotional plans or materials unless and until you have received written approval from us.

Advertising Cooperative

You will participate in, support and contribute a proportionate share of the cost of any regional cooperative marketing and advertising programs we designate. The amount of your contribution will be determined by the regional cooperative (up to 3% of Gross Sales), although we may designate the contribution amount if the regional cooperative is unable or unwilling to do so. We reserve the right to designate regional and local advertising or marketing markets, to establish regional marketing and advertising cooperatives and to establish the bylaws and other rules under which such councils will operate. SCOOTER'S COFFEE Stores owned and operated by us or our

affiliates will have the same voting power as franchised Stores within that local or regional marketing and advertising cooperative. The marketing and advertising cooperative will use contributions to fund local and regional advertising and promotional campaigns and activities that we recommend or approve for use by the cooperative. Each cooperative will determine its own voting procedures so long as those procedures are consistent with the general operating rules we have established. We may reallocate some or all of the Marketing Contributions back to a region for the purpose of cooperative expenditures for regional marketing and advertising for the Stores in a particular geographic region. We can form, change or dissolve the cooperative, or merge it with another cooperative.

Point-Of-Sale and Computer Systems

You must purchase or license from us and use a back-office computer system, including our proprietary Power BI dashboard reporting software (the "Dashboard Software"), any standardized chart of accounts and computer hardware that we designate. You must obtain the Dashboard Software from us while you may obtain the remaining components of the back-office computer system from any source, provided those components meet our standards and specifications. Currently, the back-office computer system includes a minimum of one laptop or desktop computer with Internet access, word processing or office suite software and the Dashboard Software we designate. The cost of the back-office computer system generally ranges from $1,000 to $5,000.

You also must purchase or lease a POS System (which includes the registers, at least one scanner, the software we designate (currently, Brink), and any online applications we require) that meets our standards and specifications from our designated supplier. The cost of the POS system is determined by the third party vendor and generally ranges between $6,000 and $10,000. The actual cost to you of the POS System will depend on the number of registers you need at your Store, with the lower end of the foregoing range reflecting the cost of a single-register system, and the higher end of the range reflecting the cost of a multiple-register system.

The POS System allows you to record sales and provides you with information necessary to prepare financial statements that satisfy our standards and specifications and to monitor your inventory. We have the right to access independently at any time the information generated by your POS System. There are no contractual limitations on our right to access this information and data.

The POS System will have intranet capabilities, and we reserve the right to establish an intranet between us and all SCOOTER'S COFFEE Stores, and you must install and maintain a DSL or other high-speed Internet connection to allow us to do so. The POS System must give us the ability to receive electronic sales and financial data in real time and must integrate gift cards and credit card payments. The POS System installation, configuration and integration must be performed in accordance with our standards and specifications.

We reserve the right to review and receive all information contained in the POS System databases, including sales, product trending, cost of goods sold, inventory levels and hours of operation, through on-line communication contact with your POS System. The process to allow this communication must be set up within 30 days of opening your location. We have no

contractual limitation on our right to receive information through your POS System. You must have a DSL or other high speed Internet connection to facilitate communication between you and us and among our franchisees.

You may be required to purchase other proprietary software from us or a third party we designate, and/or update any proprietary software at any time during the term of the Franchise Agreement. You may be required to enter into a separate computer software license agreement and/or pay a fee to us or any third party supplier we designate for such other proprietary software we may require. There are no contractual limitations on the frequency and cost of this requirement.

We will require you to have satellite radio at your Store. In addition, we may require you to install surveillance cameras in and around your Store. You will bear the cost of these items.

We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to the POS System. We may require you to purchase, install and implement updates and revisions to the POS System. No contractual limitation exists on the frequency or cost of this obligation. We estimate that the annual cost of any optional or required maintenance, updating, upgrading or support contracts will range from $1,000 to $10,000.

Operations Manual

During the term of the Franchise Agreement, we will loan to you one copy of, or allow electronic access to, our Operations Manual, which contains mandatory and recommended specifications, standards, and procedures. The Operations Manual is confidential and remains our property. The current Table of Contents of the Operations Manual, as of the date of this Disclosure Document, is as follows:

Subject	Number of Pages
Cover and Table of Contents	3
Contact List	5
Scooter's Coffee Mission and Values	4
Operations Exposed Points and Countermeasures	8
Barista Training	19
Managerial Documents	20
Kitchen Display Screen	8
Brink	17
Mobile App	5
Power BI Reporting	11
Merrychef	9
Equipment Care and Maintenance Guide	14
Total Number of Pages	**123**

Training Program

Approximately 90 to 120 days after you sign the Franchise Agreement, you must attend a 3 day franchise ownership training session in Omaha, Nebraska. In addition, approximately 6 to 8 weeks before you open your Store, you (or if you are a legal entity, one of your owners), your Designated Manager (as defined in Item 15), and at least one additional individual we have

approved must attend and complete to our satisfaction the initial training program described below. During your training, you are responsible for all travel, living expenses, and wages for you and all employees who attend the training session. All training is currently conducted on business days in Omaha, Nebraska and lasts approximately 4 weeks. If your Store will be located within an Area Representative's territory, the initial training program will be conducted in a training store in that territory. We schedule our initial training program as often as needed. The instructional materials for the initial training program include the Operations Manual, handouts and visual aids, and will include lecture, classroom discussion, and hands-on demonstration and practice training at a SCOOTER'S COFFEE Store. The content of the training program may be modified periodically.

We are in the process of revising our initial training program. As of the issuance date of this disclosure document, the training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training - Estimated	Hours of On-the-Job Training - Estimated	Location
Orientation	4	0	Omaha, NE Training Facility
Customer Service	18	26	Omaha, NE Training Facility and Scooter's Coffee location
Daily Operations	12	20	Omaha, NE Training Facility and Scooter's Coffee location
Marketing	2	0	Omaha, NE Corporate Headquarters
Scooter's Accounting and Reporting	2	0	Omaha, NE Corporate Headquarters
Inventory Management	2	4	Omaha, NE Training Facility and Scooter's Coffee location
Staffing Recommendations	2	4	Omaha, NE Training Facility and Scooter's Coffee location
Station Deployment	2	10	Omaha, NE Training Facility and Scooter's Coffee location
Beverage Recipes/Drink Preparation and Practice	10	30	Omaha, NE Training Facility and Scooter's Coffee location
Culture and Engagement	2	10	Omaha, NE Training Facility and Scooter's Coffee location
Total	**56**	**104**	

Our Director of Training, Malinda Petry will oversee trainers for the courses described above. Malinda joined us in May 2018. Ms. Petry previously served as a Licensed Store District Manager and as a Store Manager for Starbucks Coffee Co. and has more than 20 years of experience in the coffee industry.

If your Store is located inside an Area Representative's Marketing Area, the Area Representative also may assist with our initial training program. The table below identifies the Marketing Areas and years of experience for our Area Representatives as of the date of this Disclosure Document:

Area Representative (and Primary Contact)	Marketing Area	Years of Experience
Metcalf Coffee Inc. Jason Metcalf Rita Metcalf	Lincoln, Nebraska	Jason Metcalf and Rita Metcalf have served as Area Representatives since August 2006
Schrojoe, LLC Craig and Mary Schroeder	Charlotte, North Carolina and areas of Northern South Carolina	Craig and Mary Schroeder have served as Area Representatives since September 2018
Loving Cup AR, LLC Melanie Graeve	Des Moines, Iowa and portions of Kansas, including Wichita	Melanie Graeve has served as an Area Representative since December 2018
Culaccino Coffee Company, LLC Tracy and Shawn Bouwens	Various cities located in Kansas and Missouri	Tracy and Shawn Bouwens have served as Area Representatives since January 2019

We will send a representative to provide opening assistance for approximately 5 days before you open your first Store, and for the first 5 days the Store is open for business. We may use the Initial Opening Support Fee to off-set the costs and expenses related to providing this opening assistance. We are obligated to provide this assistance only for your initial Store and may not offer this assistance for any second or subsequent Stores you operate.

If it becomes necessary to provide the initial training program to any replacement or additional Designated Managers during the term of the Franchise Agreement, we will provide the initial training program but you must pay us our then-current training fee (currently, $500 per person). You will be responsible for all travel and living expenses incurred by your personnel during the training program. The availability of the training program will be subject to space considerations and prior commitments to new franchisees.

Between one and four times per year, you or your Designated Manager may be required to attend, at your expense, a national, regional or local meeting, seminar or conference which we present for the purpose of discussing a topic such as advertising programs, new operations methods, training, management, sales, or sales promotion. You must attend our franchisee conference each year. You must pay us our then-current registration fee for the franchisee conference. We reserve the right to charge you our then-current registration fee even if you fail to attend the franchisee conference. The amount of the fee varies depending on the location of the conference, but will not exceed $500 per person per year.

ITEM 12. TERRITORY

Franchise Agreement

Under the Franchise Agreement, you may operate your Store and use the Marks and the System only at a Franchised Location to which we have consented. We base our consent to your proposed Franchised Location on a variety of factors including the viability of the location and demographics of the proposed Franchised Location. If, on the date you sign your Franchise Agreement, you do not have a Franchised Location that we have consented to, we will designate, by Addendum to the Franchise Agreement, a "Designated Area" or "Designated Territory" within which you are to find a Franchised Location. The designation of a Designated Area or Designated Territory does not grant you any territorial rights in the Designated Area or Designated Territory, but only limits the area in which you may locate your store.

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. Under the Franchise Agreement, you must operate your Store at a specific location identified in the Franchise Agreement. That location will be a specific numbered street or mall address.

You acknowledge that the franchise rights granted under the Franchise Agreement are non-exclusive. We (for ourselves and our affiliates) retain all rights not expressly granted to you in the Franchise Agreement, including the right to:

(1) operate and grant others the right to open and operate a SCOOTER'S COFFEE Store at any location;

(2) promote, sell and distribute products and services authorized for sale at SCOOTER'S COFFEE Stores under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

(3) promote, sell and distribute products and services authorized for sale at SCOOTER'S COFFEE Stores under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or to distributors, or to grocery stores, convenience stores, or other locations; and

(4) promote the System and SCOOTER'S COFFEE Stores generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

For purposes of this Item 12, non-traditional locations means and includes airports, hospitals, stadiums, train stations, malls, military bases, amusement parks and business atriums. We are not required to pay you any compensation if we exercise any of these rights.

You may not conduct business from any site other than the Franchised Location, whether by relocating, establishing additional outlets, or using alternative distribution channels. You may not relocate the Franchised Location without our advance written approval. We condition relocation of the Franchised Location on the following: (1) the proposed site meets our requirements for the development of a Store, (2) you are in compliance with your obligations under the terms of the Franchise Agreement, and (3) you pay us the Relocation Fee. There is no minimum sales quota. Continuation of your Franchised Location does not depend on the achievement of any specified sales volume, market penetration or other contingency. You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises under the Franchise Agreement.

Neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the products and services authorized for sale at SCOOTER'S COFFEE Stores under any other trademark or service mark.

MSD Agreement

If you sign an MSD Agreement, then under the terms of that Agreement, we grant to you the right to establish, according to a schedule, a minimum number of Stores within a larger geographical territory specified in the MSD Agreement ("Development Area"). A Development Area is usually defined by political boundaries such as street boundaries, a city, county or state limits or by other reasonable boundaries. The number of Stores to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional SCOOTER'S COFFEE Store franchises within your Development Area or anywhere else.

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.

Provided you are in full compliance with the terms of the MSD Agreement and all obligations under each Franchise Agreement entered into under the MSD Agreement, we will not (except as expressly provided below) grant a third party franchisee the right to operate a franchised SCOOTER'S COFFEE Store inside the Development Area. We (for ourselves and our affiliates) retain all rights not expressly granted to you in the MSD Agreement, including the right to:

(1) operate (directly or through an affiliate) Stores at locations inside or outside the Development Area and grant third party franchisees the right to operate Stores at locations anywhere outside the Development Area;

(2) promote, sell and distribute products and services authorized for sale at Stores under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

(3) promote, sell and distribute products and services authorized for sale at Stores under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or distributors, or to grocery stores, convenience stores, or locations other than through SCOOTER'S COFFEE Stores;

(4) directly operate, or to grant other persons the right to operate Stores at non-traditional locations (as that term is defined below) located inside or outside the Development Area, if you are unable to secure the right to operate a Store at the non-traditional location; and

(5) promote the System and Stores generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

For purposes of this Item 12, non-traditional locations include, airports, hospitals, stadiums, train stations, malls, military bases, amusement parks and business atriums. We are not required to pay you any compensation if we exercise any of these rights.

The continuation of your right to your Development Area during the term of the MSD Agreement depends on meeting the Development Schedule described in the MSD Agreement. If you fail to meet the requirements of the Development Schedule, we may, among other things, terminate your MSD Agreement, in which case you would lose your rights to the Development Area.

ITEM 13. TRADEMARKS

We grant you the right to operate your Store under the name "SCOOTER'S COFFEE." You also may use our other Marks to operate your Store.

The following table lists only the principal Marks that you are licensed to use. We have filed all required affidavits and renewal registrations for the registered Marks listed below.

Trademark	Registration Date/ Application Date	Registration Number/ Application Number	Register
SCOOTERS	February 13, 2007	3,207,069	Principal
SCOOTER'S	October 4, 2016	5053643	Principal
	December 17, 2013	4,450,951	Principal
	November 11, 2014	4,636,672	Principal
	App. Date: October 18, 2018	App. No.: 88159696	Pending*

* - We do not have a federal registration for this "SCOOTER'S COFFEE" logo (applied for on October 18, 2018). Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark which may increase your expense.

There are no presently effective materials determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation, involving the Marks that are relevant to your use in any state. There are

currently no agreements in effect that significantly limit our right to use or license the use of the Marks.

You must follow our rules when you use the Marks. You must use the Marks as the sole service marks identifying your Store. You must identify yourself as the independent owner of the Store in the manner we require. You may not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you), or in any modified form, nor may you use any Mark to advertise unauthorized services or products or in any other manner not expressly authorized in writing by us. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication); (3) create or register any Internet domain name in any connection with your Store; and (4) use any e-mail address which we have not authorized for use in operating the Store. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote your Store or conduct any business on the Internet, including using social and professional networking sites to promote your Store, except as provided in our written social media policy (if any) or with our prior written approval.

You must modify or discontinue your use of a Mark if we require modification or discontinuance of it, at your own expense and without recourse against us.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark and you may not communicate with any person other than us or our counsel regarding this matter. You may not settle any claim without our written consent. We have no obligation to take any affirmative action when notified of such uses or claims, but rather have the right to take actions we deem appropriate and the exclusive right to control any litigation or any other administrative proceeding arising out of any infringement, challenge or claim against any Mark.

We are not contractually obligated by the Franchise Agreement to protect your right to use the Marks or to protect you against claims of infringement or unfair competition regarding your use of the Marks and have no obligation to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving one or more of the Marks. We pay all litigation costs, including attorneys' fees and court costs, if we elect to defend or protect your authorized use of the Marks. We will not pay any of your attorneys' fees if you hire your own attorney. You must cooperate with us in any litigation.

Our nationwide rights in our mark SCOOTER'S date back to June 24, 2004. We are aware of restaurants throughout the United States that use the word SCOOTER'S or a similar mark as part of their restaurant names and/or marks, including in Illinois, Pennsylvania, Ohio, Maryland, Missouri, Oklahoma and Colorado. There also may be others. If these or any other restaurants used the word SCOOTER'S or a similar mark prior to June 24, 2004, it is possible that you may be precluded from operating a SCOOTER'S® Store in the same market as these restaurants. If

our right to use our trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We also are aware of restaurants that use the mark SCOOTER'S or a similar mark as part of their restaurant names and/or marks in other parts of the country that may have junior rights to us. We may take enforcement action against junior users but are not obligated to do so.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You will not receive the right to use any item covered by a patent, pending patent application or registered copyright, but you can use the proprietary information in our Operations Manual and other proprietary information we may disclose to you. Our Operations Manual, recipes, and all related materials are considered proprietary and confidential and are considered to be our property, which you may use only as described in the Franchise Agreement. You must maintain the confidentiality of our information and adopt reasonable procedures to prevent unauthorized disclosure of these secrets and information.

You must promptly notify us if you learn about any unauthorized use of our proprietary information. We are not obligated to take any action, but we will respond to your notification as we deem appropriate.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, you are not required to manage and operate your Store personally. You, and a person you designate ("Designated Manager") must successfully complete our mandatory initial training programs for franchisees. You are not required to serve as the on-premises manager. All Designated Managers and associated shift supervisors (if applicable) must successfully complete our initial training program.

If you are a corporation, limited liability company, or partnership, we do not require that your Designated Manager own an equity interest in such entity. However, your Designated Manager and each of your officers, directors, partners, shareholders or members (and, if you are an individual, your spouse) must agree to be bound by the nondisclosure provisions of the Franchise Agreement under a confidentiality agreement and, at our request, sign a noncompetition agreement. Other than the above, we make no other recommendations regarding your direct participation in the operation or on-premises supervision of your SCOOTER'S COFFEE Store, and we have no other requirements regarding employment or other written agreements between you and your employees.

Each person or entity who directly or indirectly owns a 10% or greater interest in you (if you are an entity) (referred to as a "Principal Owner") must sign a Guaranty and Assumption of Franchisee Obligations in the form attached to the Franchise Agreement in which those individuals or entities personally assuming and agreeing to perform all obligations of the Franchisee under the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell only those products and services approved by us and may not use the Store or the Franchised Location for any purposes other than the operation of a SCOOTER'S COFFEE Store. You must sell all of the products and services we have approved, including SCOOTER'S COFFEE gift cards, and promotional items such as caps, T-shirts, jackets and similar sportswear. You must comply with our standards and specifications. We have the right to approve all items on your menu. We have the right to change or supplement the types of authorized products and services, and there are no limits on our right to do so.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 17.1	10 years.
b. Renewal or extension of the term	Section 17.2	One option to renew for an additional 10 year term if you meet requirements.
c. Requirements for franchisee to renew or extend	Sections 17.2 and 17.3	Provide advance notice, sign then current form of Franchise Agreement (which may include terms and conditions materially different from the existing Franchise Agreement), must be in compliance with Franchise Agreement, sign release, pay fee and renovate Store if applicable.
d. Termination by franchisee	None	The franchisee may terminate the agreement on any grounds available by law.
e. Termination by franchisor without cause	None	N/A
f. Termination by franchisor with cause	Section 18.1	We can terminate only if you default.
g. "Cause" defined —curable defaults	Section 18.2	Violation of health, safety or sanitation laws after 72 hours' notice; 10 days for failure to pay amounts owed; misuse of Marks after 10 days (or sooner); 30 days for all other curable defaults.
h. "Cause" defined —non-curable defaults	Section 18.1	Material misrepresentation or omission in application; abandonment; deceptive practices; felony conviction or other serious conduct; unauthorized assignment; unauthorized use of Confidential Information; failure to pay taxes; assignment for benefit of creditors; bankruptcy; insolvency; repeated violations; failure to pay us or our affiliates; lease or other related agreement is terminated.
i. Franchisee's obligations on termination/ nonrenewal	Section 18.4	Cease operating franchised business, cease use of confidential information, proprietary software and Marks, deliver property containing the Marks, cancel assumed or similar name registrations, assign lease or de-identify, pay outstanding amounts and damages, deliver manuals, assign phone numbers, comply with covenants, discontinue use of Proprietary Software.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by franchisor	Section 16.6	No restriction on our right to assign.
k. "Transfer" by franchisee — defined	Section 16.1	Includes transfer, in one or more transactions, of your business, your Store, substantially all or all of the assets of your business, the Franchise Agreement or any controlling interest in you (as defined in the Franchise Agreement).
l. Franchisor approval of transfer by franchisee	Section 16.3	We have the right to approve or disapprove all transfers.
m. Conditions for franchisor approval of transfer	Section 16.2	Full compliance, transferee qualifies, all amounts due are paid in full, completion of training, transfer fee paid, transferee signs our then-current form of Franchise Agreement, franchisee executes or delivers other required documents including release.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.4	30 day period, we have right to match offer.
o. Franchisor's option to purchase franchisee's business	Section 18.3	We may offer to buy your Store or just your Store's assets.
p. Death or disability of franchisee	Section 16.7	Franchise must be assigned to an approved buyer within 120 days of death or disability.
q. Non-competition covenants during the term of the franchise	Section 20.1	No involvement in any competing business wherever located or operating.
r. Non-competition covenants after the franchise is terminated or expires	Section 20.2	No interest in competing business for 2 years within 10 miles of the former Franchised Location, or 10 miles of any Store.
s. Modification of the agreement	Section 23.1	No modifications generally but Operations Manual subject to change.
t. Integration/merger clause	Section 23.2	Only terms of Franchise Agreement are binding (subject to state law and federal law), provided that this provision does not disclaim representations made in the FDD. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 22.1	Depending on type of claim, arbitration in Nebraska (subject to state law).
v. Choice of forum	Section 22.3	Omaha, Nebraska (subject to state law).
w. Choice of law	Section 22.2	Nebraska law (subject to state law).

MSD AGREEMENT

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

Provision	Section in MSD Agreement	Summary
a. Length of the franchise term	Section 4.1	Varies
b. Renewal or extension of the term	N/A	N/A
c. Requirements for franchisee to renew or extend	N/A	N/A
d. Termination by franchisee	N/A	N/A
e. Termination by franchisor without cause	N/A	N/A

Provision	Section in MSD Agreement	Summary
f. Termination by franchisor with cause	Section 4.3	We can terminate only if you default under Franchise Agreement or MSD Agreement
g. "Cause" defined—curable defaults	Section 4.3	30 days to cure defaults under MSD Agreement
h. "Cause" defined—non-curable defaults	Section 4.2	Repeated noncompliance, bankruptcy, conviction that relates to the operation of the Store, subfranchising.
i. Franchisee's obligations on termination/nonrenewal	Section 6.1	All obligations in Franchise Agreement apply to MSD Agreement
j. Assignment of contract by franchisor	Section 5.1	No restriction on our right to assign.
k. "Transfer" by franchisee—defined	Section 5.2	May transfer to assignee of Franchise Agreement rights with our approval
l. Franchisor approval of transfer by franchisee	Section 5.2	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 5.2	Fulfill conditions in Franchise Agreement
n. Franchisor's right of first refusal to acquire franchisee's business	Section 5.4	We may match any offer
o. Franchisor's option to purchase franchisee's business	Section 18.3	We may purchase your Store, including your interest in the real estate, at fair market value, less goodwill associated with the Marks and System and any amounts owed to us.
p. Death or disability of franchisee	Section 16.7	Same as Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 6.1	No involvement in competing Store
r. Non-competition covenants after the franchise is terminated or expires	Section 6.1	Same as Franchise Agreement
s. Modification of the agreement	Section 8.7	No modifications generally
t. Integration/merger clause	Section 8.8	Only terms of MSD Agreement and Franchise Agreement are binding (subject to state and federal law), provided that this provision does not disclaim representations made in the FDD. Any representations or promises outside of the disclosure document, MSD Agreement, and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8.1	Depending on type of claim, arbitration in Omaha, Nebraska (subject to state law).
v. Choice of forum	Section 8.1	Omaha, Nebraska (subject to state law).
w. Choice of law	Section 8.3	Nebraska law (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/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are

considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following table summarizes the ownership of Stores in operation as of December 31, 2019:

Store Type	Franchised Stores	Affiliate-Owned Stores	Total Stores
Kiosk	139	13	152
Coffeehouse	74	7	82
Non-Traditional	25	8	33
Total	238	28	266

This Item 19 does not include financial performance information for any of our franchised non-traditional Stores as we currently are not actively marketing non-traditional Stores and they operate differently from Kiosk and Coffeehouse Stores. Non-traditional Stores are carts or small spaces located in specialty locations (e.g. airports, hospitals, stadiums, train stations, malls, military bases, amusement parks and business atriums), or within other businesses such as large office buildings. As a result, non-traditional Stores operate differently from Kiosk and Coffeehouse Stores, as they generally do not have a drive-thru or significant customer seating available, may not have standard hours of operation, and typically are not located in free-standing locations that are visible to the public from outside. This Item 19 also does not include any financial performance information for any of our affiliate-owned Stores.

This Item 19 is separated into four sections. In each Section, the franchised Stores that meet the criteria in this Item 19 are referred to as "Participating Stores" (for all such franchised Stores), or for a particular type of Store, "Participating Kiosk Stores" or "Participating Coffeehouse Stores." Section A identifies the Average Gross Sales of Participating Stores. Section B identifies the Average Customer Ticket Sale of Participating Stores. Section C identifies the average Sales, Expenses, and Earning of Participating Stores. Section D identifies the historic same-Store Net Sales growth for those Participating Stores that were open for at least 13 months during each of the six measured periods noted in Section D below.

A. STATEMENT OF AVERAGE GROSS SALES

This statement includes average Gross Sales (as described in Item 6) of Participating Stores (both Participating Kiosk Stores and Participating Coffeehouse Stores) for each of calendar years 2014 to 2019. For each year, we only included Kiosk and Coffeehouse Stores that were open and operating during the entire time 12-month period ending December 31 of the calendar year identified (each a "Measurement Period"). The following chart describes for each relevant year the total number of Kiosk and Coffeehouse franchised Stores open and operating at the end of the calendar year and the number of franchised Stores (the Participating Stores) for which information was included in this statement. The remaining Kiosk and Coffeehouse franchised Stores open as of the end of each such Measurement Period are not included in the statement below because they were not open during the entire Measurement Period. The information presented in this Section A is based on information Participating Stores provided to us. We have not verified or audited this information.

Measurement Period	Total Franchised Kiosk Stores Operating at Year End	Participating Kiosk Stores	Total Franchised Coffeehouse Stores Operating at Year End	Participating Coffeehouse Stores
2019	139	101	74	62
2018	103	84	63	54
2017	85	70	54	52
2016	67	51	56	39
2015	56	41	41	32
2014	46	37	34	31

Average Gross Sales – Participating Kiosk Stores

Calendar Year	Store Type	Average Gross Sales	Number and Percentage that Attained or Exceeded the Average	Median Gross Sales	Low / High Range
2019	Kiosk	$473,012	44 / 44%	$453,470	$129,969 / $1,045,297
2018	Kiosk	$429,289	42 / 50%	$428,577	$92,100 / $989,614
2017	Kiosk	$404,761	39 / 56%	$426,610	$73,217 / $878,061
2016	Kiosk	$397,895	28 / 55%	$404,480	$72,563 / $881,732
2015	Kiosk	$384,208	23 / 56%	$396,639	$79,793 / $807,320
2014	Kiosk	$327,341	18 / 49%	$325,004	$111,635 / $626,438

Average Gross Sales – Participating Coffeehouse Stores

Calendar Year	Store Type	Average Gross Sales	Number and Percentage that Attained or Exceeded the Average	Median Gross Sales	Low / High Range
2019	Coffeehouse	$596,543	32 / 51%	$620,484	$106,487 / $1,286,052
2018	Coffeehouse	$539,317	27 / 50%	$540,588	$88,190 / $1,100,713
2017	Coffeehouse	$506,280	22 / 42%	$472,137	$77,845 / $1,037,554
2016	Coffeehouse	$535,634	19 / 49%	$533,879	$82,512 / $990,567
2015	Coffeehouse	$533,670	17 / 53%	$532,201	$67,176 / $950,407
2014	Coffeehouse	$441,406	16 / 52%	$446,332	$79,424 / $878,504

B. STATEMENT OF AVERAGE CUSTOMER TICKET SALES

This statement includes average customer ticket sales of Kiosk and Coffeehouse franchised Stores that were open during the entire time 12-month period ending December 31, 2019 (the "Measurement Period") and that provided complete information we requested respecting such costs. There were 139 Kiosk and 74 Coffeehouse franchised Stores open and operating as of December 31, 2019. The following statement is based on information for only 101 Kiosk and 62 Coffeehouse franchised Stores that were open and operating during the entire Measurement Period and that provided complete information (the Participating Stores). The information presented in this Section C is based on information Participating Franchisees provided to us. We have not verified or audited this information.

Store Type	Category	Average Customer Ticket	Number and Percentage that Attained or Exceeded (or did better than) the Average	Median
Kiosk	Average Ticket Sale[1]	$7.19	50 / 50%	$7.18
Coffeehouse	Average Ticket Sale[1]	$7.10	29 / 47%	$7.03

Notes:

1. For purposes of the table above, the term "Average Customer Ticket" means the total amount of Gross Sales during the Measurement Period, divided by the total amount of customer transactions.

C. STATEMENT OF SALES, EXPENSES AND EARNINGS

The following are statements of Sales, Expenses and Earnings for Participating Kiosk Stores and Participating Coffeehouse Stores based upon reported results and actual and estimated expenses as defined in the Notes in this Section C.

There were 139 Kiosk and 74 Coffeehouse franchised Stores open and operating as of December 31, 2019. Of those franchised Stores, 101 Kiosk and 62 Coffeehouse Stores were open and operating during the entire 12-month period ending December 31, 2019 (the "Measurement Period"). The following statement is based on information for the 82 Kiosk and 49 Coffeehouse franchised Stores that were open and operating during the entire Measurement Period and that provided complete information (the Participating Stores). The remaining Kiosk and Coffeehouse franchised Stores open as of December 31, 2019 are not included in the statement below because they were not open during the entire Measurement Period or did not provide complete information requested.

The Gross Sales, Discounts, Cost of Goods Sold, Labor Costs and Rental Expenses are based upon the reported results for the Participating Stores during the Measurement Period. The reported results for Participating Stores were segregated into quartiles based upon Gross Sales, and then the average was obtained for each category within each respective quartile. The Royalty (including Marketing Contribution), Card Processing and Overhead Expenses are estimated expenses as defined in the Notes in this Section C. We have not verified or audited this information.

The following chart contains information for franchised Kiosk Stores that were open and operating through the entire Measurement Period and provided complete information to us (Participating Kiosk Stores).

Kiosk	All Participating Stores	Top 1/4 of Participating Stores	Second 1/4 of Participating Stores	Third 1/4 of Participating Stores	Bottom 1/4 of Participating Stores
Number of Stores	**82**	**20**	**21**	**21**	**20**
Gross Sales[1]	**$481,996**	**$761,277**	**$520,378**	**$396,076**	**$252,629**
Discounts[2]	$24,425	$40,768	$23,036	$19,104	$15,130
Net Sales	**$457,571**	**$720,509**	**$497,342**	**$376,972**	**$237,499**
Cost of Goods Sold[3]	$141,781	$217,183	$154,162	$118,068	$78,279
Gross Margin	**$315,790**	**$503,326**	**$343,180**	**$258,904**	**$159,220**
Labor Costs[4]	$120,507	$164,365	$120,194	$106,755	$91,420
Rental Expense[5]	$27,910	$31,509	$22,897	$27,418	$30,090
Royalty[6]	$36,606	$57,641	$39,787	$30,158	$19,000
Card Processing[7]	$12,532	$19,793	$13,530	$10,298	$6,568
Overhead[8]	$30,000	$30,000	$30,000	$30,000	$30,000
Total Expenses	**$227,555**	**$303,308**	**$226,408**	**$204,629**	**$177,078**
Earnings Before Depreciation, Interest, Taxes and Debt Service[9]	**$88,235**	**$200,018**	**$116,772**	**$54,275**	**($17,858)**
Net Profit Margin	**18.3%**	**26.3%**	**22.4%**	**13.7%**	**-7.1%**
Gross Sales:					
Median	$456,923	$722,561	$513,324	$390,525	$263,639
High	$1,045,298	$1,045,298	$584,822	$454,344	$332,316
Low	$129,969	$617,442	$459,502	$335,045	$129,969
Stores/% exceeded avg.	36 / 43.9%	8 / 40.0%	10 / 47.6%	9 / 42.9%	13 / 65%
Gross Margin:					
Median	$297,406	$485,581	$343,772	$257,268	$171,862
High	$690,112	$690,112	$391,119	$298,517	$222,246
Low	$76,372	$396,781	$279,001	$209,958	$76,372
Stores/% exceeded avg.	38 / 46.3%	8 / 40%	11 / 52.4%	10 / 47.6%	11 / 55.0%
Earnings Before Depreciation, Interest, Taxes and Debt Service					
Median	$90,656	$184,003	$115,581	$49,327	($19,634)
High	$321,503	$321,503	$172,123	$94,809	$45,937
Low	($82,994)	$132,129	$41,799	($35,168)	($82,994)
Stores/% exceeded avg.	43 / 52.4%	7 / 35%	10 / 47.6%	10 / 47.6%	10 / 50%

The following chart contains information about franchised Coffeehouse Stores that were open and operating through the entire Measurement Period and provided complete information to us (Participating Coffeehouse Stores).

Coffeehouse	All Participating Stores	Top 1/4 of Participating Stores	Second 1/4 of Participating Stores	Third 1/4 of Participating Stores	Bottom 1/4 of Participating Stores
Number of Stores	**49**	**12**	**13**	**12**	**12**
Gross Sales[1]	**$598,311**	**$899,486**	**$686,060**	**$508,038**	**$292,348**
Discounts[2]	$30,157	$49,989	$33,044	$22,990	$14,363
Net Sales	**$568,154**	**$849,497**	**$653,016**	**$485,048**	**$277,985**
Cost of Goods Sold[3]	$177,376	$260,460	$201,840	$152,938	$92,230
Gross Margin	**$390,778**	**$589,037**	**$451,176**	**$332,110**	**$185,755**
Labor Costs[4]	$149,479	$209,164	$159,523	$137,528	$90,861
Rental Expense[5]	$48,754	$59,176	$44,159	$46,857	$45,206
Royalty[6]	$45,452	$67,960	$52,241	$38,804	$22,239
Card Processing[7]	$15,556	$23,387	$17,838	$13,209	$7,601
Overhead[8]	$36,000	$36,000	$36,000	$36,000	$36,000
Total Expenses	**$295,241**	**$395,687**	**$309,761**	**$272,398**	**$201,907**
Earnings Before Depreciation, Interest, Taxes and Debt Service[9]	**$95,537**	**$193,350**	**$141,415**	**$59,712**	**($16,152)**
Net Profit Margin	**16.0%**	**21.5%**	**20.6%**	**11.8%**	**-5.5%**
Gross Sales:					
Median	$635,666	$882,511	$680,051	$533,178	$306,726
High	$1,138,168	$1,138,168	$759,409	$633,956	$393,223
Low	$106,487	$765,147	$635,666	$397,524	$106,487
Stores/% exceeded avg	26 / 53.1%	4 / 33.3%	6 / 46.2%	7 / 58.3%	9 / 75.0%
Gross Margin:					
Median	$411,318	$574,214	$444,425	$347,990	$192,914
High	$729,316	$729,316	$497,991	$417,812	$238,257
Low	$57,737	$489,429	$397,516	$211,860	$57,737
Stores/% exceeded avg	27 / 55.1%	5 / 41.7%	6 / 46.2%	7 / 58.3%	8 / 66.7%
Earnings Before Depreciation, Interest, Taxes and Debt Service					
Median	$94,088	$188,699	$140,341	$61,833	$4,068
High	$313,710	$313,710	$225,339	$150,864	$46,813
Low	($116,643)	$94,088	$51,221	($20,628)	($116,643)
Stores/% exceeded avg	24 / 49.0%	6 / 50.0%	6 / 46.2%	6 / 50.0%	7 / 58.3%

Notes: Except as otherwise noted, the following notes only relate to this Section C:

1. The term "Gross Sales" is as described in Item 6, although the information provided in the charts above reflects the average Gross Sales within the respective quartile.

2. The term "Discounts" includes the face value of coupons, free or reduced drink promotions, gift card promotions, mobile app promotions, waste and employee free drinks. In calculating the average Discount Expense, we determined the average total annual or annualized Discount Expenses for the Stores within each quartile and divided the result by average total annual or annualized Gross Sales for such Stores.

3. The term "Cost of Goods Sold" includes amounts for coffee beans, dairy, food items, syrups, tea, smoothies, cups, lids, paper products, and other direct products associated with serving food and beverage products. In calculating the average Cost of Goods Sold, we determined the average total annual or annualized Cost of Goods Sold for the Stores within each respective quartile and divided the result by the average total annual or annualized Gross Sales for such Stores.

4. The term "Net Sales" means Gross Sales minus Discounts.

5. The term "Gross Margin" means the Net Sales minus the Cost of Goods Sold.

6. The term "Labor Costs" includes wages for in-store employees including the manager and payroll taxes, but does not include employee benefits. Overhead employees are not included in the labor calculations above. In calculating the average Labor Costs, we determined the average total annual Labor Costs for the Stores within each respective quartile and divided the result by average total annual or annualized Gross Sales for such Stores.

7. The term "Rental Expense" includes the total amount of payments to the franchisee's landlord, including base rent, common area maintenance, real estate taxes and insurance. In calculating the average Rental Expense, we determined the average total annual Rental Expenses for the Stores within each respective quartile and divided the result by average total annual or annualized Gross Sales for such Stores.

8. The term "Royalty" is described in Item 6. In addition, in this chart, "Royalty" also includes the 2% Marketing Contribution. The amount included in the Table assumes that each Participating Store will comply with the requirements in the Franchise Agreement.

9. The term "Card Processing" is the estimated cost of processing debit card, credit card and gift card payments on store sales. In our experience, Card Processing costs an average 2.6% of Gross Sales, and we have used this figure in calculating the Estimated Card Processing expenses in the above charts.

10. The term "Overhead" is the estimated costs of other expenses including business insurance, licenses, accounting fees, franchisor technology fees, banking fees, store

supplies, service contracts, repairs, maintenance, uniforms and other miscellaneous costs. In our experience, Overhead expense is an average of $30,000 for Kiosk Stores and $36,000 for Coffeehouse Stores, and we have used these figures in calculating the Estimated Overhead expenses in the above charts.

11. The term "Earnings Before Depreciation, Interest, Taxes and Debt Service" is the estimated earnings before deductions for payments and costs of borrowing to finance the Initial Fees in Item 5, Initial Investment in Item 7 and ongoing Investments in the Store and before deductions for depreciation on the Initial Fees in Item 5, Initial Investment in Item 7 and ongoing investments in the Store.

D. HISTORIC SAME-STORE NET SALES GROWTH

The same-store sales growth figures below compare the "Net Sales" (as defined below) earned by Participating Stores over the course of a calendar year with the Net Sales earned by the same Stores during the prior calendar year. "Net Sales" are measured by taking Gross Sales and subtracting customer discounts and refunds to customers. We used information from sales reports submitted by the Participating Stores in calculating royalties, and data obtained from approved point-of-sale register systems. Same store sales for locations open for at least 13 months is measured each year. Over the last six years, Participating Stores in the Scooter's system has experienced same store sales growth that breaks down as follows:

Period	Franchised Same-Store Sales Growth Over Prior Year	Total No. of Open Franchised Outlets Whose Data Were Used	Total No. of Franchised Outlets Existing During Period	No. and Percentage of Outlets that Attained or Exceeded Avg.
2018-2019	11.62%	154	213	78 / 50.65%
2017-2018	+7.63%	135	168	56 / 41.48%
2016-2017	+3.59%	124	141	64 / 51.61%
2015-2016	+8.40%	94	129	50 / 53.19%
2014-2015	+16.0%	79	98	42 / 53.16%
2013-2014	+13.39%	59	68	38 / 64.41%

Additional Information:

1. All of the Stores whose data were used in the table above were open for at least thirteen months during the measured period. The Stores that were excluded from the tables above were not open for at least thirteen months during the measured period. There is no guarantee you will stay in business that long or that you will achieve the stated levels of same-store sales growth within that time period.

2. If a Store was transferred between affiliate and franchisee during any measurement period in the representation above, its classification as affiliate-owned or franchisee-owned was based upon the majority of time owned and operated by affiliate or franchisee during the measurement period.

ADDITIONAL NOTES APPLICABLE TO THIS ITEM 19

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

2. The financial performance figures do not reflect all of the costs of sales, operating expenses, or other costs or expenses that must be deducted from net revenue or net sales figures to obtain your net income or profit. For example, this Item 19 does not include costs associated with paying any rental expense, equipment, royalty or continuing marketing fees. You should conduct an independent investigation of the costs and expenses you will incur in operating your SCOOTER'S COFFEE® Store.

3. Written substantiation for the financial performance representations included in this Item 19 will be made available to the prospective franchisee upon reasonable request.

4. Other than the preceding financial performance representations, Scooter's Coffee, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dave Anderson at Scooter's Coffee, LLC, 10050 Sapp Bros. Drive, Omaha, Nebraska 68138; Telephone: (402) 614-1723, 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 TO 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Stores	2017	140	160	+20
	2018	160	187	+27
	2019	187	238	+51
Company-Owned*	2017	18	15	-3**
	2018	15	17	+2
	2019	17	28	+11
Total Outlets	2017	158	175	+17
	2018	175	204	+29
	2019	204	266	+62

Note: (*) For purposes of Item 20, company-owned stores are those owned by our affiliate, Boundless Operations. We do not own any Stores. (**) During 2017, 5 company-owned Stores were sold to franchisees.

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2017 TO 2019

State	Year	Number of Transfers
Florida	2017	0
	2018	0
	2019	1
Iowa	2017	0
	2018	10*
	2019	0
Kansas	2017	3
	2018	0
	2019	0
Nebraska	2017	0
	2018	0
	2019	2
Total	2017	3
	2018	5
	2019	3

Note: This table does not include transfers of Stores from our affiliate, Boundless Operations, to other parties. Those Stores are considered sales of company-owned Stores for purposes of Item 20. (*) The same 5 units were transferred twice within the same year.

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS
FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2017	1	1	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	2	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arkansas	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Colorado	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Florida	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	4	0	0	0	0	6
Georgia	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Iowa	2017	15	5	0	0	0	3	17
	2018	17	2	0	0	0	1	18
	2019	18	11	0	0	0	0	29
Kansas	2017	20	4	0	0	0	0	24
	2018	24	7	0	0	0	1	30
	2019	30	12	0	0	0	0	42
Missouri	2017	10	5	0	0	0	0	15
	2018	15	8	0	0	0	0	23
	2019	23	3	2	0	0	0	24
Nebraska	2017	73	5	0	0	0	1	77
	2018	77	7	1	0	0	0	83
	2019	83	12	0	0	1	0	94
Nevada	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	1	0	0	0	0	0	1
Oklahoma	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
South Dakota	2017	8	2	0	0	0	0	10
	2018	10	5	0	0	0	1	14
	2019	14	1	0	0	0	0	15
Texas	2017	7	3	1	0	0	0	9
	2018	9	0	0	0	0	0	9
	2019	9	3	1	0	0	0	11

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Utah	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Wisconsin	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Totals	2017	140	25	1	0	0	4	160
	2018	160	31	1	0	0	3	187
	2019	187	52	3	0	1	0	238

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2017 TO 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2017	1	1	0	0	0	2
	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
Colorado	2017	2	0	0	0	0	2
	2018	2	0	0	0	0	2
	2019	2	0	0	0	1	1
Iowa	2017	4	0	0	0	4	0
	2018	0	1	0	0	0	1
	2019	1	4	0	0	0	5
Kansas	2017	0	0	0	0	0	0
	2018	0	1	0	0	0	1
	2019	1	0	0	0	1	0
Missouri	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
Nebraska	2017	11	1	0	0	1	11
	2018	11	0	0	0	0	11
	2019	11	5	1	0	0	17
Oklahoma	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	2	0	0	0	2
Totals	2017	18	2	0	0	5	15
	2018	15	2	0	0	0	17
	2019	17	12	1	0	2	28

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	1	0	0
Arkansas	0	1	0
California	0	0	0
Colorado	4	3	0
Florida	1	1	1
Iowa	1	5	0
Kansas	2	4	0
Minnesota	1	2	0
Missouri	6	6	0
Nebraska	4	5	1
Nevada	2	2	0
North Carolina	0	2	0
North Dakota	1	1	0
Oklahoma	2	1	11
South Dakota	1	3	0
Tennessee	2	2	0
Texas	7	6	0
Utah	0	0	0
Wisconsin	1	1	0
Total	36	67-75	10-15

Current Franchisee Contact Information

Attached to this disclosure document as Exhibit D is a list, which identifies the names, addresses and telephone numbers of all of our Company-owned and franchisee-owned outlets, as of December 31, 2019.

Former Franchisee Contact Information

The franchisees who ceased to do business under the franchise agreement or who had an outlet terminated, canceled, not renewed, or transferred within the last fiscal year, or who have not communicated with the franchisor within 10 weeks of the application date are listed in Exhibit E.

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

Some franchisees have signed confidentiality clauses during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2019, December 31, 2018, and December 31, 2017 are attached as Exhibit F to this Franchise Disclosure Document. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The following agreements are attached as exhibits to this Franchise Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit C	Multiple Store Development Agreement
Exhibit G	State Addenda
Exhibit H	Sample Release
Exhibit I	Acknowledgement Addendum

ITEM 23. RECEIPTS

The last two pages of the Franchise Disclosure Document (Exhibit J) are two copies of a receipt acknowledging that you have received the Franchise Disclosure Document. Please fill out and sign both copies, return one to us, and keep one for your records.

EXHIBIT A
(TO FRANCHISE DISCLOSURE DOCUMENT)

List of State Agencies/Agents for Service of Process

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail	1300 East Main Street, 9th Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT B
(TO FRANCHISE DISCLOSURE DOCUMENT)

Franchise Agreement

SCOOTER'S COFFEE, LLC

FRANCHISE AGREEMENT

Franchisee: _____
Date: _____
Franchised Location: _____

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EXHIBITS

1 - Addendum to Franchise Agreement
1-A - Rider to Exhibit 1 of Franchise Agreement
2 - Statement of Ownership
3 - Guaranty and Assumption of Franchisee's Obligations
4 - Authorization Agreement for Preauthorized Payments
5 – Lease Addendum
6 – Software Access Agreement

SCOOTER'S COFFEE, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made this _____ day of _____, 20_____, by and between Scooter's Coffee, LLC, a Nebraska limited liability company, located at 10500 Sapp Bros. Drive, Omaha, Nebraska 68138 ("**Franchisor**") and _____, located at _____ ("**Franchisee**"), who, on the basis of the following understandings and in consideration of the following promises, agree as follows:

1. PURPOSE

1.1. The Franchisor has developed methods for establishing, operating and promoting quick service coffee stores offering drive-through, carry out and in-store seating service of espresso drinks, smoothies, baked goods, and other related products and services ("**SCOOTER'S COFFEE Stores**" or "**Stores**") under certain valuable trade names, service marks and trademarks, including the service mark "SCOOTER'S COFFEE" (the "**Marks**"), and the Franchisor's proprietary system for doing business (the "**System**").

1.2. The Franchisor grants the right to others to establish and operate SCOOTER'S COFFEE Stores, under the Marks and pursuant to the System.

1.3. The Franchisee desires to establish a SCOOTER'S COFFEE Store at a location identified herein, and the Franchisor desires to grant the Franchisee the right to operate a SCOOTER'S COFFEE Store under the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

2.1 **Grant of Franchise**. The Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, the right to use the Marks and System in connection with the establishment and operation of a SCOOTER'S COFFEE Store of the type identified in Exhibit 1 to this Agreement, at the location described in Article 3 of this Agreement. The Franchisee agrees to use the Marks and System, as they may be changed, improved, and further developed by the Franchisor from time to time, only in accordance with the terms and conditions of this Agreement.

2.2 **Scope of Franchise Operations**. The Franchisee agrees at all times to faithfully, honestly and diligently perform its obligations hereunder, and to use best efforts to promote its SCOOTER'S COFFEE Store. The Franchisee agrees to utilize the Marks and System to operate all aspects of the business franchised hereunder in accordance with the required standards and specifications developed and prescribed from time to time by the Franchisor, all of which are a part of the System. The Franchisee's SCOOTER'S COFFEE Store shall offer all, and only the products and services the Franchisor shall designate which may include drive-through, carryout and in-store seating services offered in conjunction with a distinctive theme and decor and a uniform menu offering espresso drinks, smoothies, baked goods, and other related products and services. The Franchisee shall implement any additions and changes to the products and services offered by its Store as required by the Franchisor. The Franchisee shall be restricted from offering or selling any products or services not previously approved by the Franchisor in writing and shall further be restricted from producing or distributing the authorized products and services for non-retail or off-site sale except as specifically permitted under the terms of this Agreement.

3. FRANCHISED LOCATION AND TERRITORIAL RIGHTS

3.1 **Franchised Location**. The Franchisee is granted the right to own and operate one SCOOTER'S COFFEE Store at the address and location stated in the Addendum attached as Exhibit 1 ("**Franchised Location**"). If, at the time of execution of this Agreement, the Franchised Location cannot be designated

as a specific address because a location has not been selected by the Franchisee and approved by the Franchisor, then the Franchisee, within 90 days of the date of this Agreement, must select and acquire a location for its SCOOTER'S COFFEE Store within the nonexclusive "**Designated Area**," stated in Exhibit 1. In such circumstances, the Franchisee shall select and propose to the Franchisor for consent a specific site for the Franchised Location in the nonexclusive Designated Area which, when approved by the Franchisor, shall then be named in the Rider to Exhibit 1 attached as Exhibit 1-A. If a location has not been selected by Franchisee and approved by Franchisor within 90 days of the date of this Agreement, then Franchisor may terminate this Agreement. If the Franchisee elects to move or relocate the Franchised Location at any time during the term of this Agreement, the Franchisee shall submit information about the proposed site to the Franchisor for consent, which consent may be granted or withheld by the Franchisor, and Franchisee shall simultaneously pay the Franchisor a $500 "**Relocation Fee**." The Franchisor may charge the Franchisee up to an additional $500, payable not later than the date the Store re-opens at the new location, if the Franchisor incurs costs in excess of $500 in connection with the relocation. During the term of this Agreement, the Franchised Location shall be used exclusively for the purpose of operating a SCOOTER'S COFFEE Store.

3.2 **Limitation on Franchise Rights**. The rights granted to the Franchisee are for the specific Franchised Location only, and may not be used at any other location, except with the prior written approval of the Franchisor. The Franchisee shall not operate another Store or offer services or goods using the Marks or the System at any site other than the Franchised Location without the Franchisor's prior written approval, which approval can be withheld for any reason.

3.3 **Franchisor's Reservation of Rights**. The Franchisee acknowledges that the franchise rights granted hereunder are non-exclusive and that the Franchisor, for itself and its affiliates and successors, retains all rights not expressly granted to Franchisee in this Agreement, including, among others: (1) the right to operate and grant others the right to open and operate a SCOOTER'S COFFEE Store at any location; (2) promote, sell and distribute products and services authorized for sale at SCOOTER'S COFFEE Stores under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution; (3) promote, sell and distribute products and services authorized for sale at SCOOTER'S COFFEE Stores under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or to distributors, or to grocery stores, convenience stores, or other locations; and (4) promote the System and SCOOTER'S COFFEE Stores generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

4. INITIAL FRANCHISE FEE

4.1 **Initial Franchise Fee**. In consideration for the right to develop and operate one SCOOTER'S COFFEE Store, the Franchisee agrees to pay to the Franchisor, concurrently with the execution of this Agreement, an initial franchise fee ("**Initial Franchise Fee**") in the amount stated in Exhibit 1. The Initial Franchise Fee is earned upon receipt, and is not refundable.

4.2 **Initial Opening Support Fee**. The Franchisee agrees to pay to Franchisor, concurrently with the execution of the Agreement, an "**Initial Opening Support Fee**" equal to $10,000. The Franchisor and/or an Area Representative (as defined in Section 9.2 below), if applicable, will match up to fifty percent (50%) of the Franchisee's Initial Opening Support Fee if Franchisee satisfies Franchisor's initial grand opening and marketing program requirements. The Franchisor will use some (or all) of the Initial Opening Support Fee to directly pay or reimburse the Franchisee for qualified expenses related to the Franchisee's grand opening promotional advertising campaign. The Franchisor may also use the Initial Opening Support Fee to off-set the costs and expenses related to providing on site opening assistance at the SCOOTER'S COFFEE Store.

5. DEVELOPMENT OF FRANCHISED LOCATION

5.1 **Consent to Franchised Location**. Before entering into a lease or purchasing property, the Franchisee must obtain the Franchisor's written consent to any site proposed as a Franchised Location by submitting a complete site-submittal package, including demographics, information regarding drive-through access, and other materials requested by the Franchisor, containing all information reasonably required by the Franchisor to assess a proposed Franchised Location. The Franchisor will not unreasonably withhold its consent of a proposed site that meets all of the Franchisor's site-selection criteria. The Franchisee acknowledges and agrees that the Franchisor's consent to a site and any information provided by the Franchisor regarding the site does not constitute a representation or warranty of any kind, express or implied, as to the suitability or profitability of the site for a SCOOTER'S COFFEE Store. If Franchisor has not approved a Franchised Location within 90 days of the date of this Agreement, then Franchisor may terminate this Agreement.

5.2 **Consent to Lease or Site Acquisition**. The Franchisee shall provide the Franchisor with a copy of, and obtain the Franchisor's prior written consent before executing, any lease or purchase agreement for the Franchised Location. The Franchisee shall also provide the Franchisor with a copy of the fully-executed lease or purchase agreement. The Franchisee shall execute a lease or purchase agreement to which Franchisor has consented no later than 120 days from the date of full execution of this Agreement. Any lease for the Franchised Location shall contain: (1) provisions establishing an initial term, or an initial term together with any renewal terms (for which rent must be specified in the lease) of at least 10 years; (2) provisions expressing the landlord's consent to the Franchisee's use of the Marks and all required signage for the Store; and (3) such other provisions which the Franchisor may identify in the Operations Manual or otherwise in writing. Franchisee, Franchisor and the landlord of the Franchised Location must sign the "**Lease Addendum**" attached hereto as Exhibit 5 and the Franchisee shall obtain the landlord's consent to the Lease Addendum. If Franchisee (or Franchisee's affiliate) desires to own the premises of the Franchised Location, the Franchisee may do so only through a separate business entity (either a limited liability company, corporation or limited partnership) and will be required to enter into a lease agreement, as the tenant of the Franchised Location, with Franchisee's affiliate (as the land owner), and the lease must reflect current market rates and other terms and conditions acceptable to Franchisor. Franchisee acknowledges that Franchisor's consent to a lease or purchase agreement for the Franchised Location does not constitute a recommendation, endorsement or guarantee by the Franchisor of the suitability or profitability of the location, the lease or purchase agreement. The Franchisee should take all steps necessary to ascertain whether the lease or purchase agreement is acceptable to the Franchisee. The Franchisor's review and consent to the lease or purchase agreement shall be for the Franchisor's benefit only and the Franchisee should not rely on such review and consent for any purpose. The Franchisee shall deliver a copy of the signed lease or purchase agreement for the Franchised Location to the Franchisor within 15 days of its execution.

5.3 **Construction, Conversion and Design**. The Franchisee acknowledges that the improvements, layout, fixtures, equipment, design, decoration and color scheme of SCOOTER'S COFFEE Stores are an integral part of the Franchisor's proprietary System and accordingly, the Franchisee shall construct, convert, improve, design and decorate the Franchised Location, in accordance with the Franchisor's plans and specifications and with the assistance of contractors, architects and suppliers designated by or otherwise approved by the Franchisor. The Franchisee shall obtain the Franchisor's written consent to any conversion, improvements, design or decoration of the premises before construction, remodeling or decorating begins, recognizing that all such costs are the Franchisee's sole responsibility. It shall be the Franchisee's responsibility to have prepared all required site plans, blueprints and construction plans and specifications to suit the shape and dimensions of the Franchised Location, including drive-through access, and to insure compliance with any lease and applicable laws, including the Americans with Disabilities Act. At Franchisor's request, the Franchisee must provide Franchisor with a summary of development costs incurred to construct and open the SCOOTER'S COFFEE Store in a format acceptable

to Franchisor, including construction plans, bids, specifications, and any other documentation or forms Franchisor requires.

5.4 **Signs**. The Franchisee shall purchase or otherwise obtain for use at the Franchised Location and in connection with the SCOOTER'S COFFEE Store the maximum number and size of signs allowed by applicable building codes, which signs must comply with the Franchisor's required standards and specifications as stated in the Operations Manual, as that term is defined in Section 8.1. It is the Franchisee's sole responsibility to insure that all signs comply with applicable local ordinances, building codes and zoning regulations. Any modifications to the Franchisor's required standards and specifications for signs which must be made due to local ordinances, codes or regulations shall be submitted to the Franchisor for prior written approval. The Franchisee acknowledges that the Marks, or any other name, symbol or identifying marks on any signs shall only be used in accordance with the Franchisor's standards and specifications and only with the prior written approval of the Franchisor.

5.5 **Equipment and Inventory**. The Franchisee shall purchase or otherwise obtain for use or sale at the Franchised Location and in connection with the SCOOTER'S COFFEE Store, all equipment and inventory of a type and in an amount which complies with the Franchisor's required standards and specifications. The Franchisee acknowledges that the type, quality, configuration, capability and/or performance of the equipment, inventory and other products and services used or offered through the SCOOTER'S COFFEE Store are all required standards and specifications which are a part of the System and therefore such equipment, inventory, products and other items must be purchased, leased or otherwise obtained in accordance with the Franchisor's standards and specifications and only from the Franchisor, its affiliates or suppliers or other sources designated or approved by the Franchisor.

5.6 **Point-of-Sale System and Computers**. The Franchisee shall equip the Store with a point-of-sale system, computer hardware, software and other designated equipment (collectively, the "**POS System**") that satisfy the Franchisor's required standards and specifications. The Franchisor reserves the right to require the Franchisee to purchase, install and utilize POS System hardware and software obtained from the Franchisor, or a supplier designated by the Franchisor. The POS System developed for use in Franchisee's business includes one or more proprietary software programs developed for Franchisor (the "**Proprietary Software**"). Franchisee must use the Proprietary Software from Franchisor or its designated third party supplier. The Proprietary Software will remain the confidential property of Franchisor or its third party supplier. Franchisee and Franchisor will enter into Franchisor's standard form computer software access agreement attached hereto as Exhibit 6 (the "**Software Access Agreement**") in connection with Franchisee's use of the Proprietary Software. Franchisee will pay Franchisor the then-current monthly "**Technology Fee"** related to Franchisee's use of the Proprietary Software and for support Franchisor or its designee provides to Franchisee respecting the POS System (the Proprietary Software). Franchisor reserves the right to assign its rights, title and interest in the Proprietary Software to a third party designated by Franchisor or to replace the Proprietary Software. In such event, Franchisee may be required to enter into a separate computer software license agreement specified by Franchisor or the third party supplier of the Proprietary Software. The Franchisee shall be responsible for all maintenance costs associated with the POS System. If required to do so by the Franchisor, the Franchisee, at the Franchisee's sole cost, shall subscribe to an electronic network connection service to facilitate communication between the Franchisor and the Franchisee and/or among SCOOTER'S COFFEE franchisees. The Franchisee shall install and maintain a DSL or other high-speed Internet connection at the Store to allow the Franchisor access to data and other information concerning the Store. The Franchisor reserves the right to require the Franchisee, upon 30 days' notice, to purchase, install and implement such computer software and hardware as Franchisor may designate, including updates and revisions to the POS System, a new POS System, or new financial-reporting software.

5.7 **Permits and Licenses**. The Franchisee agrees to obtain all such permits and licenses as may be required for the lawful construction and operation of the SCOOTER'S COFFEE Store, together with all certifications from government authorities having jurisdiction over the site, that all requirements for

construction and operation have been met, including zoning, access, sign, health, menu labeling, fire and safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances. The Franchisee agrees to obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation of equipment at the Franchised Location. The Franchisee shall keep copies of all health department, fire department, building department and other similar state and local agency and entity certifications, licenses, and reports of inspections on file and available for review by the Franchisor. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the SCOOTER'S COFFEE Store which indicates the Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five days of the Franchisee's receipt thereof.

5.8 **Commencement of Operations**. Unless otherwise agreed to in writing by the Franchisor and the Franchisee, the Franchisee has one year from the date of this Agreement within which to commence operation of the SCOOTER'S COFFEE Store. The Franchisor may extend the time in which the Franchisee has to commence operations for a reasonable period of time in the event factors beyond the Franchisee's reasonable control prevent the Franchisee from meeting this development schedule, so long as the Franchisee has made reasonable and continuing efforts to comply with such development obligations and the Franchisee requests, in writing, an extension of time in which to have its SCOOTER'S COFFEE Store established before such development period lapses. The Franchisee must obtain the Franchisor's approval prior to opening the Store for business.

6. TRAINING AND MEETINGS

6.1 **Initial Training Program**. The Franchisee or, if the Franchisee is not an individual, a "**Principal Owner**" (as defined in Section 10.1(H) below) of Franchisee, the person designated by the Franchisee to assume primary responsibility for the management of the SCOOTER'S COFFEE Store (the "**Designated Manager**") and at least one other person involved in the day-to-day operation of the Store, is required to attend the initial training program which is offered by the Franchisor at a designated training facility. If this is Franchisee's second or subsequent Store, the Franchisor may allow someone other than Franchisee (or a Principal Owner of Franchisee) to attend initial training. Up to four individuals are eligible to participate in the Franchisor's initial training program without charge of a tuition or fee. The Franchisee shall be responsible for any and all traveling expenses, living expenses and wages incurred by the Franchisee and its employees in connection with attendance at the training program. Training participants will not receive any compensation from the Franchisor while attending the Franchisor's training. The individuals described above must successfully complete the initial training program at least 30 days prior to (but no more than 45 days before) the Franchisee's commencement of operation of its SCOOTER'S COFFEE Store. The Franchisor reserves the right to waive a portion of the training program or alter the training schedule, if Franchisor determines that the Franchisee or the Designated Manager has sufficient prior experience or training, or if this is Franchisee's second or subsequent SCOOTER'S COFFEE Store.
If it becomes necessary to provide the initial training program to any replacement or additional Designated Managers during the term of this Agreement, or if Franchisee sends more than four individuals to the initial training program, the Franchisee must pay the Franchisor its then-current additional per person training fee prior to attending the initial training program. The Franchisee shall be responsible for all travel and living expenses incurred by its personnel during the training program. The availability of the training programs shall be subject to space considerations and prior commitments to new franchisees.

6.2 **Additional Training Programs**. From time to time, the Franchisor may present or hold seminars, conventions or continuing development programs or meetings ("**Programs**"). The Franchisee or its Designated Manager must attend any and all Programs as Franchisor designates. The Franchisee and

its Designated Manager must attend the Franchisor's annual franchise convention. The Franchisee must pay the Franchisor's then-current registration fee in connection with the annual franchise convention. The Franchisor reserves the right to charge the Franchisee a fee for attending any Programs, regardless of attendance. The Franchisee will be responsible for all travel and living expenses which are associated with attendance at the same.

6.3 **Additional Meetings**. From time to time, the Franchisor may request a mandatory meeting with the Franchisee or its Designated Manager, at a time and place designated by the Franchisor. The Franchisee shall be required to attend such meeting. The Franchisor shall give the Franchisee at least 15 days' prior written notice of any meeting that is deemed mandatory. The Franchisee will be responsible for all traveling and living expenses associated with attendance at all mandatory meetings.

7. DEVELOPMENT ASSISTANCE

7.1 **Franchisor's Development Assistance**. To assist the Franchisee in the initial establishment of the SCOOTER'S COFFEE Store, the Franchisor shall provide the following:

A. The initial training program to be conducted at the Franchisor's designated training facilities or at another location designated by the Franchisor, as described in Article 6 above.

B. The Franchisor will provide Franchisee with its site selection criteria and requirements. The Franchisor may, but is not required to, provide site selection assistance, provided, site selection acquisition and development of the Store is the sole obligation of the Franchisee.

C. Standards and specifications for the leasehold improvements, interior design, layout, floor plan, signs, designs, products, inventory, uniforms, equipment, POS System, color and decor of the SCOOTER'S COFFEE Store.

D. Standards and specifications for the equipment, supplies and materials used in, and the menu items offered for sale by, the SCOOTER'S COFFEE Store, including a list of Franchisor's designated or approved suppliers of such items and, if available, a description of any regional or central purchase and supply agreements offered by such designated or approved suppliers.

E. One copy of, or electronic access to, the Operations Manual, as defined and described in Article 8 below, which shall be loaned to the Franchisee during the term of this Agreement.

F. Opening assistance consisting of a representative of the Franchisor, or an Area Representative, on site at the Franchised Location for approximately five days before Franchisee opens its first Store, and for the first five days after the Store opens for business, to assist the Franchisee in opening the SCOOTER'S COFFEE Store; provided, however, that the Franchisee shall hire and be exclusively responsible for the hiring, firing, training, scheduling, compensation and control of its employees. The Franchisor may use the Initial Opening Support Fee to off-set the costs and expenses related to providing this opening assistance. The Franchisor reserves the right to waive the provision of onsite opening assistance for second and subsequent Stores operated by the Franchisee.

G. Assistance in planning and implementing the Franchisee's grand opening campaign.

8. OPERATIONS MANUAL

8.1 **Operations Manual**. The Franchisor agrees to loan to, or provide electronic access to, the Franchisee the franchise operations manual, (the "**Operations Manual**") covering the required standards and specifications for operating a SCOOTER'S COFFEE Store. The Operations Manual also will include recommended practices, policies and guidelines which Franchisee may, but is not required to, follow in connection with the operation of the SCOOTER'S COFFEE Store.

8.2 **Confidentiality of Operations Manual Contents**. The Operations Manual is the sole property of the Franchisor and shall be used by the Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. The Franchisee shall not duplicate the Operations Manual nor disclose its contents to persons other than its employees or officers who need the information to perform their jobs. All individuals referenced in Section 20.4 below must sign a non-disclosure and noncompetition agreement provided by the Franchisor. The Franchisee shall return the Operations Manual to the Franchisor upon the expiration, termination or transfer of this Agreement.

8.3 **Changes to Operations Manual**. The Franchisor reserves the right to revise the Operations Manual from time to time as it deems necessary to update operating and marketing techniques or standards and specifications in any manner. The Franchisee, within 30 days of receiving any update (or such earlier time period as the Franchisor designates), must update its copy of the Operations Manual as instructed by the Franchisor and conform its operations to the updated provisions. The Franchisee acknowledges that the master copy of the Operations Manual maintained by the Franchisor at its principal office shall be controlling in the event of a dispute relative to the content of any Operations Manual.

9. OPERATING ASSISTANCE

9.1 **Franchisor's Assistance**. The Franchisor agrees that, during the Franchisee's operation of the SCOOTER'S COFFEE Store, the Franchisor, or its designated representatives, including an Area Representative, shall make available to the Franchisee the following assistance:

A. Access to any advertising and promotional materials as may be developed by the Franchisor. The Franchisor reserves the right to charge the Franchisee a fee for the cost of copying or providing advertising and promotional materials to Franchisee.

B. Such ongoing support and assistance as the Franchisor deems appropriate.

C. Any ongoing training programs as the Franchisor deems appropriate.

D. Any updates or changes to the Operations Manual or System.

9.2 **Responsibilities of Area Representative**. The Franchisor reserves the right to transfer certain of its obligations under this Agreement to an area franchise representative ("**Area Representative**") in the geographic area in which the Franchisee's SCOOTER'S COFFEE Store will be located. In such event, the Area Representative, on behalf of the Franchisor, will perform certain training, support and/or assistance as the Franchisor deems appropriate for the Franchisee and the Franchisee's SCOOTER'S COFFEE Store. The Franchisee agrees in advance to any such delegation and assignment by the Franchisor of any portion or all of the Franchisor's obligations and rights under this Agreement.

10. FRANCHISEE'S OPERATIONAL COVENANTS

10.1 **Business Operations**. The Franchisee acknowledges that it is solely responsible for the successful operation of its SCOOTER'S COFFEE Store. In addition to all other obligations contained herein and in the Operations Manual, the Franchisee covenants that:

A. The Franchisee will maintain a clean, safe, and high quality SCOOTER'S COFFEE Store operations and shall promote and operate the business in accordance with the requirements of the Operations Manual and in such a manner as not to detract from or adversely reflect upon the name and reputation of the Franchisor and the goodwill associated with the SCOOTER'S COFFEE name and Marks.

B. The Franchisee will conduct itself and operate its SCOOTER'S COFFEE Store in compliance with all applicable laws, health department regulations, menu labeling requirements and other ordinances and in such a manner so as to promote a good public image in the business community. In connection therewith, the Franchisee will be solely and fully responsible for obtaining any and all licenses to operate the SCOOTER'S COFFEE Store. Franchisee shall keep copies of all health department, fire department, building department and other similar reports of inspections by governmental authorities on file and available for inspection by Franchisor. The Franchisee shall promptly forward to the Franchisor copies of all health department, fire department, building department and other similar reports of inspections as and when they become available.

C. The Franchisee acknowledges that proper management of the SCOOTER'S COFFEE Store is important and shall ensure that the Franchisee or Designated Manager be responsible for the management of the SCOOTER'S COFFEE Store after commencement of operations, and that the Franchisee, a Designated Manager or an associated shift supervisor of the Store who has completed the Franchisor's initial training program be available at the Franchised Location at all times during operation of the SCOOTER'S COFFEE Store. Unless Franchisor otherwise agrees, the SCOOTER'S COFFEE Store will be open for business during the hours stated in the Operations Manual.

D. The Franchisee acknowledges that the franchise granted hereunder requires and authorizes the Franchisee to offer only authorized products and services as are more fully described in the Operations Manual, which may include espresso drinks, smoothies, baked goods and related products and services. The Franchisee shall maintain at all times a sufficient supply of all menu items and related food and paper products to prevent any items, insofar as possible, from being unavailable to its customers. The Franchisee agrees to prepare all menu items in accordance with Franchisor's standards and specifications and to obtain all products and services from suppliers the Franchisor designates (if applicable). The Franchisee shall offer all types of services and products as from time to time may be prescribed by the Franchisor and shall refrain from offering any other types of services or products, or operating or engaging in any other type of business or profession, from or through the SCOOTER'S COFFEE Store, unless the Franchisor's advance written consent is first obtained. The Franchisee shall engage in all types of advertising, marketing and promotional activities as from time to time may be prescribed by Franchisor and shall not engage in any advertising, marketing or promotional activities unless Franchisor's written consent is first obtained.

E. The Franchisee shall promptly pay when due all taxes and other obligations owed to third parties in the operation of the SCOOTER'S COFFEE Store, including all federal, state and local taxes, and any and all accounts or other indebtedness of every kind incurred by the Franchisee in the conduct of the SCOOTER'S COFFEE Store. In the event of a bona fide dispute as to the liability for taxes assessed or other indebtedness, the Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event shall the Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Location, or any improvement thereon.

Franchisee must also pay all state and local taxes, including taxes denominated as income or franchise taxes, that may be imposed on Franchisor as a result of its receipt or accrual of the Initial Franchise Fee, the Royalty Fee, or other fees referenced in this Agreement, whether assessed against Franchisee through withholding or other means or whether paid by Franchisor directly

F. The Franchisee shall comply with all agreements with third parties related to the SCOOTER'S COFFEE Store including, in particular, all provisions of any premises lease or equipment lease. The Franchisee shall promptly notify Franchisor in writing of any notices of default or non-compliance under its lease or any other third-party contracts related to the operation of the Store, by sending copies of all such notices to the Franchisor. If the term of the lease for the Franchised Location ends before the term of this Agreement expires, the Franchisee shall negotiate a renewal of the lease term in good faith. If the Franchisee is unable to renew the lease at the Franchised Location, the Franchisee may find a different site reasonably proximate to the Franchised Location, submit it to the Franchisor for approval together with payment of the Relocation Fee and, if Franchisor should approve of the proposed site, move the Franchisee's Store to the new location, at the Franchisee's sole cost. Nothing shall obligate the Franchisor to approve any such proposed site, and approval may be granted or denied in Franchisor's sole business judgment.

G. The Franchisee agrees to maintain the condition and appearance of the Store, and refurbish and modify its layout, decor and general theme, as the Franchisor may require to maintain the condition, appearance, efficient operation, ambience and overall image of SCOOTER'S COFFEE Stores (as the Franchisor may modify). The Franchisee will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Store and adjacent parking areas, and periodically clean and redecorate the Store. If at any time in the Franchisor's reasonable judgment, the general state of repair, appearance or cleanliness of the Store premises (including parking areas) or its fixtures, equipment, furniture or signs does not meet the Franchisor's then-current standards, the Franchisor will so notify the Franchisee, specifying the action to be taken by the Franchisee to correct the deficiency. If the Franchisee fails, within 10 days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, the Franchisor may (in addition to its rights under Article 18 below) enter the Store premises and correct the deficiencies on the Franchisee's behalf, and at the Franchisee's expense.

The Franchisee will, at its expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Store premises and to replace and modernize the supplies, fixtures, signs, and equipment used in its Store so that the Franchisee's business reflects the then current physical appearance of new SCOOTER'S COFFEE Stores. The Franchisor may require the Franchisee to take such action: (i) five (5) years after the Effective Date; (ii) as a condition to the transfer of any interest as further described in Section 16.2; and (iii) as a condition of renewal. The Franchisee acknowledges and agrees that the requirements of this Section 10.1(G) are both reasonable and necessary to ensure continued public acceptance and patronage of SCOOTER'S COFFEE Stores and to avoid deterioration or obsolescence in connection with the operation of the Store.

If the Store is damaged or destroyed by fire or any other casualty, the Franchisee will, within 30 days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Store premises to its original condition before the casualty. If, in the Franchisor's reasonable judgment, the damage or destruction is of a nature or to an extent that the Franchisee can repair or reconstruct the premises of the Store consistent with the then-current decor and specifications of a new SCOOTER'S

COFFEE Store without incurring substantial additional costs, the Franchisor may require the Franchisee, by giving written notice, that the Franchisee repair or reconstruct the Store premises in compliance with the then-current decor and specifications.

H. The Franchisee shall at all times during the term of this Agreement own and control the SCOOTER'S COFFEE Store authorized hereunder. Upon request of the Franchisor, the Franchisee shall promptly provide satisfactory proof of such ownership to the Franchisor. The Franchisee represents that the Statement of Ownership, attached hereto as Exhibit 2 is true, complete, and accurate statement respecting the equity ownership of the Franchisee. The Franchisee shall promptly provide the Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Article 16 herein. The Franchisee acknowledges that, if the Franchisee is a legal entity, each "**Principal Owner**" (as defined below) must guarantee the performance of the Franchisee hereunder and sign the Guaranty and Assumption of the Franchisee's Obligations which is attached to this Agreement as Exhibit 3 (the "**Guaranty**"). The term "**Principal Owner**" means any person or entity who directly or indirectly owns a twenty percent (20%) or greater interest in the Franchisee. If any corporation or other entity other than a partnership is a Principal Owner, a "**Principal Owner**" also will mean a shareholder or owner of a ten percent (10%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a "**Principal Owner**" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a twenty percent (20%) or greater interest in such general partner. If the Franchisee is one or more individuals, each individual will be deemed a Principal Owner of the Franchisee. Any person or entity that at any time after the Effective Date becomes a Principal Owner of Franchisee will, as a condition of becoming a Principal Owner, sign the Guaranty.

I. The Franchisee shall at all times during the term of this Agreement keep its SCOOTER'S COFFEE Store open during the business hours as may be designated by the Franchisor from time to time in the Operations Manual. Any deviations from the required hours must be approved in writing by the Franchisor.

J. The Franchisor may require the Franchisee to install surveillance cameras in and around the Store. The Franchisee will bear the cost of such system.

K. Franchisee shall be solely responsible for all employment decisions and functions of the SCOOTER'S COFFEE Store including those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether Franchisee receives advice from Franchisor on these subjects. Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee, without any influence or advice from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor.

L. Franchisee acknowledges and agrees that Franchisor, subject to applicable law, may set minimum and maximum prices for all menu items.

10.2 **Anti-Terrorism Representation.** The Franchisee represents to the Franchisor that it and all persons or entities holding any legal or beneficial interest in the Franchisee are not included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in Executive Order 13224-Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended.

11. ROYALTIES

11.1 **Royalty**. The Franchisee agrees to pay the Franchisor a weekly royalty ("**Royalty**") equal to 6% of the Franchisee's Gross Sales, defined in Section 11.2 below, generated during the Reporting Period (defined in Section 11.3, below).

11.2 **Gross Sales**. "**Gross Sales**" means sales of any and all services or products from or through the SCOOTER'S COFFEE Store, including any such sale of services or products made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement and regardless of whether such sale is at the Franchised Location or off-site, but exclusive of discounts, sales taxes or other similar taxes and credits. "**Gross Sales**" shall also include the fair market value of any services or products received by the Franchisee in barter or exchange for its services and products.

11.3 **Royalty Payments**. The Franchisee agrees that the Royalty shall be paid weekly by electronic transfer of funds on every Tuesday of each week (the "**Due Date**") for the preceding Reporting Period. Reporting Period means the period of Saturday to Friday (unless Franchisor designates otherwise). The Franchisee must make its periodic Royalty payments by electronic funds transfer and must execute an Authorization Agreement for preauthorized payment of the Royalty by electronic transfer of funds from the Franchisee's bank account, in the form attached hereto as Exhibit 4 ("**Authorization Agreement**"). The Franchisor reserves the right to update this authorization periodically and/or upon any change or transfer of the Franchisee's banking relationship. The Franchisee agrees to provide 30 days' notice to the Franchisor of any banking change which may alter the Franchisor's ability to access payment of Royalties by electronic funds transfer. On the Due Date, the Franchisee shall report to the Franchisor by telephone, electronic means or in written form, as may be reasonably directed by the Franchisor, in a manner more fully described in Article 15 hereof, with such information and pursuant to such standard transmittal procedures regarding the Franchisee's Gross Sales and such additional information as may be requested by the Franchisor. The Franchisor shall have the right to verify such Royalty payments from time to time as it deems necessary, in any reasonable manner, including by means of electronic access to Franchisee's POS System. In the event the Franchisee fails to have sufficient funds in its account or otherwise to pay any Royalties due as of the Due Date, the Franchisee shall owe, in addition to such Royalties, a late charge equivalent to $25, plus interest of 1½ % per month (subject to applicable law) on all outstanding amounts due, which interest shall begin to accrue the day following the Due Date for such payment; provided, however, in no event shall the Franchisee be required to pay a late payment at a rate greater than the maximum interest rate permitted by applicable law. In the event the Franchisee fails to report Gross Sales for the Store on or before the Due Date, the Franchisor may debit the Franchisee's bank account in an amount equal to the Franchisee's Royalty Payment for the preceding Reporting Period or based upon Gross Sales for the current Reporting Period as determined by the Franchisor's polling of the Franchisee's computerized cash registers.

11.4 **Application of Payments**. The Franchisor may apply any payments made by the Franchisee to any of the Franchisee's past due indebtedness to the Franchisor or its affiliates. The Franchisee acknowledges that the Franchisor has the right to set-off any amounts the Franchisee may owe to the Franchisor or its affiliates against any amounts the Franchisor or its affiliates might owe to the Franchisee.

12. MARKETING

12.1 **Approval of Advertising**. The Franchisee shall obtain the Franchisor's prior written approval of all written advertising or other marketing or promotional programs and materials not previously approved by the Franchisor regarding the SCOOTER'S COFFEE Store. The Franchisee shall also obtain the Franchisor's prior written approval before using any promotional materials as may be provided by

vendors. Any proposed written advertising or a description of a marketing or promotional program not previously approved by the Franchisor shall be submitted to the Franchisor at least 15 days prior to publication, broadcast or use. The Franchisee acknowledges that advertising and promoting the SCOOTER'S COFFEE Store in accordance with the Franchisor's standards and specifications is an essential aspect of the System, and the Franchisee agrees to comply with all advertising and marketing standards and specifications. The Franchisee shall display all required promotional materials, signs, point of purchase displays and other marketing materials in its SCOOTER'S COFFEE Store and in the manner prescribed by the Franchisor.

12.2 **Grand Opening**. The Franchisor and Franchisee will develop, and the Franchisee agrees to conduct, a grand opening advertising and promotional program for the Store. All or a portion of the Initial Opening Support Fee will be used for the grand opening advertising and promotional campaign. Franchisee may, but is not required to, spend additional amounts on grand opening advertising and marketing.

12.3. **Marketing Contribution**. The Franchisee agrees to pay to the Franchisor for deposit in a marketing fund (the "**Marketing Fund**") a weekly marketing contribution fee in the amount of 2% of Gross Sales ("**Marketing Contribution**"). The Marketing Contribution shall be paid to the Franchisor in addition to Royalties and in addition to and not in lieu of amounts spent on local and regional advertising and marketing activity, and the following terms and conditions shall apply:

A. The Marketing Contribution shall be payable concurrently with, and in the same manner as, the payment of the Royalties as described in Section 11.3 above. The Marketing Contributions will be subject to the same late charges as the Royalties, in an amount and manner stated in Section 11.3 above.

B. The Franchisor shall direct all advertising and marketing programs that use the Marketing Contributions, and will oversee the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, and the administration thereof. Reasonable disbursements from the Marketing Fund will be made solely to pay expenses the Franchisor incurs in connection with the general promotion of the Marks and the System, including creative design costs to produce marketing and advertising materials, the cost of formulating, developing and implementing advertising, marketing promotional materials, Electronic Advertising (as defined in Section 12.6 below), digital marketing programs (or future forms of electronic marketing including, for example, Google pay per click ads), costs associated with administering gift card programs, gift card incentives and other advertises and marketing activities; and the reasonable costs of administering the Marketing Fund, including the cost of employing advertising agencies to assist us and providing promotional brochures and advertising materials to SCOOTER'S COFFEE Stores and to regional and local marketing cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to the Franchisor's employees engaged in administering the Marketing Fund.

C. The Franchisor will place all Marketing Contributions it receives in the Marketing Fund and will manage such Fund. The Franchisor does not have a separate account for the Marketing Fund. The Franchisor, or its affiliates, will contribute to the Marketing Fund for each SCOOTER'S COFFEE Store it or its affiliates operate in the United States at the same percentage rate as a majority of SCOOTER'S COFFEE franchisees must pay to the Marketing Fund. The Marketing Fund is not a trust or escrow account, and the Franchisor has no fiduciary obligations regarding the Marketing Fund. The Franchisor cannot insure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. The Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions of SCOOTER'S COFFEE Stores to the Marketing Fund in that year.

D. The Franchisor may, through the Marketing Fund, furnish Franchisee with approved local marketing plans and materials. The Franchisor will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Marketing Fund for the most recent calendar year.

12.4. **Local Marketing and Advertising**. The Franchisor reserves the right, upon 60 days' written notice, to require the Franchisee to spend up to an additional 2% of Gross Sales on local marketing and advertising ("**Local Advertising Allocation**") each calendar quarter. If required, the Franchisee shall prepare and submit a quarterly report to the Franchisor which accounts for the use of these funds no later than 15 days following the end of each calendar quarter. If the Franchisee's lease requires it to advertise locally, the Franchisor may count such expenditures toward the Franchisee's local marketing and advertising expenditure required by this Section 12.4. The Franchisee shall obtain the Franchisor's prior written approval of all written advertising and promotional materials before publication.

12.5. **Cooperative Advertising Programs**. The Franchisor reserves the right, upon 60 days' prior written notice to the Franchisee, to create a cooperative marketing and advertising association ("**Co-op**") for the benefit of SCOOTER'S COFFEE franchisees located within a particular geographic area. If a Co-op is established for the area where the Franchisee is located, the Franchisee will be required to participate in the Co-op for the purpose of selecting and participating in regional marketing and promotion programs for SCOOTER'S COFFEE Stores. The Franchisee will be required to remain a member of and will be bound by the decisions of the majority of the members of the Co-op regarding expenditures, assessments and dues of the Co-op, to the extent that they are approved by the Franchisor. The Franchisor reserves the right to designate regional and local advertising or marketing markets, to establish regional advertising or marketing councils and to establish the bylaws and other rules under which each Co-op will operate. The Franchisor may allocate all or a portion of the Franchisee's Marketing Contribution to the Co-op. The Franchisor may require the Franchisee to allocate all or a portion of the Local Advertising Allocation under Section 12.4 as a required marketing and advertising contribution to the Co-op.

12.6. **Electronic Advertising**. The Franchisee shall not develop, create, distribute, disseminate or use any Internet advertising or website, or any multimedia, telecommunication, mass electronic mail, facsimile or audio/visual advertising, promotional or marketing materials, directly or indirectly related to the SCOOTER'S COFFEE Store, the Marks or the System ("**Electronic Advertising**"), without the Franchisor's prior written consent. The Franchisor shall retain the exclusive right to develop and control the content of all Electronic Advertising for the SCOOTER'S COFFEE Stores. The Franchisor reserves the right, upon 30 days' prior written notice, to require the Franchisee to participate in any Electronic Advertising of SCOOTER'S COFFEE Stores sponsored by the Franchisor. Except as the Franchisor authorizes in writing, the Franchisee will not: (1) link or frame the Franchisor's website; (2) conduct any business or offer to sell or advertise any products or services on the Internet (or any other existing or future form of electronic communication); (3) create or register any Internet domain name in any connection with the Franchisee's Store; or (4) use any e-mail address which the Franchisor has not authorized for use in operating the Store. The Franchisee will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, the Franchisee may not engage in any Electronic Advertising or otherwise market, advertise or promote its SCOOTER'S COFFEE Store or conduct any business on the Internet, including using social and professional networking sites to promote the Store, except as provided in the Franchisor's written social media policy (if any) or with the Franchisor's prior written approval. Any amounts that the Franchisee spends to participate in Electronic Advertising shall be credited toward the Franchisee's local marketing and advertising obligations.

13. QUALITY CONTROL

13.1 **Compliance with Operations Manual**. The Franchisee agrees to maintain and operate the SCOOTER'S COFFEE Store in compliance with this Agreement and the required standards and specifications contained in the Operations Manual, as the same may be modified from time to time by the Franchisor.

13.2 **Standards and Specifications**. The Franchisor will make available to the Franchisee required and recommended standards and specifications for services and products offered at or through the SCOOTER'S COFFEE Store and for equipment, furniture, fixtures, inventory, recipes, beverages, food, beverage and food preparation, paper products, employee attire, supplies, forms, advertising material and other items used in connection with the Store. The Franchisor reserves the right to change standards and specifications for services and products offered at or through the SCOOTER'S COFFEE Store and for the equipment, furniture, fixtures, inventory, recipes, beverages, food, beverage and food preparation, paper products, employee attire, supplies, forms, advertising material and other items used in connection with the Store, upon 30 days' prior written notice to the Franchisee. The Franchisee shall, throughout the term of this Agreement, remain in compliance and strictly adhere to all of the Franchisor's required standards and specifications for the SCOOTER'S COFFEE Store as prescribed from time to time.

13.3 **Inspections**. The Franchisor shall have the right to examine the Franchised Location, including the inventory, products, equipment, materials or supplies, to ensure compliance with all standards and specifications set by the Franchisor. The Franchisor shall conduct such inspections during regular business hours without prior notice to the Franchisee and such inspections may include the photographing or videotaping of the operations of the Store, the removal of reasonable samples of any products, materials or supplies for testing and analysis, the interviewing of personnel and customers and the inspection and copy of any books, records and documents relating to the operation of the Store.

13.4 **Restrictions on Services and Products**. The Franchisee is prohibited from offering or selling any services or products from or through the Store that have not been previously authorized by the Franchisor. If the Franchisee desires to offer or sell any services or products (including menu items), at the SCOOTER'S COFFEE Store which have not been approved by the Franchisor, the Franchisee shall first submit to Franchisor a written request for approval. The Franchisor may, in its sole discretion, grant or deny Franchisee's request for approval. In making such determination, the Franchisor may require submission of specifications, information, or samples of such services or products, and may charge Franchisee a reasonable fee to test the proposed service or product. The Franchisor will advise the Franchisee within a reasonable time whether such products or services meet its specifications.

13.5 **Designated and Approved Suppliers**. The Franchisee shall purchase all equipment, products, services, supplies and materials required for the operation of the SCOOTER'S COFFEE Store licensed herein from manufacturers, suppliers or distributors designated by the Franchisor or, if there is no designated supplier for a particular product, service, supply or material, from such other suppliers who meet all of the Franchisor's specifications and standards as to quality, composition, finish, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply the Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation. The Franchisor reserves the right to designate, from time to time, a single supplier for any services, products, equipment, supplies or materials, which single supplier may be Franchisor or an affiliate of Franchisor. The Franchisor periodically may modify its lists of designated and approved supplies and suppliers, and the Franchisee agrees to comply with such modified lists. The Franchisor also reserves the right to derive revenue from purchases by the Franchisee from the Franchisor's designated and approved suppliers. THE FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT

FRANCHISOR MAY DISTRIBUTE OR THAT THIRD PARTIES APPROVED OR DESIGNATED BY THE FRANCHISOR MANUFACTURE OR DISTRIBUTE FOR USE IN THE SYSTEM.

13.6 Request for Approval of Supplier. If the Franchisee desires to purchase or lease any products, services, supplies or materials from manufacturers, suppliers or distributors other than those previously approved by the Franchisor, the Franchisee shall, prior to purchasing any such products, services, supplies or materials, give the Franchisor a written request for approval of an additional supplier. The Franchisor shall notify the Franchisee in writing of its approval or rejection of the proposed supplier within thirty days after Franchisor's receipt of Franchisee's written request. The Franchisor may from time to time inspect any manufacturer's, supplier's, or distributor's facilities and products to assure proper production, processing, storing and transportation of products, services, supplies or materials to be purchased from the manufacturer, supplier or distributor by the Franchisee. Permission for such inspection shall be a condition of the continued approval of such manufacturer, supplier or distributor. The Franchisor may, for any reason, elect to withhold approval of the manufacturer, supplier or distributor, and the Franchisor may require that samples from a proposed new supplier be delivered to the Franchisor for testing prior to approval and use. A charge not to exceed the actual cost of the test may be made by the Franchisor and shall be paid by the Franchisee.

14. MARKS, TRADE NAMES AND PROPRIETARY INTERESTS

14.1 Marks. The Franchisee hereby acknowledges that the Franchisor has the sole right to license and control the Franchisee's use of the "**SCOOTER'S COFFEE**" Mark and other of the Marks, and that such Marks shall remain under the sole and exclusive ownership and control of the Franchisor and its affiliates. The Franchisee acknowledges that it has not acquired any right, title or interest in the Marks except for the right to use the Marks in the operation of its SCOOTER'S COFFEE Store as it is governed by this Agreement. The Franchisee shall display the Marks prominently at the SCOOTER'S COFFEE Store and on packaging and serving materials and in connection with forms, advertising and marketing, all in a manner as the Franchisor shall reasonably prescribe. Except as may be permitted in the Operations Manual, the Franchisee agrees not to use any of the Marks as part of an electronic mail address or on any sites on the Internet or the World Wide Web and the Franchisee agrees not to use or register any of the Marks as a domain name on the Internet.

14.2 No Use of Other Marks. The Franchisee further agrees that no Mark other than "**SCOOTER'S COFFEE**" or such other Marks as may be specified by the Franchisor shall be used in the marketing, promotion, identification or operation of the SCOOTER'S COFFEE Store, except with the Franchisor's prior written consent.

14.3 System. The Franchisee hereby acknowledges that the Franchisor owns and controls the distinctive plan for the establishment, operation and promotion of SCOOTER'S COFFEE Stores and all related licensed methods of doing business, previously defined as the "**System**," which include recipes, menu items, beverage and food preparation methods, technical restaurant equipment standards, order and take-out fulfillment methods, including drive-through access, customer data, customer relations, marketing techniques, written promotional materials and Operations Manual contents, advertising, and accounting systems, all of which constitute confidential trade secrets of the Franchisor, and the Franchisee acknowledges that the Franchisor has valuable rights in and to such trade secrets. The Franchisee further acknowledges that it has not acquired any right, title or interest in the System, except for the right to use the System in the operation of the SCOOTER'S COFFEE Store as it is governed by this Agreement. Additionally, the Franchisee must fully and promptly disclose to Franchisor all ideas, concepts, methods, techniques, improvements, additions and customer data relating to the development and/or operation of the SCOOTER'S COFFEE Store or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of a SCOOTER'S COFFEE Store, or any advertising or promotion ideas related to the SCOOTER'S COFFEE Store (collectively the "**Improvements**") that Franchisee and/or its employees conceive or develop during the term of this

Agreement. Franchisee agrees to assign to Franchisor all rights to the Improvements without any obligation to Franchisee for royalties or other fees. The Franchisee acknowledges that it is obligated to maintain the confidentiality of the System in accordance with Section 20.3 below.

14.4 **Mark Infringement**. The Franchisee agrees to notify the Franchisor in writing of any possible infringement or illegal use by others of a trademark the same as or confusingly similar to the Marks which may come to its attention. The Franchisee acknowledges that the Franchisor shall have the right to determine whether any action will be taken on account of any possible infringement or illegal use. The Franchisor may commence or prosecute such action in the Franchisor's own name and may join the Franchisee as a party thereto if the Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and System. The Franchisor shall bear the reasonable cost of any such action, including attorneys' fees; provided, however, that the Franchisor shall not be responsible for the Franchisee's attorneys' fees in the event the Franchisee elects to retain its own legal counsel. The Franchisee agrees to fully cooperate with the Franchisor in any such litigation.

14.5 **Franchisee's Business Name**. The Franchisee acknowledges that the Franchisor has a prior and superior claim to the SCOOTER'S COFFEE trade name. The Franchisee shall not use any of the words "SCOOTERS JAVA EXPRESS", "SCOOTER'S COFFEEHOUSE", or "SCOOTER'S COFFEE", in the legal name of its corporation, partnership or any other business entity used in conducting the business provided for in this Agreement. The Franchisee also agrees not to register or attempt to register a trade name using the words "SCOOTERS JAVA EXPRESS", "SCOOTER'S COFFEEHOUSE", "SCOOTER'S COFFEE", or any portions thereof in the Franchisee's name or that of any other person or business entity, without prior written consent of the Franchisor. The Franchisee shall not identify itself as being "**Scooter's Coffee, LLC**" or as being associated with the Franchisor in any manner other than a franchisee or licensee. The Franchisee further agrees that in all advertising and promotional materials it will display its business name only in obvious conjunction with the phrase a "**SCOOTER'S COFFEE Franchisee**" or with such other words and in such other phrases to identify itself as an independent owner of the SCOOTER'S COFFEE Store, as may from time to time be prescribed in the Operations Manual.

14.6 **Change of Marks**. In the event the Franchisor shall determine it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, the Franchisee shall, after receipt of written notice of such a modification or discontinuation from the Franchisor, take such action, at the Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

15. REPORTS, RECORDS AND FINANCIAL STATEMENTS

15.1 **Franchisee Reports**. The Franchisee shall establish and maintain at its own expense a bookkeeping and accounting system which conforms to the required specifications which the Franchisor may prescribe from time to time. Each transaction of the Store shall be processed through the POS System in the manner prescribed by the Franchisor. The Franchisor shall at all times have the right of access to the POS System and all data processed thereon with respect to the Store. The Franchisee shall provide access to the Franchisor at any time by installing a DSL or other high speed Internet connection that meets the Franchisor's standards and specifications. The Franchisee shall supply to the Franchisor financial and accounting reports in a manner and form as the Franchisor may reasonably require, including:

A. Weekly summary reports, in a form as may be prescribed by the Franchisor, submitted by no later than the Due Date each week (defined in Section 11.3 above) and containing information relative to the previous Reporting Period operations;

B. Within 20 days after the end of each month, an income statement of the Store for such month and for the fiscal year to date, prepared in accordance with United States generally

accepted accounting principles ("**GAAP**") consistently applied, in the Franchisor's recommended format;

C. Within 90 days after the end of the Franchisee's fiscal year, which shall be the calendar year, an income statement and balance sheet of the Store for such fiscal year (reflecting all year-end adjustments), and a statement of changes in cash flow of the Store, prepared in accordance with GAAP, consistently applied, and in the Franchisor's recommended format. The Franchisor reserves the right to require that the Franchisee have reviewed financial statements prepared on an annual basis; and

D. Any other data, information and supporting records reasonably requested by the Franchisor from time to time, including daily, weekly or monthly reports of inventory and sales by category.

15.2 Financial Records Use. The Franchisor reserves the right to disclose data derived from all financial and accounting reports received from the Franchisee, without identifying the Franchisee by name or by Store. With respect to the operation and financial condition of the Store, the Franchisee agrees to furnish the Franchisor the financial and accounting reports required hereunder in a form reasonably prescribed by the Franchisor.

15.3 Books and Records. The Franchisee shall maintain all books and records for its SCOOTER'S COFFEE Store in accordance with GAAP, consistently applied, and preserve these records, including cash register tapes, shift reports, weekly operating summaries and sales tax returns, for at least five years after the fiscal year to which they relate.

15.4 Audit of Books and Records. The Franchisee shall permit the Franchisor to inspect and audit the books and records of the SCOOTER'S COFFEE Store at any reasonable time, at the Franchisor's expense. If any audit discloses a deficiency in amounts for payments owed to the Franchisor pursuant to this Agreement, then such amounts shall become immediately payable to the Franchisor by the Franchisee, with interest from the date such payments were due at the lesser of 1½ % per month or the maximum rate allowed by law. In addition, if it is found by such audit that the Gross Sales of the SCOOTER'S COFFEE Store have been understated by 3% or more during the period audited, the Franchisee shall pay all reasonable costs and expenses the Franchisor incurred in connection with such audit.

15.5 Failure to Comply with Reporting Requirements. If the Franchisee fails to prepare and submit any statement or report as required under this Article 15, then the Franchisor shall have the right to treat the Franchisee's failure as good cause for termination of this Agreement. In addition to all other remedies available to the Franchisor, in the event that the Franchisee fails to prepare and submit any statement or report required under this Article 15 for two consecutive Reporting Periods, the Franchisor shall be entitled to make an audit, at the expense of the Franchisee, of the Franchisee's books, records and accounts, including the Franchisee's bank accounts, which in any way pertain to the Gross Sales of the SCOOTER'S COFFEE Store. The statements or reports not previously submitted shall be prepared by or under the direction and supervision of an independent certified public accountant selected by the Franchisor.

16. TRANSFER

16.1 Franchisee Assignment To Entity or Involving Minority Interest. Franchisee (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Store (or other SCOOTER'S COFFEE® stores under franchise agreements with Franchisor), provided: (1) the Store is actively managed by Franchisee or an operating manager approved by Franchisor; (2) Franchisee owns at least seventy percent (70%) of the ownership interest in the

corporation or limited liability company; (3) Franchisee and all Principal Owners of the assignee entity sign the Guaranty attached hereto as Exhibit 3; (4) Franchisee provides Franchisor 15 days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; and (5) Franchisee provides to Franchisor a certified copy of the articles of incorporation, operation agreement, organizational documents, a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity. In addition, subject to Section 16.2 below (respecting related transactions), Principal Owners and other owners may transfer less than a "**controlling interest**" in Franchisee provided Franchisee and all Principal Owners comply with subsections (3) and (4) above and all other applicable individuals comply with Section 20.4 below. Franchisee will not pay a transfer fee for an assignment under this Section 16.1.

16.2 Franchisee Assignment or Sale of Substantially all of its Assets-Conditions to Franchisee's Transfer. Franchisee understands that Franchisor has granted the Franchise under this Agreement in reliance upon Franchisee's individual or collective character, aptitude, attitude, business ability and financial capacity. Franchisee (and its Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, Franchisee's business, the Store, substantially all or all of the assets of Franchisee's business, this Agreement or any controlling interest in Franchisee ("**controlling interest**" to include a proposed transfer of fifty percent (50%) or more of the common (voting) stock of a corporate Franchisee or of the ownership interest in a limited liability company or partnership) unless Franchisee obtains Franchisor's prior written consent (except as provided in Section 16.1 above). Franchisor will not unreasonably withhold its consent to an assignment, provided Franchisee complies with any or all of the following conditions which Franchisor may, in its discretion, deem necessary:

A. Payment of all amounts due and owing pursuant to this Agreement by the Franchisee to the Franchisor or its affiliates or to third parties holding a security interest in any asset of the Store;

B. Agreement by the proposed transferee to satisfactorily complete the initial training program described in this Agreement, which training may be completed by the transferee either prior to or immediately after the transfer occurs, at the Franchisor's option;

C. Execution of a franchise agreement in a form then currently offered by the Franchisor, which shall supersede this Agreement in all respects. If a new franchise agreement is signed, the terms thereof may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional initial franchise fee;

D. Franchisee must provide written notice to the Franchisor 30 days prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer;

E. The proposed transferee shall have provided information to the Franchisor sufficient for the Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and the Franchisor shall have ascertained that the proposed transferee meets such qualifications;

F. The Franchisee and all Principal Owners shall execute a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, employees and agents;

G. If the Store which is the subject of the transfer is operated using any SCOOTERS JAVA EXPRESS signage, all such signage shall be removed and replaced with SCOOTER'S COFFEE signage meeting the Franchisor's then current standards and specifications;

H. The interior of the Store which is the subject of the transfer shall be updated or remodeled to meet the Franchisor's then current standards and specifications for Store interiors;

I. The Franchisee or the proposed transferee pays a transfer fee in an amount equal to $10,000 for each SCOOTER'S COFFEE Store being transferred. If the proposed transferee is an existing SCOOTER'S COFFEE franchisee, no transfer fee will apply; and

J. The Franchisee agrees to abide by all post-termination obligations, including the post-termination covenant not to compete stated in Section 20.2 below.

16.3 Franchisor's Approval of Transfer. The Franchisor has 30 days from the later of the date of the written notice and receipt of all other information requested by Franchisor to approve or disapprove, in writing, the Franchisee's proposed transfer under Section 16.2 above. The Franchisee acknowledges that Franchisor shall evaluate the proposed transferee for approval based on the same criteria being used at the time of evaluation to assess new franchisees of the Franchisor, and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. The Franchisor shall have the right to approve the material terms and conditions of the transfer, including the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Store. If the Franchisee (and/or the transferring owners) finances any part of the sale price of the transferred interest, if any, unless waived in writing by the Franchisor, the Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the Store or the Franchised Location shall be subordinate to the transferee's obligations to pay Royalties, Marketing Contributions, inventory payments or amounts due to the Franchisor and its affiliates and to otherwise comply with this Agreement.

16.4 Right of First Refusal. If Franchisee wishes to engage in a transfer otherwise subject to Section 16.2 above, the Franchisor first shall have a 30 day right of first refusal to purchase the rights, interest or assets proposed to be transferred on the same terms and conditions as are contained in the written offer to purchase submitted to the Franchisee by the proposed purchaser/transferee; provided, however, the following additional terms and conditions shall apply**:**

A. The Franchisee shall notify the Franchisor of such offer by sending a written notice to the Franchisor, enclosing a copy of the written offer from the proposed transferee;

B. Such right of first refusal will be effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new 30 day right of first refusal shall be given to the Franchisor;

C. If the consideration or manner of payment offered by a proposed transferee is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by the Franchisor, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally by the Franchisor and the Franchisee; and

D. If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the transfer subject to compliance with Sections 16.2 and 16.3 above, provided the transfer must be completed within 180 days of Franchisor's decision to not exercise its right of first refusal. If the transfer is not completed within 180 days, then the proposed transfer will be deemed a new offer on which a new 30 day right of first refusal shall be given to the Franchisor. Franchisee's failure to reply to the Franchisee's notice of a proposed transfer within the 30 day period is deemed a waiver of such right of first refusal.

16.5 **Franchisee's Death or Disability**. Upon the death or permanent disability of the Franchisee or an individual controlling the Franchisee entity, the executor, administrator, conservator, guardian or other personal representative of such person shall transfer the Franchisee's interest in this Agreement or such interest in the Franchisee entity to an approved third party. Such disposition of this Agreement or such interest (including transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed 120 days from the date of death or permanent disability, and shall be subject to all terms and conditions applicable to transfers contained in this Article 16; provided, however, that for purposes of this Section 16.5, there shall be no transfer fee or initial training program fee charged by the Franchisor. Failure to transfer the interest in this Agreement or such interest in the Franchisee entity within such period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee or the individual controlling the Franchisee entity from supervising the management and operation of the SCOOTER'S COFFEE Store for a period of 120 days from the onset of such disability, impairment or condition.

16.6 **Assignment by the Franchisor**. This Agreement is fully assignable by the Franchisor and shall benefit any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same. Any such assignment will require the assignee to fulfill Franchisor's obligations under this Agreement. Franchisor reserves the right to outsource or assign any of its obligations under this Agreement to an affiliate or third party without Franchisee's consent.

17. TERM AND EXPIRATION

17.1 **Term**. The initial term of this Agreement is for a period of 10 years from the date of this Agreement, unless sooner terminated as provided herein.

17.2 **Rights Upon Expiration**. At the end of the initial term hereof, the Franchisee shall have the option to renew its franchise rights for one additional 10 year term if the Franchisee satisfies each of the following conditions:

A. At least 30 days prior to expiration of the term, executes the form of franchise agreement then in use by the Franchisor;

B. Has complied with all provisions of this Agreement during the current term, including the payment on a timely basis of all Royalties and other fees due hereunder;

C. Is not, at the time it gives written notice to the Franchisor in accordance with Section 17.3 below, in default or under notification of breach of this Agreement;

D. Upgrades and/or remodels the SCOOTER'S COFFEE Store and its operations at the Franchisee's sole expense to conform with the then current Operations Manual;

E. Executes a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, employees and agents arising out of or relating to this Agreement; and

F. Pays a successor franchise renewal fee of $10,000 or 25% of the then current Initial Franchise Fee, whichever is greater.

17.3 **Exercise of Option for Successor Franchise**. The Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to the Franchisor not earlier than one year nor later than 180 days prior to the scheduled expiration of this Agreement, and such successor franchise

rights shall become effective when the Franchisee and the Franchisor sign the then-current Franchise Agreement, which agreement may contain terms materially different from those in this Agreement.

17.4 Conditions of Refusal. The Franchisor shall not be obligated to offer the Franchisee a successor franchise upon the expiration of this Agreement if the Franchisee fails to comply with any of the above conditions of renewal. In such event (except for failure to execute the then current Franchise Agreement or pay the successor franchise fee), the Franchisor shall give notice of expiration at least 90 days prior to the expiration of the term (or such longer notice as required by applicable law), and such notice shall state the reasons for such refusal to offer successor franchise rights. Upon the expiration of this Agreement, the Franchisee shall comply with the provisions of Section 18.4 below.

18 DEFAULT AND TERMINATION

18.1 Termination by Franchisor - Effective Upon Notice. Franchisee will be in default, Franchisor shall have the right, at its option, to immediately terminate this Agreement and all rights granted the Franchisee hereunder, without affording the Franchisee any opportunity to cure, effective upon Franchisee's receipt of notice of termination upon the occurrence of any of the following events:

A. **Unauthorized Disclosure**. If the Franchisee, a Principal Owner or any other person under the Franchisee's control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents of or any part of the Franchisor's Operations Manual, any customer lists and data or any other trade secrets or confidential information of the Franchisor;

B. **Abandonment**. Subject to Section 23.11 below, if the Franchisee ceases to operate the SCOOTER'S COFFEE Store or otherwise abandons the SCOOTER'S COFFEE Store for a period of five consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the SCOOTER'S COFFEE Store;

C. **Insolvency; Bankruptcy**. If the Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by the Franchisee, or by others against the Franchisee under any insolvency, bankruptcy or reorganization act, (this provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.), or if the Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by the Franchisee;

D. **Unsatisfied Judgments; Levy; Foreclosure**. If any material judgment (or several judgments which in the aggregate are material) is obtained against the Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against the Franchisee's business or any of the property used in the operation of the SCOOTER'S COFFEE Store and is not discharged within five days; or if the real or personal property of the Franchisee's business shall be sold after levy thereupon by any sheriff, marshal or constable;

E. **Criminal Offense or Other Conduct**. If the Franchisee or any of its officers, directors, the Designated Manager or any Principal Owner is convicted of or pleads guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime, offense or conduct that Franchisor reasonably believes will injure the System, Marks, or the associated goodwill and reputation thereof, or if Franchisor has proof that Franchisee or any such individual has committed such crime or offense or engaged in such conduct;

F. **Failure to Make Payments**. If the Franchisee fails to pay any amounts due the Franchisor or affiliates within 10 days after receiving notice that such fees or amounts are overdue;

G. **Misuse of Marks**. If the Franchisee misuses any of the Marks and fails to correct the misuse within 10 days after notification from the Franchisor, or such earlier period as Franchisor reasonably directs;

H. **Repeated Noncompliance**. If the Franchisee has received three notices of default from the Franchisor within a 12-month period, regardless of whether the defaults were cured by the Franchisee;

I. **Unauthorized Transfer**. If the Franchisee sells, transfers or otherwise assigns the franchise, an interest in the franchise or the Franchisee entity, this Agreement, the SCOOTER'S COFFEE Store or all or any of the assets of the SCOOTER'S COFFEE Store owned by the Franchisee without complying with the provisions of Article 16 above;

J. **Health or Safety Violations**. If Franchisee is found to be in violation of any applicable health, safety, sanitation or handicapped access laws, regulations or codes, by any governmental official, and fails to cure any such violation within 72 hours after receiving notice thereof;

K. **Deceptive Practices**. The Franchisee engages in any unauthorized business or practice or sells any unauthorized products or services under the Franchisor's Marks or under a name or mark which is confusingly similar to the Franchisor's Marks;

L. **Failure to Pay Taxes**. The Franchisee fails to pay any taxes in accordance with Section 10.1(E) above;

M. **Misrepresentations and Omissions**. If Franchisee intentionally under-reports Gross Sales, falsifies financial data, or otherwise commits an act of fraud with respect to the acquisition of a SCOOTER'S COFFEE franchise or its rights or obligations under this Agreement; or

N. **Default of Other Material Agreements**. If the Franchisee (i) loses the right to occupy the Store's premises because of a default under the Franchisee's lease, (ii) defaults under any other agreement related to use or operation of the Store and fails to cure such default under any applicable cure period, or (iii) defaults under the terms of any other franchise agreement or other agreement between Franchisor and Franchisee (or an affiliate of Franchisee) and fails to cure such default under any applicable cure period.

18.2 Termination by Franchisor - Thirty Days' Notice. The Franchisor shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days' written notice to the Franchisee, if the Franchisee breaches any other provision of this Agreement, including if the Franchisee fails to comply with the Operations Manual, and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to the Franchisee. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and the Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, as determined by Franchisor, the Franchisor may give Franchisee an additional reasonable period of time to cure the same, and this Agreement shall not terminate.

18.3 Right to Purchase. If this Agreement expires or is terminated for any reason, the Franchisor has the option, upon 60 days' written notice from the date of expiration or termination, to purchase from the Franchisee all of the tangible and intangible assets relating to the Franchisee's SCOOTER'S COFFEE Store (excluding any unsalable inventory, cash, short-term investments and accounts receivable)

(collectively, the "**Purchased Assets**") and to obtain an assignment of your lease for (1) the Franchised Location (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the SCOOTER'S COFFEE Store. The Franchisor may assign this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the SCOOTER'S COFFEE Store will be the "**Book Value**" (as defined below) of the Purchased Assets. "**Book Value**" means the net book value of the Purchased Assets, as disclosed in the financial and accounting reports Franchisee provided to Franchisor under Section 15.1 before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a"**straight-line**" basis without provision for salvage value; (2) Franchisor may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and Franchisor may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If Franchisor is not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, an appraiser designated by Franchisor will determine the Book Value. Franchisor and Franchisee will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than 60 days after the Franchisor delivers notice of its election to purchase the SCOOTER'S COFFEE Store, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed 60 days, after the results of the audit are made available. At the closing, Franchisee will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee and such other documents Franchisor may reasonably request to permit it to operate the SCOOTER'S COFFEE Store without interruption. Franchisor may set off against and reduce the purchase price by all amounts Franchisee owes to Franchisor or any of its affiliates. If Franchisor exercises its option to purchase, Franchisor may, pending the closing, appoint a manager to maintain operation of the SCOOTER'S COFFEE Store.

The Franchisor and the Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by the Franchisor, in the real property records and the Franchisor and the Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

If the Franchisor does not exercise the Franchisor's right to purchase the Franchisee's SCOOTER'S COFFEE Store as described above, the Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of its SCOOTER'S COFFEE Store; provided, however, that all appearances of the Marks are first removed in a manner approved in writing by the Franchisor. The Franchisor will only be obligated to purchase any assets of the SCOOTER'S COFFEE Store in the event and to the extent it is required by applicable state or federal law.

18.4 **Obligations of Franchisee Upon Termination or Expiration**. The Franchisee is obligated upon termination or expiration of this Agreement to immediately:

A. Pay to the Franchisor all Royalties, Marketing Contributions, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement between the parties;

B. Cease to identify itself as a SCOOTER'S COFFEE franchisee or publicly identify itself as a former Franchisee or use any Marks, trade secrets, signs, symbols, devices, trade names, or other materials of the Franchisor;

C. Cease to identify the Franchised Location as being, or having been, associated with the Franchisor, de-identify the premises of the Franchised Location as required by Franchisor, and immediately cease using any proprietary mark of the Franchisor or any mark in any way associated with the Marks and System;

D. Deliver to the Franchisor all signs, sign-faces, advertising materials, forms and other materials bearing any of the Marks or otherwise identified with the Franchisor and obtained by and in connection with this Agreement;

E. Deliver to the Franchisor the Operations Manual and all other information, documents and copies thereof which are proprietary to the Franchisor;

F. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which are under the exclusive control of the Franchisor or, at the option of the Franchisor, assign the same to the Franchisor;

G. Notify the telephone company and all telephone directory publishers of the termination or expiration of the Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize the transfer thereof to the Franchisor or its designee. The Franchisee acknowledges that, as between the Franchisee and the Franchisor, the Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers and directory listings associated with any Mark. The Franchisee authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the Franchisee's attorney-in-fact, to direct the telephone company and all telephone directory publishers to transfer any telephone, telecopy or facsimile machine numbers and directory listings relating to the SCOOTER'S COFFEE Store to the Franchisor or its designee, should the Franchisee fail or refuse to do so, and the telephone company and all telephone directory publishers may accept such direction or this Agreement as conclusive of the Franchisor's exclusive rights in such telephone numbers and directory listings and the Franchisor's authority to direct their transfer;

H. Comply with all post-termination obligations under the Software Access Agreement, including the return of all materials relating to the Proprietary Software; and

I. Abide by all restrictive covenants described in Article 20 of this Agreement.

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

18.5 **Acknowledgement**. In the event this Agreement is terminated by the Franchisor prior to its expiration as described in Sections 18.1 or 18.2 above, the Franchisee acknowledges and agrees that, in addition to all other available remedies, the Franchisor shall have the right to recover lost future Royalties during any period in which the Franchisee fails to pay such Royalties through and including the remainder of the then current term of this Agreement.

18.6 **State and Federal Law**. The parties acknowledge that in the event that the terms of this Agreement regarding termination or expiration are inconsistent with applicable state or federal law, such law shall govern the Franchisee's rights regarding termination or expiration of this Agreement.

19. BUSINESS RELATIONSHIP

19.1 **Independent Contractor**. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee shall be an independent contractor;

and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose. Further, neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. At all times during the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

19.2 Payment of Third Party Obligations. The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon the Franchisee, the Franchisee's property, the SCOOTER'S COFFEE Store or upon the Franchisor in connection with the sales made or business conducted by the Franchisee (except any taxes the Franchisor is required by law to collect from the Franchisee with respect to purchases from the Franchisor).

19.3 Indemnification. The Franchisee shall at all times defend, indemnify, and hold harmless to the fullest extent permitted by law the Franchisor, its subsidiaries, affiliates, successors and assigns, and their respective shareholders, directors, officers, employees, agents, and representatives, and all others (the "**Indemnified Parties**") against, and to reimburse them for all losses, expenses and fines incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry, or any settlement thereof which arises out of or is based upon or related to this Agreement, the operation of Franchisee's SCOOTER'S COFFEE Store, the activities conducted under this Agreement, the Franchisee's or Franchisee's employees' actions or inactions, or the Franchisee's failure to comply with any applicable laws or regulation, including all food safety and menu labeling laws. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including reasonable accountants', attorneys' and expert-witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1 Non-Competition During Term. The Franchisee acknowledges that, in addition to the license of the Marks hereunder, the Franchisor has also licensed commercially valuable information which comprises and is a part of the System, including operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all the franchisees of the Franchisor using the Marks and System. The Franchisee therefore agrees that other than in connection with the SCOOTER'S COFFEE Store licensed herein, neither the Franchisee nor any of the Franchisee's officers, directors, shareholders, members, or partners, nor any spouse of the Franchisee or any of these individuals shall, during the term of this Agreement:

A. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "**Competitive Business**" as defined below;

B. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or

C. divert or attempt to divert any business related to, or any customer or account of, the SCOOTER'S COFFEE Store, the Franchisor's business or any other SCOOTER'S COFFEEHOUSE, SCOOTER'S COFFEE, SCOOTER'S COFFEE & YOGURT or SCOOTERS JAVA EXPRESS franchisee's business, by direct inducement or otherwise, or diverting or

attempting to divert the employment of any employee of the Franchisor or another franchisee licensed by the Franchisor to use the Marks and System, to any Competitive Business by any direct inducement or otherwise. Franchisee shall be liable to Franchisor for any breach of this covenant by Franchisee, or its officers, directors, shareholders, or partners, or any spouse of the Franchisee or any of the aforementioned individuals.

The term "**Competitive Business**" as used in this Agreement shall mean any business operating, or granting franchises or licenses to others to operate, a food service business deriving more than 20% of its gross receipts from the sale of espresso-based drinks, specialty coffee, or smoothies; provided, however, the Franchisee shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

20.2 **Post-Termination Covenant Not to Compete**. Upon termination or expiration of this Agreement for any reason or the transfer by Franchisee of its rights under this Agreement, and for a period of 2 years commencing on the effective date of such termination, expiration or transfer, or the date on which the Franchisee or individual begins to comply with this Section, whichever is later, neither the Franchisee nor any of its Principal Owners, officers, directors, shareholders, partners or members shall have any direct or indirect interest (through a spouse of the Franchisee or any of these named individuals or otherwise), as an owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business located or operating within a 10 mile radius of the former Franchised Location or within a 10 mile radius of any other SCOOTER'S COFFEE Store in operation at the time of termination, expiration or transfer. The restrictions of this Section 20.2 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. The Franchisee and its Principal Owners, officers, directors, shareholders, partners and members expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, the Franchisee acknowledges that enforcement of the covenants made in this Section 20.2 will not deprive them of their personal goodwill or ability to earn a living.

20.3 **Confidentiality of Proprietary Information**. The Franchisee shall treat all information it receives which comprises or is a part of the System licensed hereunder as proprietary and confidential and will not use such information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor's written consent. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain confidential information in limited circumstances, as specified in the Operations Manual. The Franchisee acknowledges that the Marks and the System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Marks and System will result in irreparable harm to the Franchisor.

20.4 **Confidentiality/Noncompete Agreement**. The Franchisee agrees to cause each of its officers, directors, partners, shareholders, members and Designated Manager, and, if applicable, the spouse of the Franchisee and any of the aforementioned individuals, to execute a confidentiality agreement or a nondisclosure and noncompetition agreement containing one or more of the above restrictions, in a form the Franchisor directs.

21. INSURANCE

21.1 **Insurance Coverage**. The Franchisee shall procure at least 30 days before opening the Store, and thereafter throughout the term of this Agreement, maintain and provide evidence of insurance for the Store and its equipment and operations, of the types, in the amounts, and with such terms and conditions as the Franchisor may from time to time reasonably prescribe. Such insurance is in addition to any other

insurance that may be required by applicable law, your landlord, or otherwise. The minimum initial insurance requirements, which shall be effective from the time of execution of this Agreement until modified as provided in this Article 21, are as follows:

A. Commercial general liability insurance (including bodily injury, property damage, products, completed operations', independent contractors', and advertising liability coverage) on an occurrence basis which provides minimum single limit protection of One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate;

B. Property and casualty insurance coverage insuring Franchisee's inventory, equipment, construction of Franchisee's improvements, and Franchisee's completed Store for the full replacement value;

C. Workers' compensation, employer's liability and such other insurance to meet the greater of all applicable legal requirements of the state where Franchisee operates the Franchised Business or the then-current minimum levels of coverage as the Franchisor periodically requires;

D. Employment practices liability insurance in such amounts as Franchisor periodically may require;

E. Automobile liability insurance to cover all owned, non-owned, and hired vehicles in the amount of one million dollars ($1,000,000) combined single limit; and

F. Cyber security and data privacy insurance in such amounts as Franchisor periodically may require.

All policies and certificates must name Franchisor and its officers, directors, partners, members, affiliates, subsidiaries and employees as additional insured parties of all of the policies. The Franchisor reserves the right to require the Franchisee to obtain insurance from a designated carrier.

21.2 Proof of Insurance Coverage. At least 30 days prior to the time Franchisee must obtain any insurance, and thereafter at least 30 days prior to the expiration of any such policy and at such other times as Franchisor may reasonably request, Franchisee shall deliver to Franchisor, certificates of insurance, endorsements, insurance declarations and/or other documents requested by Franchisor, evidencing the proper coverage with limits not less than those required by Franchisor. All certificates shall expressly provide that no less than 30 days' prior written notice shall be given Franchisor in the event of material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. If Franchisee fails to obtain the required insurance or to provide evidence reasonably satisfactory to Franchisor of the insurance policies required by this Agreement, Franchisor shall obtain such required policies on Franchisee's behalf, and Franchisee agrees that it will promptly reimburse Franchisor for all costs related to obtaining such policies upon notice from Franchisor.

21.3 Modification of Insurance Requirements. The Franchisor has the right to change the minimum amount of insurance the Franchisee is required to maintain at any time.

21.4 Noncompliance. Noncompliance with the insurance provisions stated herein shall be deemed a material breach of this Agreement; and in the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor shall have the right to demand that the Franchisee cease operations of the SCOOTER'S COFFEE Store until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to the Franchisee.

22. ARBITRATION

22.1 **Arbitration**. Except for controversies, disputes or claims related to or based on the Marks, the enforcement of covenants not to compete or any lease of real estate, all controversies, disputes or claims between Franchisor, its subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their representative capacity) and the Franchisee (and its Principal Owners and other owners, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements; or (4) any System standard shall be submitted for binding arbitration to the Omaha, Nebraska, Office of the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in Omaha, Nebraska, and shall be heard by one arbitrator in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association, or the rule of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision.

The arbitrator will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award or include in the award any relief the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys' fees and costs, consistent with Section 22.5 below, provided that the arbitrator shall not award exemplary or punitive damages. The decision of the arbitrator will be final and binding on all parties; provided, however, the arbitrator may not under any circumstances: 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 set by Franchisor. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any applicable limitation on the period of time by which claims must be brought under applicable law or this Agreement, whichever is less. In connection with any such arbitration proceeding, each party shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Arbitration shall be conducted on an individual, not a class wide, basis and an arbitration proceeding between the Franchisor and the Franchisee shall not be consolidated with any other arbitration proceeding involving the Franchisor and any other person, corporation or partnership.

22.2 **Injunctive Relief**. Notwithstanding Sections 22.1 above, the Franchisee recognizes that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all other SCOOTER'S COFFEE® franchisees. Therefore, if the Franchisee breaches or threatens to breach any of the terms of this Agreement, the Franchisor will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator.

22.3 **Governing Law/Consent to Jurisdiction**. All disputes to be arbitrated by Franchisor and Franchisee shall be governed by the Federal Arbitration Act and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Federal Arbitration Act or other federal law, this Agreement shall be interpreted under the laws of the state of Nebraska and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Nebraska, which laws shall prevail in the event of any conflict of law. The parties agree that the Nebraska Franchise Practices Act or any other state law or regulation applicable

to the offer or sale of franchises or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. The Franchisee and the Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any arbitration or legal proceeding involving the Franchisee, its employees, officers or directors (collectively, "**Franchisee Affiliates**") and the Franchisor, its employees, officers, or directors (collectively, "**Franchisor Affiliates**") the exclusive venue for disputes between them shall be in the state and federal courts of Nebraska or the Omaha, Nebraska, office of the American Arbitration Association and each party shall waive any objection either may have to the personal jurisdiction of or venue in the state and federal courts of Nebraska or the Omaha, Nebraska, office of the American Arbitration Association. Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury.

22.4 **Waiver of Damages**. FRANCHISEE, FRANCHISOR AND THEIR RESPECTIVE AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

22.5 **Attorney Fees**. The nonprevailing party will pay all costs and expenses, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

23. MISCELLANEOUS PROVISIONS

23.1 **Modification**. The Franchisor and/or the Franchisee may modify this Agreement only upon execution of a written agreement between the two parties. The Franchisee acknowledges that the Franchisor may modify its standards and specifications and operating and marketing techniques described in the Operations Manual unilaterally and to the extent to which the Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the System.

23.2 **Entire Agreement; Construction**. The exhibit(s) to this Agreement, and that certain Acknowledgment Agreement signed contemporaneously by the Franchisee are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between the Franchisee and the Franchisor relating to the subject matter of this Agreement. No modifications of this Agreement shall be effective except those in writing and signed by both parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations the Franchisor made in the franchise disclosure document that it furnished to Franchisee.

23.3 **Delegation by the Franchisor**. From time to time, the Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of the Franchisor or Area Representatives or independent contractors which the Franchisor has contracted with to provide such services. The Franchisee agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations hereunder.

23.4 **Effective Date**. This Agreement shall not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer of the Franchisor.

23.5 **No Waiver**. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Franchisee shall be considered to imply or constitute a further waiver by the Franchisor or the Franchisee of the same or any other condition, covenant, right, or remedy. Franchisor's subsequent acceptance of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms or conditions of this Agreement.

23.6 **No Right to Set Off**. The Franchisee shall not be allowed to set off amounts owed to Franchisor for Royalties, fees or other amounts due hereunder, against any monies owed to Franchisee, which right of set off is hereby expressly waived by the Franchisee.

23.7 **Invalidity**. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such invalidity or modification.

23.8 **Notices**. All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be delivered by hand, sent by a recognized overnight delivery service or by registered U.S. Mail, or by other means which provides the sender with evidence of delivery, or of rejected delivery, and addressed to the party to be notified at the address stated herein or at such other address as may have been designated in writing to the other party. Any notice by a means which provides the sender with evidence of delivery, or rejected delivery, will be deemed to have been given at the date and time of receipt or rejected delivery.

23.9 **Franchisor Business Judgment.** The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

A. Franchisor's Rights. Whenever this Agreement provides that the Franchisor has a certain right, that right is absolute and the parties intend that the Franchisor's exercise of that right will not be subject to any limitation or review. The Franchisor has the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

B. Franchisor's Reasonable Business Judgment. Whenever the Franchisor reserves discretion in a particular area or where the Franchisor agrees or is required to exercise its rights reasonably or in good faith, the Franchisor will satisfy its obligations whenever it exercises "**reasonable business judgment**" in making its decision or exercising its rights. A decision or action by the Franchisor will be deemed to be the result of "**reasonable business judgment**," even if other reasonable or even arguably preferable alternatives are available, if the Franchisor's decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of the Franchisor's individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither the Franchisee nor any third party (including a trier of fact) will substitute their judgment for the Franchisor's reasonable business judgment.

23.10 **Notice of Potential Profits.** The Franchisor advises Franchisee that Franchisor and/or its affiliates periodically may make available to Franchisee goods, products and/or services for use in the SCOOTER'S COFFEE Store, on the sale of which the Franchisor and/or its affiliates may make a profit. Franchisor further advises Franchisee that Franchisor and its affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to Franchisee or in consideration for services provided or rights licensed to such persons. Franchisee agrees that Franchisor and its affiliates will be entitled to such profits and consideration.

23.11 **Force Majeure.** If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach

of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

23.12 Acknowledgements.

A. Success of Franchised Business. The success of the business venture the Franchisee intends to undertake under this Agreement is speculative and depends, to a large extent, upon the Franchisee's (or the Principal Owner's) ability as an independent businessman, and the Franchisee's active participation in the daily affairs of the Store as well as other factors. The Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. The Franchisee acknowledges that he/she has entered into this Agreement after making an independent investigation of the Franchisor's operations and not upon any representation as to gross revenues, volume, potential earnings or profits which the Franchisee might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce the Franchisee to accept this franchise and sign this Agreement.

C. Receipt of Documents. The Franchisee represents that he/she has read this Agreement in its entirety and that he/she has been given the opportunity to clarify any provisions that the Franchisee did not understand and to consult with any attorney or other professional advisor. The Franchisee further represents that he/she understands the provisions of this Agreement and agrees to be bound.

D. Review of Agreement. The Franchisee acknowledges that it had a copy of the Franchisor's Franchise Disclosure Document and this Agreement in its possession for a period of time not less than fourteen (14) calendar days, during which time the Franchisee has had the opportunity to submit same for professional review and advice of the Franchisee's choosing prior to freely executing this Agreement.

The parties have executed this Agreement as of the date first stated above.

SCOOTER'S COFFEE, LLC		**FRANCHISEE**	
By:	_____	By:	_____
Name:	_____	Name:	_____
Title:	_____	Title:	_____
Date:	_____	Date:	_____

EXHIBIT 1
TO FRANCHISE AGREEMENT

ADDENDUM TO SCOOTER'S COFFEE, LLC
FRANCHISE AGREEMENT

1. **Franchised Location**. The Franchised Location stated in Section 3.1 of the Agreement shall be: _____;

OR

If the Franchised Location is not determined as of the date of the Agreement, then the Designated Area, referred to in Section 3.1 of the Agreement, within which the Franchisee shall, within 60 days from the date hereof, select and propose to the Franchisor for the Franchisor's consent a Franchised Location, is as follows: _____.

By execution hereof, the Franchisor approves the above-stated Franchised Location, or the Designated Area for the Franchised Location, and the Franchisee acknowledges and warrants that (1) the Franchisor's consent does not constitute a guarantee, recommendation or endorsement of the Franchised Location or Designated Area and that the success of the SCOOTER'S COFFEE Store to be operated from the Franchised Location is dependent upon the Franchisee's abilities as an independent businessperson; and, if the Franchised Location is designated, (2) that Franchisor has complied with its obligations under the Agreement to assist the Franchisee by providing site selection criteria for the Franchised Location.

2. **Initial Franchise Fee**. The Initial Franchise Fee in Section 4.1 of the Agreement is $_____.

3. **Training**. The following individual(s) shall attend the Franchisor's initial training program, as described in Section 6.1 of the Agreement: _____, and, of these individual(s), the Designated Manager shall be _____.

4. **Construction**. In all other respects, the Franchise Agreement will remain in full force and effect.

SCOOTER'S COFFEE, LLC		**FRANCHISEE**	
By:	_____	By:	_____
Name:	_____	Name:	_____
Title:	_____	Title:	_____
Date:	_____	Date:	_____

EXHIBIT 1-A
TO FRANCHISE AGREEMENT

RIDER TO EXHIBIT 1
TO FRANCHISE AGREEMENT:
FRANCHISED LOCATION CONSENT
DATED_____

1. **Franchised Location**. The Franchised Location stated in Section 3.1 of the Agreement shall be _____. By execution hereof, the Franchisor consents to the above-stated Franchised Location and the Franchisee acknowledges and warrants that (1) the Franchisor's consent does not constitute a guarantee, recommendation or endorsement of the Franchised Location and that the success of the SCOOTER'S COFFEE Store to be operated at the Franchised Location is dependent on the Franchisee's abilities as an independent businessperson; and (2) that the Franchisor has complied with its obligations under the Agreement to assist the Franchisee by providing site selection criteria for the Franchised Location and determination of fulfillment of the requisite criteria for the Franchised Location.

2. **Notices**. The business address for any notices mailed pursuant to Section 23.8 of the Agreement shall be changed to read as follows: _____.

3. **Ratification**. To the extent not amended herein, all other terms and conditions of the Franchise Agreement and Addendum shall remain in full force and effect as stated.

SCOOTER'S COFFEE, LLC		**FRANCHISEE**	
By:	_____	By:	_____
Name:	_____	Name:	_____
Title:	_____	Title:	_____
Date:	_____	Date:	_____

EXHIBIT 2
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership

(Check One)

_____ Individual	_____ Partnership	_____ Corporation	_____ Limited Liability Company

In the space below, provide the name and address of each partner, if Franchisee is a Partnership, and state (1) the percentage owned, (2) whether such partner is active in management, and (3) the state in which the partnership was formed.

If Franchisee is a Corporation or Limited Liability Company, (1) give the state and date of incorporation or organization, (2) state the names and addresses of each officer and director or manager, and (3) list the names and addresses of every shareholder or member, showing the percentage of stock or interest owned by each.

Also provide below the address where the Franchisee's financial records, and partnership, corporate or company records, as applicable, are maintained (Store location will be deemed to be the address unless otherwise stated below):

Franchisee is a _____ formed in the State of _____ on _____, and it is located at _____. Franchisee is an individual(s) residing at _____. It is owned by the following members:

Name	Percentage Ownership
_____	_____%

Franchisee acknowledges that this Statement of Ownership applies to the SCOOTER'S COFFEE Store authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information during the term of the Franchise Agreement must be reported to the Franchisor in writing.

_____ _____

Date

EXHIBIT 3
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by Scooter's Coffee, LLC ("**Franchisor**"), each of the undersigned (jointly and several referred to as "**Guarantor**") hereby personally and unconditionally:

a. Guarantees to the Franchisor, and its successors and assigns, payment and performance of all debts, obligations, undertakings, agreements, and covenants ("**Obligations**") of the Franchisee, as that term is defined in the Agreement, in favor of the Franchisor, whether existing now or hereafter arising, including the restrictive covenants in Article 20, the indemnification obligations in Section 19.3 and the arbitration-related provisions in Section 22.1 of the Agreement; and

b. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each Guarantor waives the following:

1. Acceptance and notice of acceptance by the Franchisor of the foregoing undertaking;

2. Notice of the creation, existence or maturity of any Obligations;

3. Notice of demand for payment or performance of any Obligations;

4. Notice of default, extension of time, protest, presentment, and notice of dishonor and diligence in collection with respect to the Obligations;

5. Any right he or she may have to require that any action be brought against the Franchisee or any other person as a condition of liability; and

6. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

1. His or her direct and immediate liability under this guaranty shall be joint and several;

2. He or she shall render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so;

3. Such liability shall not be contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person; and

4. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims or security, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement, including renewals thereof.

Notwithstanding anything to the contrary in this Guaranty, Guarantor hereby irrevocably waives all rights he may have at law or in equity (including any law subrogating the Guarantor to the rights of the Franchisor) to seek contribution, indemnification, or any other form of reimbursement from the Franchisee, any other guarantor, or any other person now or hereafter primarily or secondarily liable for any obligations of the Franchisee to Franchisor, for any disbursement made by the Guarantor under or in connection with this Guaranty or otherwise.

This Guaranty is continuing and covers all Obligations, whether such Obligations now exists or arises hereafter, regardless whether at any point in time the Obligations to the Franchisor may be paid in full or otherwise extinguished.

Guarantor acknowledges and agrees that this Guaranty may be revoked only by a writing signed by all parties hereto and that any such revocation shall be effective only as to any Obligations incurred after the effective date of the revocation.

Guarantor hereby agrees to indemnify and hold Franchisor harmless from and against any liability asserted against Franchisor based upon any claim or legal action filed against Franchisor based in whole or part upon a claim under 11 U.S.C. §547(b) or 11 U.S.C. §550 resulting from or connected with this Guaranty.

The provisions of Articles 22 and 23 of the Agreement will apply as to any interpretation or enforcement of this Guaranty, and the provisions of Section 23.8 of the Agreement will apply to any notice to either party, except that notice to Guarantors will be provided at the following alternative address (if applicable): _____. If no address is provided, any notice to Guarantors will be sent to the address designated in Section 23.8 of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

WITNESS	**GUARANTOR(S)**
_____	_____
Name: _____	Name: _____
Date: _____	Date: _____

EXHIBIT 4
TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS (DIRECT DEBITS)

The undersigned depositor ("**Depositor**") hereby (1) authorizes Scooter's Coffee, LLC ("**Company**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions.

Depository	Branch
City	State / Zip Code
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____
DEPOSITOR (Print Name)

By:_____
Its:_____
Date: _____

EXHIBIT 5
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

THIS LEASE ADDENDUM ("**Addendum**") is made as of this _____ day of _____, 20_____, by and between _____, a _____ ("**Tenant**"), and _____**,** a _____, ("**Landlord**").

Landlord and Tenant are parties to that certain Lease of even date (the "**Lease**") covering the premises located at _____, which Tenant will construct, or have constructed by Landlord, and thereafter operate a SCOOTER'S COFFEE® store (the "**Store**") under a Franchise Agreement between Tenant and SCOOTER'S COFFEE, LLC ("**Franchisor**"). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

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

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for a SCOOTER'S COFFEE® store and Tenant may offer for sale and sell at the premises only those espresso drinks, smoothies, baked goods, and other related products and services, which Franchisor approves.

2. Notice of Default. Landlord will provide Franchisor, by certified US mail or a recognized overnight delivery service at the address provided in Section 12 below, a minimum 30 day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

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

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

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant's rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor's written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Store at reasonable times on not less than 24 hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Store for compliance with Franchisor's requirements, to

remove from the Store any items bearing Franchisor's marks or logos or to take other action permissible under the Franchise Agreement between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items or elsewhere in or about the Store.

7. Franchisor Rights Following Assignment. In the event of an assignment of the Lease from Tenant to Franchisor, Landlord agrees that after such assignment Franchisor may (i) enter into a sublease or assignment with any SCOOTER'S COFFEE Store franchisee without Landlord's further consent, or (ii) further assign the Lease to a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord. Landlord further agrees that upon the occurrence of any such assignment, Franchisor will have no further liability or obligation under the Lease as, tenant or otherwise, and that concurrent with such assignment, Landlord will enter into a replacement Lease Addendum by and between Franchisor and the new tenant.

8. Amendment, Extension or Renewal. Tenant and Landlord agree not to allow any surrender, amendment, modification or termination of the Lease without the prior written consent of Franchisor. Throughout the term of the Lease, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day such option must be exercised, unless Franchisor otherwise agrees in writing. Upon Franchisor's failure otherwise to agree in writing, and upon the failure of Tenant to elect to extend or renew the Lease, Tenant hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such extension or renewal option in the name, place and stead of Tenant for the sole purpose of effecting such extension or renewal.

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

10. Benefit. Landlord and Tenant acknowledge that they have entered into this Addendum for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

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

12. Notices. All notices to Franchisor required hereunder will be made in writing and will be deemed to be given three business days following deposit in the U.S. certified mail, postage prepaid, return receipt requested or one business day following delivery to Federal Express or similar overnight courier for delivery to:

Scooter's Coffee, LLC
10500 Sapp Bros. Drive
Omaha, Nebraska 68138

The parties hereto have signed this Addendum on the day and year first above written.

LANDLORD:

By: _____
Its: _____
Date: _____

TENANT:

By: _____
Its: _____
Date: _____

EXHIBIT 6
TO FRANCHISE AGREEMENT

SOFTWARE ACCESS AGREEMENT

THIS SOFTWARE ACCESS AGREEMENT (this "**Agreement**"), between Scooter's Coffee, LLC ("**Franchisor**"), and _____ ("**Franchisee**"), is effective as of _____, 20__ (the "**Effective Date**").

BACKGROUND

A. Franchisor and Franchisee have entered into a Scooter's Coffee® franchise agreement (the "**Franchise Agreement**") under which Franchisee will operate a Scooter's Coffee® store at a designated site (the "**Franchised Business**"). Under the Franchise Agreement, Franchisee must use the software designated by Franchisor in operating the Franchised Business.

B. Franchisor owns or has licensed from third parties proprietary or customized software, including the proprietary "Power BI" dashboard reporting software (the "**Software**"), which Software is used in point-of-sale cash registers and back-office computers to track, analyze and report sales and inventory, and provide other operational information for franchisees to use in operating Scooter's Coffee® franchised businesses.

C. Franchisor agrees to grant Franchisee a license to use the Software at the Franchised Business under the terms stated below.

AGREEMENT

In consideration of the foregoing and the agreements stated below, the parties agree as follows:

1. ACCESS TO SOFTWARE

Franchisor grants to Franchisee a non-transferable and non-exclusive right to use the Software solely in connection with the operation and management of the Franchised Business.

2. RESTRICTIONS ON USE

A. General Obligations. Franchisee agrees to fully comply with each of the provisions of this Agreement, including those additional obligations and restrictions described on Exhibit A attached hereto.

B. Limitations on Use. Franchisee may use the Software only as permitted under the terms of this Agreement. Franchisee cannot use the Software for any other use, including copying or reproduction; processing of data arising other than from the internal operations of the Franchised Business; disassembling, reverse engineering, or accessing the source code of the Software; publication or disclosure; license, sublicense or re-license; alteration; or unauthorized assignment or transfer. Franchisee will use its best efforts to protect the Software at all times from any unauthorized use.

C. Restriction on Multiple Locations. This Agreement applies only to the authorized Franchised Business location. If Franchisee operates more than one Scooter's Coffee® franchised business, Franchisee and Franchisor must enter into a separate software license agreement for each franchised business location.

3. HOSTING SERVICE

A. Connectivity. Franchisee must provide connectivity, either Internet–based or private connection, from Franchisee's site with sufficient bandwidth to meet Franchisee's use demands. Franchisee will comply with Franchisor's minimum hardware and software requirements, as disclosed and periodically updated in Franchisor's confidential franchise operations manuals.

B. Security. Franchisor will administer the distribution and assignment of logon identities and passwords for each user in Franchisee's organization. Franchisee is responsible for keeping and maintaining the security of the passwords. Franchisee must comply with all then-current PCI requirements concerning payment card processing. Franchisee also must ensure the security, integrity and confidentiality of all of Franchisee's data. Franchisor will not be responsible for unauthorized access to Franchisee's data that results from Franchisee's failure to keep secure the assigned passwords.

4. PAYMENT

A. Monthly Support Fee. Franchisee will pay Franchisor a reasonable monthly software support fee (the "**Support Fee**") for the support and maintenance services described herein and for accessing the Software. Franchisor may automatically deduct the Support Fee from Franchisee's checking account through ACH on the first of each month or notify the Franchisee in writing of an alternative method of payment. Franchisee is responsible for any sales, excise, use or value-added taxes applicable to the Software or this Agreement. Franchisor reserves the right to periodically increase the Support Fee by a reasonable amount to reflect Franchisor's increased costs of providing services (including those provided by third parties) and Software access under this Agreement.

B. Hardware and Third-Party Software Fees. Franchisee is responsible for purchasing and obtaining all hardware as Franchisor designates for use with the Software.

5. SUPPORT AND MAINTENANCE

A. Franchisor Support Services. Franchisor will provide the following services to Franchisee during the term of this Agreement: help desk support to answer questions related to functionality of the Software; correcting identifiable and reproducible program errors in the Software; and providing major upgrades of the Software that are made generally available by Franchisor. Help desk services are not a substitute for training or consulting services. Training documentation is provided for Franchisee to train its own employees.

B. Software Updates. Franchisor may, in its sole discretion, periodically release updates, modifications and enhancements respecting the Software. Franchisee will install any fixes, updates, modifications or enhancements which Franchisor designates as mandatory. Franchisor may charge a reasonable fee for its services, including any services or expenses relating to updates, modifications, and enhancements to the Software which it elects to release.

6. CONFIDENTIALITY

A. Confidential Information. Franchisee acknowledges and agrees that all provisions in the Franchise Agreement respecting confidential information will apply to this Agreement.

B. Customer Data. Franchisee acknowledges and agrees that all provisions in the Franchise Agreement respecting customer data will apply to this Agreement.

7. INDEMNIFICATION FOR THIRD PARTY INFRINGEMENT CLAIMS

A. Indemnification of Franchisee for Software. Franchisor does not have actual knowledge of any claim that the Software infringes upon a third party's patent, copyright or other proprietary right. If a third party asserts such an infringement claim against Franchisee, Franchisee will immediately notify Franchisor in writing. Franchisor will have the right (but not the obligation) to defend any such claim, at Franchisor's expense, and Franchisee will cooperate with Franchisor with respect to such defense. In the event of any such claim, Franchisee will, at Franchisor's direction, immediately discontinue using the Software. Franchisor will either modify the Software so as to make it non-infringing, replace the Software with such other non-infringing software as Franchisor may furnish to Franchisee or discontinue using the Software without compensation to Franchisee. Franchisor will not be liable to Franchisee if an infringement claim is based on Franchisee's unauthorized use or modification of the Software.

B. Franchisee Indemnification of Franchisor. In addition to Franchisee's indemnification obligations under the Franchise Agreement, Franchisee will hold harmless, indemnify and defend Franchisor against all claims and will pay all costs, damages and reasonable attorneys' fees, arising out of or resulting from Franchisee's failure to comply with all applicable terms of this Agreement.

8. WARRANTY DISCLAIMER

FRANCHISOR DISCLAIMS ALL WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING NON-INFRINGEMENT (EXCEPT AS PROVIDED IN SECTION 7(A) ABOVE), MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. FRANCHISOR DOES NOT WARRANT THAT THE SOFTWARE IS ERROR-FREE OR THAT USE OF THE SOFTWARE WILL BE FREE FROM MINOR INTERRUPTIONS.

9. LIMITATION ON DAMAGES

THE LIABILITY OF FRANCHISOR TO FRANCHISEE WILL NOT EXCEED THE AMOUNTS FRANCHISEE PAYS TO FRANCHISOR UNDER THIS AGREEMENT. NEITHER FRANCHISOR NOR ANY OF ITS OFFICERS, DIRECTORS, AGENTS, AFFILIATES OR REPRESENTATIVES WILL BE LIABLE TO FRANCHISEE FOR INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) RELATED TO THIS AGREEMENT OR RESULTING FROM FRANCHISEE'S USE OR INABILITY TO USE THE SOFTWARE, THAT ARISE FROM ANY CAUSE OF ACTION, INCLUDING CONTRACT, WARRANTY, STRICT LIABILITY, OR NEGLIGENCE, EVEN IF FRANCHISOR HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

10. PROPRIETARY RIGHTS

Other than the access granted under this Agreement, no right, title or interest in all or any portion of the Software is conveyed or assigned to Franchisee, either expressly or by implication, under this Agreement, including any patents, copyrights, trade secrets, trademarks, trade names, or other intellectual property associated with the Software.

11. TERM AND TERMINATION

This Agreement commences on the Effective Date and continues until the current term of the Franchise Agreement terminates or expires, unless this Agreement is earlier terminated under this Section. Franchisor may terminate this Agreement: (1) immediately upon written notice to Franchisee if Franchisee violates Sections 2(A) or 6 above or if Franchisee makes an assignment for the benefit of creditors, or commences or has commenced against it any proceeding in bankruptcy, insolvency, or

reorganization pursuant to bankruptcy laws or laws of debtor's moratorium; (2) if Franchisee violates any provision of this Agreement and fails to cure such violation within thirty (30) days or such shorter time as Franchisor deems reasonably necessary to avoid termination of the Franchise Agreement; (3) Franchisee ceases to have the right to operate the Franchised Business; or (4) otherwise upon termination of the Franchise Agreement. In addition, Franchisor has the right to terminate this Agreement upon sixty (60) days' written notice to Franchisee if Franchisor intends to discontinue or replace the Software. Upon termination of this Agreement: (1) Franchisor agrees to provide Franchisee with access to the customer data; provided, Franchisee agrees not to use any customer data for any activity that would violate Franchisee's covenants or post-termination obligations stated in the Franchisee Agreement; and (2) Franchisee will immediately pay Franchisor all amounts due respecting the Software and immediately return to Franchisor all property relating to the Software and related Software documentation.

12. MISCELLANEOUS

A. This Agreement represents the entire agreement between the parties respecting this subject matter and supersedes all prior agreements, representations, negotiations and understandings between the parties. Franchisor and Franchisee acknowledge and agree that dispute resolution, governing law and venue will be governed in the same manner as under the corresponding provisions of the Franchise Agreement.

B. Franchisee understands that violation of any provisions of this Agreement may jeopardize Franchisor's and other franchisees' use of the Software, in addition to the possible termination of Franchisee's rights under this Agreement, and that Franchisor will be entitled to injunctive relief restraining such violation or a threatened violation without showing or proving any actual damage. In addition, Franchisee expressly acknowledges that a violation or default of the Franchise Agreement will constitute a default of this Agreement and any default of this Agreement will constitute a default of the Franchise Agreement. If Franchisee defaults under the Franchise Agreement, Franchisor may pursue all remedies available to it under this Agreement or the Franchise Agreement, including the right of termination.

C. All amendments to this Agreement must be in writing and signed by both parties.

D. If any provision of this Agreement is found by an arbitrator or a court of competent jurisdiction to be illegal or unenforceable, then the remaining provisions will remain in full force and effect.

E. Franchisor may assign all or any of its interests or obligations in this Agreement to any other person or entity. Franchisee may assign this Agreement only to its successor in interest under the terms of the Franchise Agreement.

F. Notices will be given to Franchisee at the address of the approved location of the Franchised Business. Notices to Franchisor will be given at 10500 Sapp Bros. Drive, Omaha, Nebraska 68138 or such other address as Franchisor may provide to Franchisee in writing. All notices will be deemed given as described in the Franchise Agreement.

The parties have signed this Agreement as of the date first written above.

FRANCHISOR:	**FRANCHISEE:**
Scooter's Coffee, LLC a Nebraska limited liability company	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT A

ADDITIONAL RESTRICTIONS ON USE OF SOFTWARE

With respect to third-party computer programs provided by Franchisor for use with the Software, Franchisee acknowledges that its right to use any such third-party software is specified on the license agreement provided by the appropriate licensor of such software.

Except as otherwise agreed to by Franchisor, no express or implied license or right of any kind is granted to Franchisee regarding the Software including any right to know, use, produce, receive, reproduce, copy, market, sell, distribute, transfer, translate, modify, or adapt the Software or related Software documentation (the "**Documentation**") or create derivative works based on the Software or Documentation or any portions thereof, or obtain possession of any source code or other technical material relating to the Software. The Software may not be used for commercial timesharing, service, business or other rental or sharing arrangements although it may be used by Franchisee as described in the attached Agreement. Franchisee will not decompile, reverse assemble, or otherwise reverse engineer the Software. Further, Franchisee will comply with all applicable laws in connection with the use of the Software.

Franchisee acknowledges and agrees that, except for Franchisee's license expressly described in this Agreement, Franchisee has no right, title and interest in the Software, in any form, or in any copies thereof, including all worldwide copyrights, trade secrets, patent rights and any other proprietary information and confidential information rights therein. In connection therewith, Franchisee agrees at all times to keep the Software free of all security interests, liens, encumbrances (other than licenses permitted hereunder), mortgages and claims, and Franchisee agrees that neither it nor anyone at its direction will file a financing statement, mortgage, notice of lien, deed of trust, security agreement or any other agreement or instrument creating or giving notice of an encumbrance or charge against the Software.

Franchisor will not be liable for any default or delay in the performance of its obligations hereunder: (i) if and to the extent that such default or delay arises out of causes beyond its reasonable control, including acts of God, acts of war, acts of governmental authority, acts of public energy, insurrection, earthquakes, fires, cable cuts, floods, terrorism, and riots (each, a "**Force Majeure Event**") and (ii) provided such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternative sources, work-around plans or other means. Upon the occurrence of a Force Majeure Event, Franchisor will be excused from further performance or observance of the obligation(s) affected so long as such circumstances caused by the Force Majeure Event prevail and Franchisor uses its reasonable efforts to promptly recommence performance or observance of such obligation(s).

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EXHIBIT C
(TO FRANCHISE DISCLOSURE DOCUMENT)

Multiple Store Development Agreement

MULTIPLE STORE
DEVELOPMENT AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made this _____ day of _____, 20_____, by and between _____, located at _____ ("**Developer**"), and **Scooter's Coffee, LLC**, a Nebraska corporation located at 10500 Sapp Bros. Drive, Omaha, Nebraska, 68138 ("**Franchisor**").

RECITALS

A. Franchisor is the owner and developer of a system for establishing, operating, and promoting quick service coffee stores offering drive-through, carry out and in-store seating service of espresso drinks, smoothies, baked goods, and other related products and services which are prepared in accordance with special methods and recipes ("**Stores**"). The Stores are operated under Franchisor's valuable trade names, service marks and trademarks, including the service mark "SCOOTER'S COFFEE" (the "**Marks**"), and pursuant to Franchisor's distinctive plan for the establishment, operation and promotion of Stores and related system for doing business ("**System**").

B. Developer would like to use Franchisor's System in connection with the development of a certain number of Stores in a specific geographical area as stated below. Franchisor desires to grant Developer the right to establish and operate such Stores under the terms and conditions stated below.

1. GRANT OF DEVELOPMENT RIGHTS

1.1. Subject to the provisions stated below, Franchisor grants to Developer the right to develop and establish Stores using the Marks pursuant to individual "SCOOTER'S COFFEE" franchise agreements (each a "**Franchise Agreement**") in the form then-currently used by Franchisor at the time of issuance. Developer's right to develop and establish Stores under this Agreement will be limited to the geographic area described in Exhibit A attached hereto (the "**Development Area**"). Such Stores shall be owned and operated by Developer, and Developer has no right to subfranchise or sublicense any such Stores.

1.2. Provided Developer is in full compliance with the terms of this Agreement and all obligations under each Franchise Agreement entered into between Developer and Franchisor then, during the term of this Agreement, and subject to Section 1.3 below, Franchisor will not grant a third party franchisee the right to operate any franchised Store using the Marks and System anywhere inside the Development Area, except for franchises granted to Developer.

1.3. Notwithstanding the above, Franchisor (and its affiliates) retains the right to:

a. operate (directly or through an affiliate) Stores at locations inside or outside the Development Area and grant third party franchisees the right to operate Stores at locations anywhere outside the Development Area;

b. promote, sell and distribute products and services authorized for sale at Stores under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

c. promote, sell and distribute products and services authorized for sale at Stores under the Marks through dissimilar channels of distribution, including by electronic means such as the Internet, by mail order, catalog, retail store display, through the wholesale sale of products to unrelated retail outlets or distributors, or to grocery stores, convenience stores, or locations other than through SCOOTER'S COFFEE Stores;

d. directly operate, or to grant other persons the right to operate Stores at non-traditional locations (as that term is defined below) located inside or outside the Development Area, provided Developer is unable to secure the right to operate a Store at the non-traditional location; and

e. to promote the System and Stores generally, including on the Internet (or any other existing or future form of one or more electronic commerce), and to create, operate, maintain and modify or discontinue the use of websites using the Marks.

For purposes of this Section 1.3, the term non-traditional location means and includes airports, hospitals, stadiums, train stations, malls, military bases, amusement parks and business atriums.

1.4. The parties acknowledge that the Franchise Agreement, attached hereto as Exhibit B is being executed concurrently with this Agreement (the "**Initial Franchise Agreement**"). Developer shall comply with the terms and conditions of the Initial Franchise Agreement as a part of its obligations hereunder, and Developer's failure to execute and comply with the Initial Franchise Agreement or any additional Franchise Agreement shall be a material breach of this Agreement.

2. FEES

2.1. For the rights described in Article 1 above, Developer will pay Franchisor a development fee (the "**Development Fee**") as follows:

a. Developer will pay a Development Fee equal to $5,000 for each Store (excluding Developer's first Store operated under the Initial Franchise Agreement) to be developed pursuant to Section 3.1 below;

b. The applicable Development Fee will be payable when Developer executes this Agreement, and is not refundable under any circumstances. That portion of the Development Fee attributable to the second and subsequent Stores to be developed under this Agreement will be credited against the Initial Franchise Fee due for such Stores under the respective Franchise Agreement.

c. Developer acknowledges and agrees that the payment of the Development Fee and the impact on the Initial Franchise Fees due respecting each respective Franchise Agreement does not impact, and Developer will remain obligated to pay, all other fees described in each such Franchise Agreement, including the "Initial Opening Support Fee" (as defined in the Franchise Agreement), Royalties and other fees.

3. DEVELOPMENT OBLIGATIONS

3.1. Developer agrees to develop the following number of Stores in the Development Area, in accordance with the following schedule:

Development Phase #	Date Franchise Agreement Signing Due	Completion Date	Number of New Stores Opened During Development Phase	Total Minimum Number of Stores Opened By End of Development Phase
#1	Signed concurrently with this Agreement			
#2				
#3				
#4				
#5				
#6				
#7				

Developer's rights under this Agreement are conditioned upon the active development of the Development Area. Developer agrees to open for business and thereafter maintain in operation within the Development Area at least the minimum number of Stores outlined above. If Developer fails to meet any of the development obligations outlined above, Franchisor may terminate this Agreement, as described in Section 4.2 below. In the event of an inconsistency between any deadline in the above chart and a development or opening deadline described in a Franchise Agreement signed under this Agreement, the deadline stated in this Section 3.1 will control.

3.2. Franchisor and Developer will sign a separate Franchise Agreement for each Store to be developed under this Agreement, provided Franchisor will be obligated to enter into a Franchise Agreement for the development of a Store only if, at the time Developer intends to enter into a Franchise Agreement for such Store: (i) Developer meets Franchisor's then-current standards and requirements for new franchisees; (ii) all amounts due and owning by Developer under or relating to the Initial Franchise Agreement and any other Franchise Agreements are paid in full and Developer is otherwise in good standing under such Franchise Agreements; and (iii) Developer is not in default of its obligations under this Agreement. Developer's failure to execute any additional Franchise Agreements on a timely basis or its default in any term of such Franchise Agreements may, at Franchisor's option, be deemed a material default under this Agreement and shall entitle Franchisor to terminate this Agreement as further provided in Article 4 below.

3.3. Developer shall not, without Franchisor's prior written consent, enter into any contract for the purchase or lease of any premises for use as a Store. The process by which Developer may obtain Franchisor's consent to the proposed location for any Store will be as further described in the Franchise Agreement.

3.4. Each Franchise Agreement that Developer will execute for each Store to be developed hereunder shall be Franchisor's then-current form franchise agreement offered to prospective franchisees, and Developer acknowledges that the terms of such franchise agreements may differ from the terms of the Initial Franchise Agreement attached hereto as Exhibit B. Developer acknowledges that Franchisor has the right to charge then current published rates for royalties, advertising fees, and optional products and services offered to Developer.

3.5. Developer may also request additional assistance from Franchisor in connection with site selection, site feasibility studies, lease negotiations and other issues related to the development of its Development Area. Developer agrees that, if Franchisor agrees to provide such assistance, Developer will pay

all travel, lodging, living expenses, telephone charges and other identifiable expenses incurred in connection with such assistance, plus an hourly fee based on time any of Franchisor's employees spend in connection with such assistance.

4. TERM AND TERMINATION

4.1. This Agreement shall commence as of the date of execution hereof and, subject to earlier termination as provided below, shall end on the last day of the last calendar month in the final Development Phase stated in Section 3.1 above. Following expiration or earlier termination of this Agreement as provided below, Developer's rights to develop and operate Stores in the Development Area will terminate and Franchisor shall have the right to establish, or license any other party, to establish Stores anywhere within the Development Area.

4.2. Except as described below, Franchisor terminate may this Agreement on 30 days' prior written notice (or such longer period as applicable law may require), such notice containing a right to cure the default, if applicable, in the event of any of the following:

a. If Developer violates any term or condition of this Agreement, including the failure to develop Stores in accordance with the schedule stated in Section 3.1 above; or

b. Any occurrence which would entitle Franchisor to terminate the Initial Franchise Agreement or any other Franchise Agreement executed pursuant to this Agreement.

This Agreement shall automatically terminate at the end of such 30 day notice period (or such longer period of time as applicable law may require), unless Developer cures the default stated in such notice within the 30 day period. Franchisor may terminate this Agreement immediately upon delivery of written notice to Developer, with no opportunity to correct any default, if the termination results from any of the following: (i) Developer repeatedly fails to comply with one or more material requirements of this Agreement, (ii) Developer is declared bankrupt or becomes insolvent, (iii) Developer is convicted of violating any law, ordinance or regulation relating to the operation of any Store referenced herein or developed hereunder; or (iv) Developer attempts to subfranchise in any manner all or part of its rights under this Agreement.

During the period from the date Franchisor sends a notice of default until all violations and defaults specified therein are corrected, Franchisor will not be obligated to enter into any Franchise Agreement with Developer or otherwise perform any obligations pursuant to this Agreement.

4.3. In the event of termination or expiration of this Agreement for any reason, all rights licensed herein will automatically revert to Franchisor and any remaining rights to develop Stores within the Development Area will cease. Further, Developer shall remain subject to the provisions of Article 6 below regarding nondisclosure and covenants not to compete, in addition to the terms and conditions of any then-existing Franchise Agreement to which Developer is a party.

5. ASSIGNMENT

5.1. This Agreement is fully assignable by Franchisor and shall benefit any assignee or other legal successor in interest, and Franchisor shall in such event be fully released from its obligations under this Agreement. Any such assignment will require the assignee to fulfill Franchisor's obligations under this Agreement. Franchisor reserves the right to outsource or assign any of its obligations under this Agreement to an affiliate or third party without Developer's consent.

5.2. Developer may not sell, transfer or assign its rights under this Agreement or any interest in it or any part of Developer entity, unless Developer obtains Franchisor's prior written consent, which consent shall not be unreasonably withheld if Developer: (i) transfers all rights under all Franchise Agreements signed in connection with this Agreement; (ii) Developer is in good standing under this Agreement, including the

development schedule in Section 3.1 above, and under each Franchise Agreement to which this Agreement relates; (iii) the proposed transferee meets all of Franchisor's then-current requirements for multiple Store developers and has the capital and other resources necessary to satisfy all obligations under this Agreement; and (iv) complies with the transfer provisions of the Franchise Agreement most recently executed by Franchisor and Developer, which provisions are incorporated herein by reference. Franchisor will consent to Developer's proposed transfer of rights to a specific Store to be developed, at the time of execution of the Franchise Agreement which shall govern operation of such Store, if the proposed transfer is to a corporation, limited liability company or other entity owned by, controlled by, or under common control with Developer, provided Developer will not be obligated to pay the transfer fee described in Section 5.3 below.

5.3. In the event of any proposed sale, transfer or assignment by Developer as described herein, Developer and/or the proposed transferee shall pay to Franchisor the standard transfer fee of $8,000 for each franchise governed by a Franchise Agreement executed pursuant to this Agreement.

5.4. In the event of any proposed sale, transfer or assignment of its rights under this Agreement or any part of Developer entity or its assets (collectively, "**Transfer**"), Developer agrees to grant Franchisor a 30-day right of first refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the most recently executed Franchise Agreement governing Transfers; provided Franchisor's right of first refusal will apply separately to each Store subject to the transfer or assignment.

6. RESTRICTIVE COVENANTS

6.1. During the term and after the termination of this Agreement or any Franchise Agreement signed pursuant to this Agreement, Developer and its owners, shareholders, members, officers, partners and directors and their respective immediate families, shall be subject to all restrictive covenants as stated in the Franchise Agreement executed concurrently herewith, and in any Nondisclosure and Noncompetition Agreements executed under the terms of such Franchise Agreement, which covenants by this reference are incorporated herein.

7. BUSINESS RELATIONSHIPS

7.1. The parties hereto understand and agree that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. As such, Developer has no authority to bind Franchisor or incur any liability for Franchisor or to represent itself as anything other than an independent contractor.

7.2. Developer shall at all times defend, indemnify, and hold harmless Franchisor, its subsidiaries, affiliates, successors and assigns, and their respective shareholders, directors, officers, employees, agents, and representatives, and all others (the "**Indemnified Parties**") against, and to reimburse them for all losses, expenses and fines incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry, or any settlement thereof which arises out of or relates to this Agreement, the operation of Franchisee's Stores, the activities conducted under this Agreement, or Developer's or Developer's employees' actions or inactions. For purposes of this indemnification, "claims" shall mean all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including reasonable accountants', attorneys' and expert-witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect following the expiration or termination of this Agreement.

8. MISCELLANEOUS

8.1. The parties agree that any dispute between the parties arising out of the terms of this Agreement shall be settled in accordance with the terms and conditions for binding arbitration or other means, as stated in the Initial Franchise Agreement which terms and conditions are incorporated herein by reference.

8.2. This Agreement shall be binding upon and benefit each of the parties' respective heirs, successors, assigns and personal representatives.

8.3. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska.

8.4. Developer acknowledges that it had a copy of this Agreement in its possession for a period of time not fewer than 7 calendar days, during which time Developer has had the opportunity to submit the same for professional review and advice of Developer's choosing prior to freely executing this Agreement.

8.5. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any party hereto shall be considered to imply or constitute a further waiver of the same or any other condition, covenant, right or remedy. Franchisor's subsequent acceptance of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms or conditions of this Agreement.

8.6. If any provision of this Agreement is held invalid by any court of competent jurisdiction in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such invalidity or modification.

8.7. This Agreement may be modified only upon execution of a written agreement between the parties.

8.8. This Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, both oral and written, concerning the subject matter hereof, provided that any Franchise Agreement executed by the parties hereto shall remain binding, except to the extent that this Agreement specifically supersedes any term thereof. Nothing in this or any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document it previously furnished to Developer.

8.9. In the event of any default by Developer, which is not resolved in accordance with the terms of the Franchise Agreement, in addition to all other remedies Franchisor may have, Developer will pay Franchisor all amounts due and all damages, costs and expenses, including reasonable attorneys' fees, Franchisor incurs in any legal action, arbitration or other proceeding as a result of such default, plus interest at the lesser of 18% per annum or the highest rate allowable by law, accruing from the date of such default.

8.10. All notices required to be given under this Agreement shall be given in writing, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the addresses first stated above, or at such other address as either party periodically may designate in writing. Notice shall be deemed effective when received by overnight delivery or three (3) days following the date deposited in the United States mail postage prepaid.

8.11. In the event of any conflict between the terms of this Agreement and the terms of the Franchise Agreement, the terms of this Agreement shall control.

The parties hereto have caused this Agreement to be executed effective as of the date first above written.

SCOOTER'S COFFEE, LLC	**DEVELOPER:**
By:_____	_____
Title:_____	_____ - Individually
	_____
	Print Name

EXHIBIT A

TO DEVELOPMENT AGREEMENT
BETWEEN

SCOOTER'S COFFEE, LLC
AND _____

The Development Area, as described below by geographic boundaries, county lines, U.S. postal codes or as identified on the attached map, shall consist of the following area or areas:

_____

EXHIBIT B

TO DEVELOPMENT AGREEMENT
BETWEEN

SCOOTER'S COFFEE, LLC
AND _____

Initial Franchise Agreement

(Attached)

EXHIBIT D
(TO FRANCHISE DISCLOSURE DOCUMENT)

List of Franchisees as of December 31, 2019

MIDWEST							
Entity Name	**First Name**	**Last Name**	**Street Address**	**City**	**State**	**Store Type**	**Telephone**
NWA Wired, LLC	Crystal	Stall	206 S. Walton Blvd.	Bentonville	Arkansas	drive-thru coffeehouse	(402) 578-4622
NWA Wired, LLC	Joyce	Winter	1887 W. Walnut St.	Rogers	Arkansas	kiosk	(402) 578-0311
B3 Brew, LLC	Randy	Mumm	104 Duff Ave	Ames	Iowa	drive-thru coffeehouse	(641) 330-0939
Charles Gross	Charles	Gross	1508 E. 7th St.	Atlantic	Iowa	kiosk	(712) 249-6564
B3 Brew, LLC	Randy	Mumm	327 Story St.	Boone	Iowa	kiosk	(641) 330-0939
Coffee Specialists, LLC	Jeremy	Music	1728 N Roosevelt Ave.	Burlington	Iowa	kiosk	(319) 330-7033
Brew Enterprises, LLC	Blake	Jochim	709 W Hwy 30	Carroll	Iowa	kiosk	(402) 238-4415
B & C Coffee, LLC	Brent	Votroubek	1420 1st Ave Suite 104	Cedar Rapids	Iowa	drive-thru coffeehouse	(319) 210-2622
B & C Coffee, LLC	Brent	Votroubek	6600 Kirkwood Blvd. SW, Suite 500	Cedar Rapids	Iowa	drive-thru coffeehouse	(319) 210-2622
Eastern Iowa Coffee, LLC	Stan	Eilers	2300 Edgewood Rd SW	Cedar Rapids	Iowa	drive-thru coffeehouse	(319) 560-1930
Eastern Iowa Coffee, LLC	Stan	Eilers	7037 C Ave NE	Cedar Rapids	Iowa	drive-thru coffeehouse	(319) 560-1930
Freedom Enterprises, LLC	Tracy	Bouwens	4 North 16th Street	Council Bluffs	Iowa	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	3030 West Broadway	Council Bluffs	Iowa	drive-thru coffeehouse	(913) 369-5817
TLC Coffee, LLC	Chandra	Kipper	1738 Madison Ave.	Council Bluffs	Iowa	drive-thru coffeehouse	(402) 880-3620
JAM Coffee, LLC	Mike	Armour	99 University Ave	Des Moines	Iowa	kiosk	(402) 319-6235
JAM Coffee, LLC	Mike	Armour	700 Locust St, Suite 300	Des Moines	Iowa	non-traditional	(402) 319-6235
Loving Cup, LLC	Stan	Eilers	2810 SE Grimes Blvd.	Grimes	Iowa	drive-thru coffeehouse	(816) 721-4066
Kava Enterprises, LLC	Larry	Morlan	6001 Merle Hay Rd	Johnston	Iowa	kiosk	(319) 431-2648
Eastern Iowa Coffee, LLC	Stan	Eilers	690 Marion Blvd	Marion	Iowa	kiosk	(319) 560-1930
Loving Cup, LLC	Stan	Eilers	1114 1st Ave East	Newton	Iowa	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	1201 Copper Creek Dr.	Pleasant Hill	Iowa	kiosk	(816) 721-4066
Alderman-Dreher Holdings, LLC	Alison	Alderman-Dreher	1390 Hamilton Blvd	Sioux City	Iowa	drive-thru coffeehouse	(402) 689-6390
Alderman-Dreher Holdings, LLC	Alison	Alderman-Dreher	675 Gordon Drive	Sioux City	Iowa	kiosk	(402) 689-6390
Alderman-Dreher Holdings, LLC	Alison	Alderman-Dreher	3136 Floyd Blvd	Sioux City	Iowa	drive-thru coffeehouse	(402) 689-6390
Alderman-Dreher Holdings, LLC	Alison	Alderman-Dreher	4307 Gordon Dr	Sioux City	Iowa	kiosk	(402) 689-6390
Blu Water Brew, LLC	Robb	Steffes	20 E. 8th st	Spencer	Iowa	kiosk	(402) 730-7700
Blu Water Brew, LLC	Josh	Morris	1808 Keokuk Ave	Spirit Lake	Iowa	kiosk	(402) 730-7700
Brew Enterprises, LLC	Lindsey	Jochim	805 Seneca St	Storm Lake	Iowa	kiosk	(402) 238-4415
Loving Cup, LLC	Stan	Eilers	10155 Hickman Rd.	Urbandale	Iowa	kiosk	(816) 721-4066
Tandem Enterprises, LLC	Troy	Bauer	122 West Hickman Road	Waukee	Iowa	drive-thru coffeehouse	(515) 401-8611
Loving Cup, LLC	Stan	Eilers	5585 Mills Civic Parkway Suite 170	West Des Moines	Iowa	drive-thru coffeehouse	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	7500 Hickman Road	Windsor Heights	Iowa	kiosk	(816) 721-4066
DAT Coffee Co LLC	Pat	Do	626 South Andover Rd #100	Andover	Kansas	drive-thru coffeehouse	(316) 518-7202
ASI Coffee, LLC	Zachary	Blue	525 W. 7th St.	Augusta	Kansas	drive-thru coffeehouse	(316) 570-1132
Get Up And Go, LLC	Ric	Marboeuf	2120 N 14th Ave Suite D	Dodge City	Kansas	drive-thru coffeehouse	(620) 408-7644
Emporia Espresso, LLC	Brian	Kruse	1702 N. Industrial Rd.	Emporia	Kansas	kiosk	(402) 614-1723
Higher Grounds, LLC	Donny	Huber	2517 N Campus Dr	Garden City	Kansas	kiosk	(620) 290-9108

Freedom Enterprises, LLC	Tracy	Bouwens	1850 E. Santa Fe Drive	Gardner	Kansas	kiosk	(913) 369-5817
Higher Grounds, LLC	Donny	Huber	3501 10th St	Great Bend	Kansas	kiosk	(620) 290-9108
Dream Bean, LLC	Jessica	Gillette	501 E 30th Ave	Hutchinson	Kansas	kiosk	(620) 480-7603
Collaborative Ventures, LLC	Sam	Manzitto	439 W 6th St	Junction City	Kansas	kiosk	(402) 430-1857
Freedom Enterprises, LLC	Tracy	Bouwens	721 Center Drive	Lansing	Kansas	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	2005 W 9th St	Lawrence	Kansas	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	1050 North 4th St	Leavenworth	Kansas	kiosk	(913) 369-5817
Cool Bean Espresso, LLC	Randy	Reynolds	19641 W 101 St	Lenexa	Kansas	drive-thru coffeehouse	(913) 486-2676
Culaccino Coffee Company, LLC	Tracy	Bouwens	23401 Prairie Star Pkwy	Lenexa	Kansas	non-traditional	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	7741 Quivira Rd	Lenexa	Kansas	kiosk	(913) 369-5817
Higher Grounds, LLC	Donny	Huber	1325 N Kansas Ave	Liberal	Kansas	kiosk	(620) 290-9108
Collaborative Ventures, LLC	Brian	Kanter	407 McCall Rd	Manhattan	Kansas	kiosk	(402) 430-1857
Dream Bean, LLC	Jessica	Gillette	611 N Main St	McPherson	Kansas	kiosk	(620) 480-7603
Freedom Enterprises, LLC	Tracy	Bouwens	2027 E. Sante Fe Street	Olathe	Kansas	kiosk	(913) 369-5817
Solid Grounds, LLC	Jason	Cohorst	154 S. Parker St.	Olathe	Kansas	kiosk	(402) 452-6761
The Grind, LLC	Teri	Reynolds	10588 S Ridgeview Rd	Olathe	Kansas	drive-thru coffeehouse	(913) 486-2676
Culaccino Coffee Company, LLC	Tracy	Bouwens	9100 W 74th Street	Overland Park	Kansas	non-traditional	(913) 367-5817
Culaccino Coffee Company, LLC	Tracy	Bouwens	9100 W 74th Street	Overland Park	Kansas	non-traditional	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	11106 Antioch Rd	Overland Park	Kansas	non-traditional	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	9455 W. 87th Street	Overland Park	Kansas	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	12551 Pflumm Rd.	Overland Park	Kansas	drive-thru coffeehouse	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	7621 Shawnee Mission Pkwy	Overland Park	Kansas	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	10650 Roe Avenue	Overland Park	Kansas	drive-thru coffeehouse	(913) 369-5817
Solid Grounds, LLC	Jason	Cohorst	8973 West 135th Street	Overland Park	Kansas	drive-thru coffeehouse	(402) 452-6761
Solid Grounds, LLC	Jason	Cohorst	8830 W. 95th St.	Overland Park	Kansas	kiosk	(402) 452-6761
Table 7, Inc.	Holly	Sharp	12140 College Blvd.	Overland Park	Kansas	drive-thru coffeehouse	(913) 484-5691
Culaccino Coffee Company, LLC	Tracy	Bouwens	1506 Main St	Parsons	Kansas	kiosk	(913) 367-5817
Culaccino Coffee Company, LLC	Tracy	Bouwens	2414 N Broadway	Pittsburg	Kansas	kiosk	(913) 367-5817
Freedom Enterprises, LLC	Tracy	Bouwens	11002 W. 75th St.	Shawnee	Kansas	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	10610 Shawnee Mission Pkwy	Shawnee	Kansas	drive-thru coffeehouse	(913) 369-5817
VanFair Enterprises, LLC	Curt	Vanlaningham	2909 SW Topeka Blvd	Topeka	Kansas	kiosk	(308) 289-6446
DAT Coffee Co, LLC	Pat	Do	13335 W Maple	Wichita	Kansas	kiosk	(316) 518-7202
DAT Coffee Co, LLC	Pat	Do	311 N Washington Street	Wichita	Kansas	kiosk	(316) 518-7202
DAT Coffee Co, LLC	Pat	Do	801 E Douglas, Suite 110	Wichita	Kansas	drive-thru coffeehouse	(316) 518-7202
Loving Cup, LLC	Stan	Eilers	7399 W. Central Ave	Wichita	Kansas	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	3480 N Ridge Rd	Wichita	Kansas	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	3123 N Rock Road	Wichita	Kansas	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	1310 NW Hwy 7	Blue Springs	Missouri	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	1230 NW Woods Chapel Rd	Blue Springs	Missouri	kiosk	(816) 721-4066
Loving Cup, LLC	Stan	Eilers	1116 SW 7 Hwy	Blue Springs	Missouri	drive-thru coffeehouse	(816) 721-4066

GH Coffee Columbia 2, LLC	Gina	Hall	2501 Grindstone Pkwy	Columbia	Missouri	kiosk	(402) 750-1309
GH Coffee, LLC	Gina	Hall	5 Old Hwy 63 S	Columbia	Missouri	drive-thru coffeehouse	(402) 750-1309
Freedom Enterprises, LLC	Tracy	Bouwens	4309 S Noland Rd.	Independence	Missouri	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	2300 S. MO 291 Hwy.	Independence	Missouri	kiosk	(913) 369-5817
GH Coffee, LLC	Kevin	Hall	2245 Missouri Blvd	Jefferson City	Missouri	kiosk	(573) 607-9027
Freedom Enterprises, LLC	Tracy	Bouwens	5166 N Oak Trafficway	Kansas City	Missouri	kiosk	(913) 367-5817
Freedom Enterprises, LLC	Tracy	Bouwens	5550 N Antioch Rd.	Kansas City	Missouri	kiosk	(913) 369-5817
Gypsy Enterprises LLC	Renee	Jones	1111 Main St	Kansas City	Missouri	non-traditional	(816) 853-0340
Freedom Enterprises, LLC	Tracy	Bouwens	805 SW MO 150 Hwy	Lee's Summit	Missouri	kiosk	(913) 369-5817
Brew Enterprises, LLC	Blake	Jochim	1308 S Main St.	Maryville	Missouri	drive-thru coffeehouse	(660) 224-2207
Freedom Enterprises, LLC	Tracy	Bouwens	2600 Burlington Street	North Kansas City	Missouri	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	10105 E 350 Hwy	Raytown	Missouri	kiosk	(913) 369-5817
Wilson-Bell Ent, LLC	Jann	Wilson-Bell	1050 W 10th St	Rolla	Missouri	non-traditional	(573) 308-8273
Wilson-Bell Ent, LLC	Jann	Wilson-Bell	1000 W. 10th	Rolla	Missouri	non-traditional	(573) 308-8273
Freedom Enterprises, LLC	Tracy	Bouwens	3501 W. Broadway Blvd.	Sedalia	Missouri	kiosk	(913) 369-5817
JMBSR Enterprises, LLC	Mary	Rolf	3265 E. Sunshine St.	Springfield	Missouri	kiosk	(417) 483-7116
JMBSR Enterprises, LLC	Mary	Rolf	2930 S. Campbell Ave.	Springfield	Missouri	kiosk	(417) 483-7116
Brew Enterprises, LLC	Blake	Jochim	2410 N. Belt Highway	St Joseph	Missouri	kiosk	(402) 238-4415
Freedom Enterprises, LLC	Tracy	Bouwens	5325 Faraon St.	St. Joseph	Missouri	non-traditional	(913) 369-5817
Wilson-Bell Ent, LLC	Jann	Wilson-Bell	322 Mid Rivers Mall Dr	St. Peters	Missouri	kiosk	(573) 308-8273
Freedom Enterprises, LLC	Tracy	Bouwens	501 N Maguire St.	Warrensburg	Missouri	drive-thru coffeehouse	(913) 369-5817
1Dash5 Enterprises, LLC	Gary	Rimington	1439 W 3rd Street	Alliance	Nebraska	kiosk	(308) 672-4417
Kieffer Coffee, LLC	Katie	Noell	2305 N 6th Street	Beatrice	Nebraska	drive-thru coffeehouse	(402) 310-3659
ARC Holdings, LLC	Adam	Cockerill	1550 Harlan Drive	Bellevue	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	903 Ft. Crook Road North	Bellevue	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	3615 Summit Plaza #104	Bellevue	Nebraska	drive-thru coffeehouse	(402) 319-7848
Freedom Enterprises, LLC	Tracy	Bouwens	2211 Capehart Road #107	Bellevue	Nebraska	drive-thru coffeehouse	(913) 369-5817
MBTK Enterprises	Travis	Rhoades	2100 S. 20th St, #1	Blair	Nebraska	drive-thru coffeehouse	(605) 496-6082
Madge's Brew, LLC	Daria	Springer	2117 23rd Street	Columbus	Nebraska	kiosk	(402) 440-4259
Newsellers, LLC	Rob	Newgard	1119 North 204th Ave #103	Elkhorn	Nebraska	drive-thru coffeehouse	(402) 990-0578
NewSellers, LLC	Rob	Newgard	1515 S 204th St. Suite #101	Elkhorn	Nebraska	drive-thru coffeehouse	(402) 990-0578
Skidmore Enterprises, LLC	Sarah	Bosshart	610 E 23 St #C	Fremont	Nebraska	drive-thru coffeehouse	(402) 719-6931
LOJO Riverside, LLC	Julie	Ortman	509 N. 14th St.	Ft. Calhoun	Nebraska	kiosk	(402) 639-3334
Freedom Enterprises, LLC	Tracy	Bouwens	3418 W. State Street	Grand Island	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	2105 S. Locust	Grand Island	Nebraska	drive-thru coffeehouse	(913) 369-5817
Skidmore Enterprises, LLC	Sarah	Bosshart	11791 S Highway 6	Gretna	Nebraska	kiosk	(402) 719-6931
TLC Coffee, LLC	Traci	Gabriel		Gretna	Nebraska	kiosk	(402) 880-3620
Gopher Enterprises, LLC	Joseph	Hannappel	423 S Burlington Ave	Hastings	Nebraska	kiosk	(402) 669-2244
Brewed Blessings, LLC	Christa	Fritson	103 4th Ave	Holdrege	Nebraska	kiosk	(308) 991-7433
Freedom Enterprises, LLC	Tracy	Bouwens	114 2nd Ave East	Kearney	Nebraska	kiosk	(913) 369-5817

Freedom Enterprises, LLC	Tracy	Bouwens	4402 2nd Avenue	Kearney	Nebraska	kiosk	(913) 369-5817
ARC Holdings, LLC	Adam	Cockerill	8102 South 84th Street	La Vista	Nebraska	kiosk	(402) 319-7848
SKC Southport Java, Inc.	Christy	Bargstadt	12010 Giles Rd	LaVista	Nebraska	drive-thru coffeehouse	(402) 658-9463
VanFair Enterprises, LLC	Randy	Fair	2801 Plum Creek Pkwy	Lexington	Nebraska	kiosk	(308) 289-6446
Boomer Scooter, LLC	Rita	Metcalf	4500 s 70th St	Lincoln	Nebraska	drive-thru coffeehouse	(402) 202-6304
Fallbrook Scooter's, LLC	Rita	Metcalf	844 Fallbrook Blvd.	Lincoln	Nebraska	kiosk	(402) 202-6314
Haymarket Scooters, LLC	Rita	Metcalf	151 N. 8th Street	Lincoln	Nebraska	non-traditional	(402) 202-6314
M52, LLC	Jason	Metcalf	5310 O Street	Lincoln	Nebraska	drive-thru coffeehouse	(402) 202-6314
Madge's Brew, LLC	Daria	Springer	2790 N. 83rd	Lincoln	Nebraska	kiosk	(402) 440-4259
Metcalf Coffee, Inc	Rita	Metcalf	555 S. 70th St.	Lincoln	Nebraska	non-traditional	(402) 202-6314
Metcalf Gold, LLC	Rita	Metcalf	1033 O Street #100	Lincoln	Nebraska	non-traditional	(402) 202-6314
Metcalf Highway, LLC	Rita	Metcalf	3275 Cornhusker Highway	Lincoln	Nebraska	kiosk	(402) 202-6314
Metcalf OC, LLC	Rita	Metcalf	5535 S 16th St	Lincoln	Nebraska	kiosk	(402) 202-6314
Metcalf Station, LLC	Jason	Metcalf	4810 Old Cheney Rd	Lincoln	Nebraska	drive-thru coffeehouse	(402) 202-6314
Metcalf West, LLC	Rita	Metcalf	401 West O	Lincoln	Nebraska	kiosk	(402) 202-6314
Metzo 33, LLC	Jason	Metcalf	4321 S 33rd St	Lincoln	Nebraska	kiosk	(402) 202-6314
Metzo Mall, LLC	Rita	Metcalf	6100 O Street #274A	Lincoln	Nebraska	non-traditional	(402) 202-6314
Metzo, LLC	Jason	Metcalf	2700 Dan Avenue	Lincoln	Nebraska	drive-thru coffeehouse	(402) 202-6314
Moxie Management, LLC	Kristen	Stauffer	2901 S. 84th Street #1&2	Lincoln	Nebraska	drive-thru coffeehouse	(402) 440-4259
Normal Metcalf, LLC	Jason	Metcalf	3838 Normal Blvd.	Lincoln	Nebraska	kiosk	(402) 202-6314
Oh Metcalf, LLC	Rita	Metcalf	6811 O Street	Lincoln	Nebraska	drive-thru coffeehouse	(402) 202-6314
Scooter's Village Gardens, LLC	Tony	Manzitto	5800 Hidcote Dr. Suite #100	Lincoln	Nebraska	drive-thru coffeehouse	(402) 430-1857
State Office Scooter's, LLC	Jason	Metcalf	301 Centennial Mall St	Lincoln	Nebraska	non-traditional	(402) 202-6314
University of Nebraska	Megan	Choiniere	1717 N 35th Street	Lincoln	Nebraska	non-traditional	(402) 472-2479
Brew Enterprises, LLC	Blake	Jochim	2104 S 11th St.	Nebraska City	Nebraska	drive-thru coffeehouse	(402) 238-4415
Reynoldson Coffee, LLC	Mike	Reynoldson	902 W Benjamin Ave.	Norfolk	Nebraska	kiosk	(402) 649-8282
Reynoldsons Inc	Mike	Reynoldson	905 S. 13th St.	Norfolk	Nebraska	kiosk	(402) 649-8282
Freedom Enterprises, LLC	Tracy	Bouwens	1400 South Dewey	North Platte	Nebraska	drive-thru coffeehouse	(913) 369-5817
Vanfair Enterprises, LLC	Randy	Fair	302 Oregon Trail Dr.	Ogallala	Nebraska	drive-thru coffeehouse	(308) 289-6446
ARC Holdings, LLC	Adam	Cockerill	11901 Fort St.	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	12246 West Center Rd	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	7595 Pacific St	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	13951 S Street	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	6303 Center St #101	Omaha	Nebraska	drive-thru coffeehouse	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	2815 S. 132nd Street	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	5502 S 84th Street	Omaha	Nebraska	kiosk	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	5233 S. 96th Street	Omaha	Nebraska	kiosk	(402) 319-7848
Cool Beans RNB, LLC	Rob	Brownell	11975 Blondo Street	Omaha	Nebraska	drive-thru coffeehouse	(402) 616-3818
Cool Beans RNB, LLC	Nicole	Brownell	3703 N. 144th St.	Omaha	Nebraska	kiosk	(402) 616-3818
Cool Beans RNB, LLC	Nicole	Brownell	3695 N 129th St.	Omaha	Nebraska	kiosk	(402) 616-3818
Freedom Enterprises, LLC	Tracy	Bouwens	4040 N. 72nd St	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	15805 W. Maple Rd. #108	Omaha	Nebraska	drive-thru coffeehouse	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	4259 S. 144th St.	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	7772 Cass St.	Omaha	Nebraska	drive-thru coffeehouse	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	3206 N 90th St	Omaha	Nebraska	kiosk	(913) 369-5817

Freedom Enterprises, LLC	Tracy	Bouwens	2220 N. 90th Street	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	14501 West Center Rd.	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	111 N. 78th St.	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	7149 Dodge Street	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	8459 W. Center	Omaha	Nebraska	kiosk	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	2812 South 108th Street	Omaha	Nebraska	drive-thru coffeehouse	(913) 369-5817
Java Partners, LLC	Matt	Hanson	10309 Pacific St	Omaha	Nebraska	kiosk	(402) 871-6719
J's Java, LLC	John	Gajewski	16804 Decatur St.	Omaha	Nebraska	kiosk	(402) 630-3672
J's Java, LLC	John	Gajewski	17935 Welch Plz #101	Omaha	Nebraska	drive-thru coffeehouse	(402) 630-3672
LOJO Riverside, LLC	Julie	Ortman	9229 Mormon Bridge Plz #1	Omaha	Nebraska	drive-thru coffeehouse	(402) 639-3334
M5, LLC	Jenna	Moulton	8401 F Street	Omaha	Nebraska	kiosk	(402) 319-9677
MaDillan Enterprises	John	Shelbourn	15655 Pacific Street #3	Omaha	Nebraska	drive-thru coffeehouse	(402) 321-8616
NewSellers, LLC	Rob	Newgard	18940 Evans St Suite 101	Omaha	Nebraska	drive-thru coffeehouse	(402) 990-0578
Rigel Airport, LLC	Brian	Bartling	4501 Abbott Drive	Omaha	Nebraska	non-traditional	(402) 422-6376
Rigel Airport, LLC	Brian	Bartling	4501 Abbott Drive	Omaha	Nebraska	non-traditional	(402) 422-6376
Rigel Airport, LLC	Brian	Bartling	4501 Abbott Drive	Omaha	Nebraska	non-traditional	(402) 422-6376
SKC Eagle Run, Inc.	Christy	Bargstadt	1130 Sterling Ridge Dr.	Omaha	Nebraska	drive-thru coffeehouse	(402) 658-9463
Start Enterprises, LLC	Julian	Young	2928 Ames Ave.	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Studly Dudley, LLC	Kelli	Dudley	8303 Dodge St.	Omaha	Nebraska	non-traditional	(402) 681-1843
Sullatte, LLC	Ann	Sullivan	17530 Wright Street	Omaha	Nebraska	kiosk	(402) 319-6235
Sullatte, LLC	Ann	Sullivan	5405 S. 72nd Street	Omaha	Nebraska	kiosk	(402) 319-6235
T4 Enterprises, LLC	Andy	Turner	5929 F St	Omaha	Nebraska	kiosk	(712) 420-9491
Triple Shot Java, LLC	John	Gajewski	15310 Weir St, Omaha, NE 68137	Omaha	Nebraska	kiosk	(402) 630-3672
Two Poles Coffee, LLC	John	Gajewski	310 N. 168th Cir.	Omaha	Nebraska	kiosk	(402) 630-3672
Everest Corp,LLC	Netra	Pokhrel	1020 E 1st Street	Papillion	Nebraska	non-traditional	(402) 926-6954
Freedom Enterprises, LLC	Tracy	Bouwens	751 Pinnacle Drive	Papillion	Nebraska	drive-thru coffeehouse	(913) 369-5817
TLC Coffee, LLC	Chandra	Kipper	766 Gold Coast Drive	Papillion	Nebraska	kiosk	(402) 880-3620
Schaper Enterprises, Inc	Marci	Covington	16401 Westside Dr.	Plattsmouth	Nebraska	drive-thru coffeehouse	(402) 669-0517
1 Dash 5 Enterprises, LLC	Gary	Rimington	1217 Ave I	Scottsbluff	Nebraska	kiosk	(308) 672-4417
1Dash5 Enterprises, LLC	Nathan	Rimington	3301 Avenue B	Scottsbluff	Nebraska	kiosk	(308) 672-4417
VanFair Enterprises, LLC	Randy	Fair	420 S. Lincoln Ave	York	Nebraska	kiosk	(308) 289-6446
Rhoades Enterprises, LLC	Travis	Rhoades	110 East Holly Blvd.	Brandon	South Dakota	drive-thru coffeehouse	(605) 496-6082
LOJO Enterprises, LLC	Julie	Ortman	305 22nd Ave South	Brookings	South Dakota	kiosk	(402) 639-3334
Rhoades Enterprises, LLC	Travis	Rhoades	745A S Washington Ave	Madison	South Dakota	drive-thru coffeehouse	(605) 496-6082
Reynoldson Coffee South Dakota, LLC	Mike	Reynoldson	321 E. Havens St.	Mitchell	South Dakota	kiosk	(402) 649-8282
Family Fuel, LLC	Drew	Purdy	3850 Eglin St	Rapid City	South Dakota	drive-thru coffeehouse	(605) 391-7611
Family Fuel, LLC	Drew	Purdy	1821 5th Street	Rapid City	South Dakota	kiosk	(605) 391-7611
Rhoades Enterprises, LLC	Travis	Rhoades	420 W 33rd St.	Sioux Falls	South Dakota	kiosk	(605) 496-6082
Rhoades Enterprises, LLC	Travis	Rhoades	6503 W. 41st	Sioux Falls	South Dakota	drive-thru coffeehouse	(605) 496-6082
Rhoades Enterprises, LLC	Travis	Rhoades	5303 W. 57th St	Sioux Falls	South Dakota	kiosk	(605) 496-6082
Rhoades Enterprises, LLC	Travis	Rhoades	3650 E. 10th Street	Sioux Falls	South Dakota	kiosk	(605) 496-6082

Rhoades Enterprises, LLC	Travis	Rhoades	3305 S. Sycamore Ave.	Sioux Falls	South Dakota	kiosk	(605) 496-6082
Rhoades Enterprises, LLC	Travis	Rhoades	7710 S Dakota Hawk Ave.	Sioux Falls	South Dakota	drive-thru coffeehouse	(605) 496-6082
Scheier Group, Inc.	Tom	Scheier	5009 S. Western Ave #240	Sioux Falls	South Dakota	drive-thru coffeehouse	(605) 366-0541
Black Bedrock, LLC	Matthew	Dorothy	108 9th Ave SE	Watertown	South Dakota	drive-thru coffeehouse	(605) 929-2931
Reynoldson Coffee South Dakota, LLC	Mike	Reynoldson	1907 Broadway	Yankton	South Dakota	kiosk	(402) 649-8282
ARC Holdings, LLC	Adam	Cockerill	4021 Belt Line Rd #303	Addison	Texas	kiosk	(402) 319-7848
Two Guns Enterprises, LLC	Todd	Gerch	1 FM 3351 S, Suite 155	Boerne	Texas	drive-thru coffeehouse	(310) 562-8076
ARC Holdings, LLC	Adam	Cockerill	7171 Colleyville Blvd, #110	Colleyville	Texas	drive-thru coffeehouse	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	617 N Jupiter Rd	Garland	Texas	kiosk	(402) 319-7848
Straub Enterprises, LLC	Ted	Straub	2904 Lavon Dr	Garland	Texas	kiosk	(402) 658-4581
ARC Holdings, LLC	Adam	Cockerill	1570 Keller Pkwy	Keller	Texas	kiosk	(402) 319-7848
Straub Enterprises, LLC	Lehn	Straub	1654 FM423, Suite 300	Little Elm	Texas	drive-thru coffeehouse	(402) 658-4581
ARC Holdings, LLC	Adam	Cockerill	2741 Virginia Pkwy #100	McKinney	Texas	drive-thru coffeehouse	(402) 319-7848
ARC Holdings, LLC	Adam	Cockerill	3600 Lakeview Parkway	Rowlett	Texas	kiosk	(402) 319-7848
R. Beanness, Inc.	Cris	Taylor	4740 S Colony Blvd.	The Colony	Texas	kiosk	(402) 680-9587
Straub Enterprises, LLC	Ted	Straub	5600 Nebraska Furniture Mart Dr.	The Colony	Texas	non-traditional	(402) 658-4581
Mayhem Brothers Enterprises, LLC	Teri	LaBorde	6401 University Ave.	Middleton	Wisconsin	kiosk	(909) 496-8500

SOUTHWEST

Entity Name	First Name	Last Name	Street Address	City	State	Store Type	Telephone
Second Crack, Inc	Dana	DeVito	78 State Hwy 89	Chino Valley	Arizona	kiosk	(928) 710-1060
2635 Glendale, LLC	Mark	Stevenson	2635 West Glendale	Phoenix	Arizona	kiosk	(515) 851-1974
Gass Stores, LLC	Scott	Gass	4030 N 7th Ave	Phoenix	Arizona	kiosk	(402) 210-3842
Second Crack, Inc	Adam	Schmitz	1004 E Gurley St	Prescott	Arizona	kiosk	(928) 710-1060
12675 Bell, LLC	Mark	Stevenson	12675 West Bell Rd.	Surprise	Arizona	kiosk	(515) 851-1974
Java Guyz, LLC	Raffiq	Rajabali	2435 W Hammer Lane	Stockton	California	kiosk	(425) 830-2839
Grounds For a Higher Power, LLC	Ryan	Lauber	4296 N. Academy Blvd.	Colorado Springs	Colorado	drive-thru coffeehouse	(719) 266-6832
Heasty Enterprises, LLC	Michelle	Heasty	2530 11th Ave	Greeley	Colorado	kiosk	(970) 988-1830
Select Projects, LLC	Chuck	Walker	7350 S. Eastern Ave	Las Vegas	Nevada	kiosk	(760) 201-3765
Good Day, LLC	Morgan	Wolf	6954 S. Lewis Ave.	Tulsa	Oklahoma	kiosk	(918) 809-7362
Mile 40 Corporation	Mike	Braunberger	1136 W 2700 N	Pleasant View	Utah	kiosk	(801) 388-7057
Mile 40 Corporation	Mike	Braunberger	1871 West 5300 South	Roy	Utah	drive-thru coffeehouse	(801) 388-7057

SOUTHEAST

Entity Name	First Name	Last Name	Street Address	City	State	Store Type	Telephone
P. Thomas Enterprises, LLC	Pat	Thomas	686 Del Prado Blvd	Cape Coral	Florida	non-traditional	(402) 630-1907
P. Thomas Enterprises, LLC	Pat	Thomas	1014 Del Prado Blvd. S.	Cape Coral	Florida	drive-thru coffeehouse	(402) 630-1907
P. Thomas Enterprises	Pat	Thomas	2776 S Cleveland	Ft. Myers	Florida	non-traditional	(402) 630-1907
P. Thomas Enterprises, LLC	Pat	Thomas	9981 S Healthpark	Ft. Myers	Florida	non-traditional	(402) 630-1907
P. Thomas Enterprises, LLC	Pat	Thomas	13681 Doctors Way	Ft. Myers	Florida	non-traditional	(402) 630-1907
Atomic Coffee I, LLC	Robert	Le Lievre	833 Osceola Drive	Rockledge	Florida	kiosk	(321) 960-5057
SoDaug11, LLC	Deanna	Erwin	2943 Canton Road Suite 1600	Marietta	Georgia	kiosk	(402) 672-8522
SoDaug, LLC	Deanna	Erwin	550 W. Crossville Road, Suite 101	Roswell	Georgia	drive-thru coffeehouse	(402) 672-8522

Signed Franchise Agreement, but Outlet not Open (As of December 31, 2019)

MIDWEST					
Entity Name	**First Name**	**Last Name**	**City**	**State**	**Telephone**
Brew Enterprises, LLC	Lindsey	Jochim	Indianola	Iowa	(402) 238-4415
Higher Grounds, LLC	Donny	Huber	Garden City	Kansas	(620) 290-9108
Loving Cup, LLC	Stan	Eilers	Wichita	Kansas	(816) 721-4066
Coffee Ventures, LLC	Zach	Doohen	Rochester	Minnesota	(605) 366-4288
Burbar Investments, LLC	Jack	Burdick	Raymore	Missouri	(816) 876-5010
Life's Little Perks, LLC	Elizabeth	Gray	Sikeston	Missouri	(573) 382-2550
Loving Cup, LLC	Stan	Eilers	Lee's Summit	Missouri	(816) 721-4066
Serenity Bean, LLC	Mary	Maupin	O'Fallon	Missouri	(816) 305-6766
Vandesmith Specialty Coffee LLC	Bart	Vandeven	St. Louis	Missouri	(573) 200-4155
Boundless Operations, LLC	Mike	Rogers	Omaha	Nebraska	(402) 614-1723
Gopher Enterprises, LLC	Irene	Burkland	Omaha	Nebraska	(402) 669-2244
Madge's Brew, LLC	Daria	Springer	Lincoln	Nebraska	(402) 440-4259
Yankee Hill Scooter's, LLC	Jason	Metcalf	Lincoln	Nebraska	(402) 202-6314
Worm Farm, LLC	Thomas	Fritz	Bismarck	North Dakota	(605) 359-7008
Jungels Coffee, LLC	Tony	Jungels	Edmond	Oklahoma	(405) 938-9119
Phillip Blue	Phillip	Blue	Ardmore	Oklahoma	(580) 371-8741
Reynoldson Coffee South Dakota, LLC	Mike	Reynoldson	Pierre	South Dakota	(402) 649-8282
ARC Holdings, LLC	Adam	Cockerill	Garland	Texas	(402) 319-7848
Coslor A-Maize-Ing Brew, LLC	Brandon	Coslor	Pearland	Texas	(308) 293-1472
Darbelle Enterprises, LLC	David	Woodside	The Woodlands	Texas	(713) 542-4971
Gary Barber	Gary	Barber	League City	Texas	(832) 588-1278
Servarosity, LLC	Raneo	Samaniego	Allen	Texas	(972) 727-2929
Straub Enterprises, LLC	Ted	Straub	Richardson	Texas	(402) 658-4581
Texas Grinders, LLC	Lisa	Guerrero	Cypress	Texas	(281) 686-3855
Kaffeklatsch, Inc.	Joe	Gartner	Brookfield	Wisconsin	(262) 271-1369

SOUTHEAST					
Entity Name	**First Name**	**Last Name**	**City**	**State**	**Telephone**
OM Strategic Ventures, Inc.	Dhruv	Narielwala	Gainesville	Florida	(352) 870-8083
SchroJoe, LLC	Craig	Schroeder	Monroe	North Carolina	(614) 886-1205
Rostis Timoshchuk	Ross	Timoshchuk	Chattanooga	Tennessee	(423) 313-3373

SOUTHWEST					
Entity Name	**First Name**	**Last Name**	**City**	**State**	**Telephone**
Triple S Holdings, LLC	JT	Hoffman	Chandler	Arizona	(308) 340-5987
Grounds for a Higher Power, LLC	Chad	Lauber	Colorado Springs	Colorado	(719) 650-2223
Magic Brew, Inc.	Shawn	Schafer	Colorado Springs	Colorado	(719) 900-7185
Mountain Joe, LLC	Craig	Schroeder	Northglenn	Colorado	(402) 690-0727
Tuff Scooter Pharmer, LLC	David	Novick	Loveland	Colorado	(307) 630-7496
Cool Beanz, LLC	Dylan	Padilla	Las Vegas	Nevada	(951) 790-9017
Select Projects, LLC	Chuck	Walker	Las Vegas	Nevada	(760) 201-3765

List of Affiliate-Owned Stores (As of December 31, 2019)

MIDWEST					
Entity Name	**Street Address**	**City**	**State**	**Store Type**	**Contact Phone**
Boundless Operations, LLC	1903 Hwy 18 E	Clear Lake	Iowa	kiosk	(402) 614-1723
Boundless Operations, LLC	1103 W Pleasant St	Knoxville	Iowa	kiosk	(402) 614-1723
Boundless Operations, LLC	719 Richmond Ave.	Ottumwa	Iowa	kiosk	(402) 614-1723
Boundless Operations, LLC	210 West Bremer Ave	Waverly	Iowa	kiosk	(402) 614-1723
Boundless Operations, LLC	1506 S Baltimore St.	Kirksville	Missouri	drive-thru coffeehouse	(402) 934-7360
Boundless Operations, LLC	1040 Wolf Creek Dr	Bellevue	Nebraska	kiosk	(402) 614-1723
Boundless Operations, LLC	2402 Cornhusker Road	Bellevue	Nebraska	kiosk	(402) 614-1723
Boundless Operations, LLC	21331 Nebraska Crossing Drive	Gretna	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	5011 S. 108th Street	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Boundless Operations, LLC	8200 Dodge St.	Omaha	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	10000 California Street	Omaha	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	1209 S 119th St	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Boundless Operations, LLC	3001 S. 144th St. #K-1	Omaha	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	17151 Davenport St #107	Omaha	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	10000 California Street	Omaha	Nebraska	non-traditional	(402) 614-1723
Boundless Operations, LLC	10196 Maple Street	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Boundless Operations, LLC	6102 Irvington Road	Omaha	Nebraska	kiosk	(402) 614-1723
Boundless Operations, LLC	8996 L Street	Omaha	Nebraska	kiosk	(402) 614-1723
Boundless Operations, LLC	304 N 179th St	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Boundless Operations, LLC	9513 S 144th St.	Omaha	Nebraska	drive-thru coffeehouse	(402) 614-1723
Boundless Operations, LLC	1123 Howard	Omaha	Nebraska	non-traditional	(402) 614-1723

SOUTHWEST					
Entity Name	**Street Address**	**City**	**State**	**Store Type**	**Contact Phone**
Boundless Operations, LLC	7904 Winding Way	Fair Oaks	California	kiosk	(402) 614-1723
Boundless Operations, LLC	2348 Sunrise Blvd	Rancho Cordova	California	kiosk	(402) 614-1723
Boundless Operations, LLC	1951 W 5th Avenue	Broomfield	Colorado	kiosk	(402) 614-1723
Boundless Operations, LLC	7040 NW 122nd St, Building 2	Oklahoma City	Oklahoma	kiosk	(402) 614-1723
Boundless Operations, LLC	6079 S Memorial Dr	Tulsa	Oklahoma	kiosk	(402) 614-1723

EXHIBIT E
(TO FRANCHISE DISCLOSURE DOCUMENT)

Franchisees Who Left the System From January 1, 2019 to December 31, 2019

TERMINATIONS

Entity Name	First Name	Last Name	Street Address	City	State	Store Type	Contact Phone
Freedom Enterprises, LLC	Tracy	Bouwens	929 Walnut Street	Kansas City	Missouri	non-traditional	(913) 369-5817
Freedom Enterprises, LLC	Tracy	Bouwens	446 W 47th Street	Kansas City	Missouri	non-traditional	(913) 369-5817
Two Guns Enterprises, LLC	Catherine	Gerch	12054 Blanco Rd.	San Antonio	Texas	kiosk	(310) 562-8076

TRANSFERS

Entity Name	First Name	Last Name	Street Address	City	State	Store Type	Contact Phone
Atomic Coffee I, LLC*	Tom Mike	Le Lievre Walker	833 Osceola Drive	Rockledge	Florida	kiosk	(321) 338-2589
Skidmore Enterprises, LLC**	Bruce	Skidmore	21331 Nebraska Crossing Drive	Gretna	Nebraska	non-traditional	(402) 332-3667
Riverside Ventures, LLC	Darla	Dippel	509 N. 14th Street	Fort Calhoun	Nebraska	kiosk	(402) 991-1250
Riverside Ventures, LLC	Darla	Dippel	9229 Mormon Bridge Plaza, Suite 1	Omaha	Nebraska	drive-thru coffeehouse	(402) 991-1250

*Members sold ownership interest in the LLC.

**Transferred store to our affiliate.

EXHIBIT F
(TO FRANCHISE DISCLOSURE DOCUMENT)

Financial Statements

Scooter's Coffee, LLC

(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Financial Statements and Independent Auditors' Report

December 31, 2019 and 2018

Scooter's Coffee, LLC

(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

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INDEPENDENT AUDITORS' REPORT

Member and Board of Managers
Scooter's Coffee, LLC
Omaha, Nebraska

Report on the Financial Statements
We have audited the accompanying financial statements of Scooter's Coffee, LLC, a Nebraska limited liability company and wholly owned subsidiary of Boundless Enterprises, LLC, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, member's 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 present fairly, in all material respects, the financial position of Scooter's Coffee, 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.

Emphasis of Matter – New Accounting Pronouncement
As discussed in Note 1 to the financial statements, the Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued by the Financial Accounting Standards Board (FASB), related to revenue recognition from contracts with customers. This adoption was applied on January 1, 2019 on a modified retrospective basis. Pursuant to this adoption, the Company recorded a cumulative-effect reduction to member's equity of $2,704,234. Our opinion is not modified with respect to this matter.

Lutz & Company, P.C.

March 11, 2020

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Balance Sheets

December 31, 2019 and 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,378,254	$ 3,027,345
Receivables	535,019	337,909
Prepaid Expenses	246,386	98,244
Current Portion of Contract Assets	90,700	-
Current Portion of Notes Receivable	220,116	50,000
Total Current Assets	3,470,475	3,513,498
PROPERTY AND EQUIPMENT, NET	527,027	391,671
OTHER ASSETS		
Goodwill, Net of Accumulated Amortization of $2,914,855 and $2,331,884, Respectively	2,914,848	3,497,819
Due from Affiliates	8,351,638	6,316,416
Contract Assets, Less Current Portion	610,767	-
Notes Receivable, Less Current Portion	916,567	885,000
Deposits	5,000	10,530
Total Other Assets	12,798,820	10,709,765
TOTAL ASSETS	**$ 16,796,322**	**$ 14,614,934**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Balance Sheets

December 31, 2019 and 2018

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Payables	$ 276,604	$ 281,467
Gift Card Liability	2,348,447	2,165,360
Franchisee Marketing Deposits	365,232	429,077
Current Portion of Deferred Revenue	849,708	1,185,666
Current Portion of Franchisee Development Deposits	536,319	-
Accrued Expenses	702,814	606,372
Total Current Liabilities	5,079,124	4,667,942
LONG-TERM LIABILITIES		
Deferred Revenue, Less Current Portion	5,743,365	1,658,413
Deferred Affiliate Sourcing Fees	901,228	-
Franchisee Development Deposits, Less Current Portion	1,135,000	380,000
Due to Affiliates	3,221,406	4,342,387
Total Long-Term Liabilities	11,000,999	6,380,800
Total Liabilities	16,080,123	11,048,742
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY		
MEMBER'S EQUITY	716,199	3,566,192
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 16,796,322**	**$ 14,614,934**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Operations

Years Ended December 31, 2019 and 2018

	2019	2018
REVENUES		
Royalty Fees	$ 8,601,880	$ 6,475,164
Franchise and Area Developer Fees	859,958	820,000
Affiliate Sourcing Fees	56,681	330,000
Gift Card Breakage	470,365	483,000
Total Revenues	9,988,884	8,108,164
OPERATING EXPENSES		
General and Administrative Expenses	8,388,626	6,000,196
Parent Company Administration Fee	1,091,649	1,122,959
Depreciation	112,124	66,418
Amortization of Goodwill	582,971	582,971
Total Operating Expenses	10,175,370	7,772,544
Income (Loss) from Operations	(186,486)	335,620
OTHER INCOME AND EXPENSE		
Interest Income	40,327	3,952
Gain on Sale of Property and Equipment	-	5,000
Other Income	400	1,754
Total Other Income and Expense	40,727	10,706
NET INCOME (LOSS)	**$ (145,759)**	**$ 346,326**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Member's Equity

Years Ended December 31, 2019 and 2018

BALANCES, December 31, 2017	$ 3,219,866
Net Income	346,326
BALANCES, December 31, 2018	3,566,192
Cumulative Effect of the Adoption of ASU 2014-09	(2,704,234)
Net Loss	(145,759)
BALANCES, December 31, 2019	**$ 716,199**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (145,759)	$ 346,326
Adjustments to Reconcile Net Income (Loss) to		
Net Cash Provided by Operating Activities		
Depreciation	112,124	66,418
Amortization of Goodwill	582,971	582,971
Gain on Sale of Property and Equipment	-	(5,000)
Decrease in Deferred Lease Liability	-	(1,517)
Decrease (Increase) in Operating Assets:		
Receivables, Net	(197,110)	578,162
Prepaid Expenses	(148,142)	(20,420)
Contract Assets	(342,589)	-
Increase (Decrease) in Operating Liabilities:		
Payables	(4,863)	(98,761)
Gift Card Liability	183,087	28,708
Franchisee Marketing Deposits	(93,845)	89,100
Deferred Revenue	1,633,426	(18,501)
Franchisee Development Deposits	355,000	380,000
Accrued Expenses	96,442	287,460
Deferred Affiliate Sourcing Fees	583,320	-
Net Cash Provided by Operating Activities	2,614,062	2,214,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	-	5,000
Purchase of Property and Equipment	(247,480)	(344,103)
Repayments of Notes Receivable	135,000	50,000
Increase in Due from Affiliates	(2,035,222)	(762,005)
Decrease (Increase) in Deposits	5,530	(5,530)
Net Cash Used in Investing Activities	(2,142,172)	(1,056,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Due to Affiliates	(1,120,981)	578,909
Net Increase (Decrease) in Cash and Cash Equivalents	(649,091)	1,737,217
Cash and Cash Equivalents, Beginning of Year	3,027,345	1,290,128
Cash and Cash Equivalents, End of Year	**$ 2,378,254**	**$ 3,027,345**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
NONCASH ACTIVITIES		
Issuance of Notes Receivable for Franchisee Marketing Deposits, Deferred Revenue and Franchisee Development Deposits	$ 336,683	$ 760,000
Noncash Impact of Adoption of ASU 2014-09		
Contract Assets	$ (358,878)	$ -
Deferred Revenue	2,745,204	-
Deferred Affiliate Sourcing Fees	317,908	-
Total Member's Equity Impact of Adoption of ASU 2014-09	$ 2,704,234	$ -

See Notes to Financial Statements.

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Organization and Nature of Business

Scooter's Coffee, LLC (the Company) is a franchisor of coffee retail stores. The Company is a wholly owned subsidiary of Boundless Enterprises, LLC (Parent).

The Parent is also the sole member of Boundless Operations, LLC (Operations), Harvest Roasting, LLC (Harvest), and Boundless Real Estate Holdings, LLC (Real Estate). The Company is engaged in various transactions with these related parties (see Note 2). Operations are principally involved in the operation of Company-owned retail coffeehouses. Harvest is principally involved in the wholesale of coffee products and related supplies to all franchisees of the Company and all Operations' stores. Real Estate is principally involved in the acquisition and leasing of real estate properties.

The following is a summary of total stores at December 31:

	Affiliated	Franchise	Total
Open, December 31, 2017	15	160	175
Opened	3	30	33
Closed	-	(4)	(4)
Transfers	(1)	1	-
Open, December 31, 2018	17	187	204
Opened	17	47	64
Closed	(1)	(1)	(2)
Transfers	(5)	5	-
Open, December 31, 2019	28	238	266

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Receivables

Receivables include trade accounts receivable that are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At December 31, 2019 and 2018, all trade accounts receivable are considered to be fully collectible.

Receivables also include affiliate, franchisee gift card, franchisee direct mail, and initial franchisee fee and marketing deposit receivables which are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they are charged to operations when that determination is made.

Concentration of Risks

The Company has two types of financial instruments subject to credit risk. The Company maintains bank accounts in which balances sometimes exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. At December 31, 2019 and 2018 there were cash balances in excess of FDIC limits at the bank of approximately $2,177,000 and $2,856,000, respectively.

The Company's receivables are also subject to credit risk.

Franchise Operations and Revenue Recognition

Effective January 1, 2019, the Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), using the modified retrospective transition method, which allows entities to apply the standard prospectively and record a cumulative effect adjustment to member's equity in the year the standard is first applied. The Company elected to apply the standard only to contracts that were not completed as of the adoption date.

ASU 2014-09 outlines a single comprehensive model to account for revenue arising from contracts with customers. Revenue is recognized for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods and services. ASU 2014-09 enhances revenue disclosures to allow users to better understand the nature, amount, timing and uncertainty of revenue.

The Company's adoption of ASU 2014-09 significantly impacted the timing of revenue recognition for initial franchise fees, area developer fees, and affiliate sourcing fees and the timing of expense recognition for certain commissions and incentive payments.

Results after January 1, 2019 are presented under ASU 2014-09 while results as of and for the year ended December 31, 2018 are presented in accordance with generally accepted accounting principles in effect prior to this adoption (legacy GAAP). The Company recorded a net decrease in member's equity of $2,704,234 as of January 1, 2019 due to the cumulative effect of adopting ASU 2014-09. The net change includes a $3,063,112 reduction in member's equity related to the change in recognition of franchise fees, area developer fees, and affiliate sourcing fees and a $358,878 increase in member's equity related to the change in recognition of area developer commissions and other contract-based incentive payments.

The impact of adopting ASU 2014-09 on the balance sheet and statement of operations as of and for the year ending December 31, 2019 is outlined below:

	AS REPORTED	UNDER LEGACY GAAP	IMPACT OF ASU 2014-09
Increase (Decrease) in Assets:			
Current Portion of Contract Assets	$ 90,700	$ -	$ 90,700
Contract Assets, Less Current Portion	610,767	-	610,767
Due from Affiliates	8,351,638	8,111,638	240,000
	$ 9,053,105	$ 8,111,638	$ 941,467
Increase (Decrease) in Liabilities and Member's Equity:			
Current Portion of Deferred Revenue	$ 849,708	$ 1,661,000	$ (811,292)
Deferred Revenue, Less Current Portion	5,743,365	241,828	5,501,537
Deferred Affiliate Sourcing Fees	901,228	-	901,228
Member's Equity	861,958	3,566,192	(2,704,234)
	$ 8,356,259	$ 5,469,020	$ 2,887,239
Increase (Decrease) in Net Loss:			
Franchise Fees	$ 705,958	$ 2,425,000	$ (1,719,042)
Area Developer Fees	154,000	140,000	14,000
Affiliate Sourcing Fees	56,681	640,000	(583,319)
General and Administrative Expenses	(74,819)	(417,408)	342,589
	$ 841,820	$ 2,787,592	$ (1,945,772)

Revenues disaggregated by timing of revenue recognition and by major type for the years ended December 31, 2019 (under ASU 2014-09) and 2018 (under legacy GAAP) are as follows:

	2019	2018
Revenues Recognized Over Time		
Franchise Fees	$ 705,958	$ -
Area Developer Fees	154,000	-
Affiliate Sourcing Fees	56,681	-
Gift Card Breakage	470,365	483,000
Total Revenues Recognized Over Time	1,387,004	483,000
Revenues Recognized at a Point in Time		
Royalty Fees	8,601,880	6,475,164
Franchise Fees	-	785,000
Area Developer Fees	-	35,000
Affiliate Sourcing Fees	-	330,000
Total Revenues Recognized at a Point in Time	8,601,880	7,625,164
Total Revenues	$ 9,988,884	$ 8,108,164

The Company's accounting policy for revenue recognition is detailed below.

Royalty Fees

Royalty fees are determined as a percentage of franchisee sales, typically 8%. These fees are recognized as revenue in the period sales are earned by the franchisee. These fees are charged on either a weekly or monthly basis, with payment generally due within a week of billing.

Franchise and Area Developer Fees

The Company sells individual franchises as well as territory agreements in the form of area developer agreements that incentivize franchisees to develop or help manage multiple store locations. The franchise agreements and area developer agreements typically require the franchisee to pay an initial nonrefundable franchise fee prior to opening the respective franchisee unit. The initial term of a franchise or area developer agreement is generally 10 years. A franchisee may elect to renew the term of a franchise agreement and will pay a renewal fee upon execution of the new agreement.

Effective January 1, 2019, the Company has determined that the franchise and territory rights granted for each franchisee or area developer represent a single performance obligation. Initial franchise fees and area developer fees are allocated to the applicable agreement and initially recorded as deferred revenue when received. Revenue is recognized ratably over the term of the respective agreement from the date of execution of the agreement. Renewal agreements are recognized as revenue over the renewal term from the date of execution of the renewal. If an agreement is terminated, the Company will recognize the remaining amount to revenue in the year of termination.

Prior to January 1, 2019, the Company recorded initial franchise fees as revenue once substantially all the services of the Company required by the franchise agreement had been performed, which was normally concurrent with the opening of a franchisee unit. Franchise fees received prior to this performance were recorded as deferred revenue until such performance had occurred. Franchise renewal fees were recognized upon execution of the renewal contract.

Prior to January 1, 2019, area developer fees were recognized as revenue once substantially all services of the Company required by the area developer agreement had been performed, which was normally concurrent with the opening of a franchisee unit within the area developer's territory. Area developer fees received prior to this performance were recorded as deferred revenue until such performance had occurred. Area developer fees related to renewal contracts that were not dependent on additional store openings were recognized upon execution of the renewal.

Affiliate Sourcing Fees

The Company receives a sourcing fee from Harvest each time a franchisee unit is opened or a renewal contract is executed. Effective January 1, 2019, sourcing fees from Harvest are initially recorded to deferred affiliate sourcing fees, and revenue is recognized over the term of the respective franchise agreement from the date the franchisee unit is opened. Renewal agreements are recognized as revenue over the renewal term from the date of execution of the renewal. Prior to January 1, 2019, sourcing fees from Harvest were recognized as revenue upon the opening of a franchisee unit or upon execution of a renewal contract.

Gift Card Breakage

There are no expiration dates on the Company's gift cards and the Company does not charge service fees. While franchisees continue to honor gift cards presented for payment, the Company determines the likelihood of redemptions to be remote for certain cards due to long periods of inactivity. Gift card breakage revenue represents the amount of gift cards sold in which the probability of redemption is remote, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws. In these circumstances, the gift card liability is reduced through the recognition of breakage revenue over time in proportion to actual gift card redemptions. Significant judgment is required in estimating breakage percentages on these gift cards. The Company uses industry-wide standards and its own historical experience to estimate breakage revenue. For the years ended December 31, 2019 and 2018, the Company estimated breakage percentages ranging from 4.00% to 4.25%. Given the significant value of the gift card liability, changes in estimated breakage percentages could have a material impact on the breakage revenue recognized and the outstanding gift card liability.

Sponsorship Revenue

The Company generally hosts a corporate-wide franchisee meeting on a bi-annual basis. The Company recognizes sponsorship revenue from vendors for the meeting in the year the meeting occurs. Amounts received prior to the franchisee meeting date are recorded as deferred revenue. During 2019, the Company recognized sponsorship revenue of $442,610, which is included as an offset to general and administrative expenses in the accompanying statements of operations.

Contract Assets

Contract assets represent commissions paid to area developers for each franchisee unit that is opened in the area developer's territory, incentives provided to franchisees for early store openings or renewals, and commissions paid for referring a new franchise. Under ASU 2014-09, these are considered incremental costs of obtaining a contract and are initially recognized as an asset and subsequently expensed over the ten-year life of the respective franchise agreement. Contract assets totaled $701,467 at December 31, 2019. Expense is estimated to be approximately $91,000 over the next eight years, after which the expense will decrease for the remaining term. Prior to January 1, 2019, these commissions were recognized to expense upon the execution of the respective franchise agreement or the opening of the franchisee unit.

Contract Liabilities

Contract liabilities are included in the balance sheets as follows:

Deferred Revenue
Deferred revenue consists of initial franchise and area developer fees received at the signing of a franchise or area developer agreement. Effective January 1, 2019, these fees are recognized to revenue over the life of the respective franchise or area developer agreement.

Estimated revenue expected to be recognized in the future related to deferred revenue at December 31, 2019 is as follows:

Year Ending December 31,	
2020	$ 849,708
2021	841,000
2022	830,708
2023	812,208
2024	776,291
Therafter	2,483,158
	$ 6,593,073

Prior to January 1, 2019, these fees were recognized to revenue upon the opening of the respective franchisee unit. The Company estimated current and long-term portions of deferred franchise fees based on estimated opening dates of the franchisee units.

Deferred Affiliate Sourcing Fees
Deferred affiliate sourcing fees consist of sourcing fees received from Harvest at the opening of a franchisee unit. Effective January 1, 2019, these fees are recognized to revenue over the life of the respective agreement from the date the franchisee unit is opened. Revenue is estimated to be approximately $102,000 over the next eight years, after which the revenue will decrease for the remaining term. Prior to January 1, 2019, these fees were recognized to revenue upon the opening of the respective franchisee unit.

Franchisee Development Deposits

Franchisee development deposits consist of down payments for multi-store development agreements that will be applied to future franchise agreements. When a franchise agreement is signed with a multi-store developer, the down payment is used to reduce the initial franchise fee paid and is recognized to revenue over the life of the respective agreement. Remaining unrecognized payments from multi-store development agreements totaled $735,000 at December 31, 2019.

Franchisee development deposits also consist of deposits area developer agreements that do not fall under the scope of ASU 2014-09 or that are not connected to territory rights. These deposits will be applied against future payment obligations of the area developer. Outstanding deposits from area developer agreements totaled $936,319 ($536,319 current and $400,000 long-term) at December 31, 2019. The Company estimates the current and long-term portion based on the expected use of the deposits.

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are expensed as incurred. The costs of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight line method over the following estimated useful lives:

	Years
CAD Drawings	3 - 5
Office Furniture, Equipment and Software	3-7
Training Equipment	3 - 5
Vehicles	5
Website	3

Projects in process are recorded at cost and depreciation is recorded once the assets are placed into service. Projects in process at December 31, 2019 related to a franchise store design modeling tool and the development and license for a future retail product. Projects in process at December 31, 2018 related to a financial dashboard and website, which were placed into service during 2019.

Goodwill

Goodwill represents the carrying amount of the cost in excess of the assets acquired in a business combination. The Company follows FASB Accounting Standards Update 2014-02, *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill,* which allows the Company to amortize goodwill prospectively on a straight-line basis up to ten years. Management believes this method more accurately reflects periodic results of operations and has elected to amortize its existing goodwill over ten years, which represents the estimated useful life. Accordingly, amortization expense of $582,971 was recorded during the years ended December 31, 2019 and 2018. The Company will continue to review goodwill for possible impairment when a triggering event has occurred. Amortization expense over the next five years is anticipated to be approximately $583,000 annually.

Long-Lived Asset Impairment Policy

The Company evaluates the recoverability of the carrying value of long-lived assets when events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment existed at December 31, 2019 and 2018.

Franchisee Marketing Deposits

Franchisee marketing deposits represent amounts received from franchisees which will be used by the Company for various marketing and grand opening costs.

Advertising and Promotion

The franchise agreement requires the Company to spend an amount equivalent to 2% of franchisee sales on advertising and promotion. The Company expenses advertising and promotion costs as they are incurred. Advertising and promotion expenses totaled approximately $1,850,000 and $1,514,000 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes

The Company is a single-member limited liability company and treated as a disregarded entity under the Internal Revenue Code. Accordingly, the Company's activity is included on the income tax return of the Parent, and taxable income, deductions and credits flow through to the members of its Parent each year as earned and are reported on their personal income tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements of the Company.

The Company follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax benefits on the accompanying balance sheets.

The Company may make tax related distributions to the Parent in amounts sufficient to cover any income taxes the members of the Parent are required to pay on the Company's taxable income.

The Company believes it is no longer subject to federal, state and local income tax examinations for tax years before December 31, 2016.

Reclassifications

Certain reclassifications were made to the 2018 financial statements to conform to the 2019 presentation.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through March 11, 2020, noting no items for disclosure.

2. Related Party Transactions

Boundless Enterprises, LLC (Parent)

The Company is charged an expense allocation by the Parent for management support which totaled $1,091,649 and $1,122,959 for the years ended December 31, 2019 and 2018, respectively. The Company also provides cash advances to the Parent. There was $7,208,558 and $4,175,659 due from the Parent at December 31, 2019 and 2018, respectively, which is included in due from affiliates in the accompanying balance sheets.

Boundless Operations, LLC (Operations)

The Company charged continuing franchise royalty fees of $680,661 and $523,228 to Operations during the years ended December 31, 2019 and 2018, of which $25,835 and $12,624, respectively, are included in affiliate receivables in the accompanying balance sheets at December 31, 2019 and 2018.

The Company also charged initial and renewal franchise fees to Operations. The timing of revenue recognition for these fees was impacted by the adoption of ASU 2014-09 (see Note 1). Total franchise fee revenue recognized from Operations was $29,251 (under ASU 2014-09) and $120,000 (under legacy GAAP) during the years ended December 31, 2019 and 2018, respectively. Initial franchise fees from Operations of $861,125 ($93,750 current and $767,375 long-term) were included in deferred revenue at December 31, 2019 (under ASU 2014-09). There was no deferred revenue from Operations at December 31, 2018 (under legacy GAAP).

Similar to other franchisees, Operations issues and redeems gift cards on behalf of the Company (see Note 7). At December 31, 2019 and 2018, total outstanding payables due to Operations for gift card redemptions were $13,422 and $4,731, respectively.

There was $1,143,080 and $2,140,757 due from Operations at December 31, 2019 and 2018, respectively, which are included in due from affiliates in the accompanying balance sheets.

Harvest Roasting, LLC (Harvest)

The Company received net cash advances from Harvest during the years ended December 31, 2019 and 2018. There was $3,221,406 and $4,342,387 due to Harvest at December 31, 2019 and 2018, respectively, which are included in due to affiliates in the accompanying balance sheets.

The Company receives a $10,000 per store sourcing fee from Harvest for each franchise opening or renewal as consideration for designating Harvest as the preferred vendor of franchisees. The timing of revenue recognition for these sourcing fees was impacted by the adoption of ASU 2014-09 (see Note 1). Total sourcing fee recognized from Harvest was $56,680 (under ASU 2014-09) and $330,000 (under legacy GAAP) for the years ended December 31, 2019 and 2018, respectively. Sourcing fees from Harvest of $901,228 (under ASU 2014-09) and $0 (under legacy GAAP) were included in deferred affiliate sourcing fees at December 31, 2019 and 2018, respectively.

Franchisees

The Company has various franchisees that are owned by employees, members or other affiliated parties of the Company or the Parent.

The Company has entered into an agreement with a certain related party to finance its area developer fees (see Note 4) and to defer payment of royalty fees for a limited period of time. At December 31, 2019 and 2018, there was $97,286 and $13,054, respectively, included in receivables for deferred royalty fees and $800,000 included in notes receivable for area developer fees from this related party, of which $46,667 (under ASU 2014-09) and $0 (under legacy GAAP) was recognized to franchise fee revenue during 2019 and 2018, respectively. During 2019 and 2018, the Company expensed $114,477 and $2,255, respectively, of area developer royalties to this related party, of which $51,995 and $2,255 was included in accrued expenses at December 31, 2019 and 2018, respectively.

3. Receivables

Receivables at December 31, 2019 and 2018 consist of the following:

	2019	2018
Receivables		
Trade Accounts	$ 338,473	$ 203,111
Affiliate	25,835	12,624
Franchisee Gift Card	71,124	40,674
Franchisee Direct Mail	36,420	-
Initial Franchise Fee and Marketing Deposit	63,167	81,500
Total Receivables	$ 535,019	$ 337,909

4. Notes Receivable

Notes receivable at December 31, 2019 and 2018 consist of the following:

	2019	2018
Unsecured non-interest bearing installment note receivable from a limited liability company related to an area developer agreement, due in annual installments of $50,000, maturing December 2023, at which time the remaining balance is due.	$ 200,000	$ -
Unsecured non-interest bearing installment note receivable from a limited liability company related primarily to an initial franchise fee and grand opening marketing deposit, due in monthly installments of $2,195, maturing May 2021, at which time the remaining balance is due.	46,683	-
Unsecured installment note receivable from a limited liability company related to initial franchise fees and grand opening marketing deposits, due in monthly installments of $15,220, including interest at 5%, maturing June 2020, at which time the remaining balance and unpaid interest is due.	90,000	-
Unsecured non-interest bearing installment note receivable from a limited liability company related to an area developer agreement, due in annual installments of $50,000, maturing January 2022, at which time the remaining balance is due. This note was terminated during 2019 and the remaining balance was satisfied.	-	175,000
Unsecured installment note receivable from a related party limited liability company related to an area developer agreement, with interest-only payments at 5% through January 2020, at which time the outstanding balance will be due in monthly installments of $7,892, including interest at 5%, maturing January 2024, at which time a balloon payment is due. During 2019, $40,000 was added to the principal balance related to additional area developer fees. See Note 2.	800,000	760,000
Total Notes Receivable	1,136,683	935,000
Less Current Portion	220,116	50,000
Notes Receivable, Less Current Portion	$ 916,567	$ 885,000

The aggregate maturities of notes receivable for the years ending after December 31, 2019 are as follows:

Year Ending December 31,	
2020	$ 220,116
2021	131,370
2022	111,844
2023	115,008
2024	558,345
	$ 1,136,683

5. Property and Equipment

Property and equipment at December 31, 2019 and 2018 consists of the following:

	2019	2018
CAD Drawings	$ 73,915	$ 73,915
Office Furniture, Equipment and Software	416,618	112,046
Training Equipment	42,832	30,414
Vehicles	26,496	60,753
Website	135,549	74,984
Projects in Process	135,122	267,131
Total Cost	830,532	619,243
Less Accumulated Depreciation	303,505	227,572
Net Book Value	$ 527,027	$ 391,671

6. Payables

Payables at December 31, 2019 and 2018 consist of the following:

	2019	2018
Payables		
Trade Accounts	$ 158,578	$ 184,326
Affiliate	13,422	4,731
Franchisee Gift Card	104,604	92,410
Total Payables	$ 276,604	$ 281,467

7. Gift Cards

The Company and franchisees sell/issue gift cards that are redeemable for product in store locations. The Company manages the gift card program and therefore collects all funds from the issuances of gift cards and reimburses franchisees for the redemption of gift cards in their stores. Upon the sale of a gift card at a franchisee location, the Company records a franchisee gift card receivable and a gift card liability. Gift cards redeemed are accounted for as a franchisee gift card payable and a reduction to the gift card liability. The Company also sells gift cards to retailers for re-sale. Upon the sale of a gift card to a retailer, the Company records a receivable from the retailer and a gift card liability. Receivables due from retailers are shown as gift card receivable on the accompanying balance sheets. Additionally, the Company allows customers to load a prepaid balance or reload gift cards through its mobile application. Upon the initial load of a prepaid balance or reload of a gift card through the mobile application, the Company records a gift card liability.

At December 31, 2019 and 2018, there was $71,124 and $40,674, respectively, due from non-affiliated franchisee stores and third-party resellers for gift cards issued (see Note 3) and $104,604 and $92,410, respectively, due to franchisee stores for gift cards redeemed (see Note 6). There was $2,348,447 and $2,165,360 of gift cards outstanding at December 31, 2019 and 2018, which are expected to be redeemed in future years.

8. 401(k) Profit Sharing

The Company participates in the Parent's 401(k) profit sharing plan which covers substantially all employees upon completion of one year of service and attainment of 21 years of age. The Company's contribution to the plan consists of a matching contribution based on employee deferrals. Additional profit sharing contributions may also be made at the Company's discretion. The Company's 401(k) profit sharing costs were approximately $27,000 and $42,000 for the years ended December 31, 2019 and 2018, respectively.

9. Commitments and Contingencies

Debt

The Company is a joint borrower with the Parent, Operations, Harvest, and Real Estate for various debt obligations. Outstanding amounts are recorded on the Parent's balance sheet. All related interest expense is recorded on the Parent's income statement.

The Company is contingently liable as a borrower and guarantor with respect to all indebtedness of the Parent. At December 31, 2019, the maximum future payments that the Company would be required to make as a borrower and guarantor totaled $22,320,526. This includes term loans and revolving lines of credit which mature on various dates from January 2021 through October 2024 with interest at fixed and variable rates ranging from 3.82% to 5.87%. This debt is collateralized by substantially all assets of the Company and its affiliates. As of the date of this report, the Company is aware of no instances where it is required to perform on the outstanding term loans and line of credit balances.

Lease Obligations

The Company has entered into leases for office space and vehicles used by the Company. The future minimum lease payments under these non-cancelable operating leases at December 31, 2019 are as follows:

Year Ending December 31,	
2020	$ 6,893
2021	4,437
	$ 11,330

Lease expense was approximately $12,000 and $26,000 for the years ended December 31, 2019 and 2018, respectively.

Area Developer Royalty Fees

Under terms of various area developer agreements, the Company has agreed to pay royalties ranging from 2.5% to 3.0% of gross sales each month, which totaled $894,299 and $666,415 for the years ended December 31, 2019 and 2018, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

The Company pays commissions to area developers for each store that is opened in the area developer's territory. The timing of expense recognition for these commissions was impacted by the adoption of ASU 2014-09 (see Note 1). Commission expense totaled $59,537 (under ASU 2014-09) and $35,000 (under legacy GAAP) for the years ended December 31, 2019 and 2018, respectively, and is included in general and administrative expenses in the accompanying statements of operations.

Business Builder Incentives

The Company has agreed to issue royalty rebates to franchisees that opened additional stores within a specified time frame. The rebates range from 2.0% to 5.0% of royalty sales for the first 18 months of a store's operations and totaled $298,144 and $236,269 for the years ended December 31, 2019 and 2018, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

Lutz

Scooter's Coffee, LLC

(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Financial Statements and Independent Auditors' Report

December 31, 2018 and 2017

Scooter's Coffee, LLC

(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

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INDEPENDENT AUDITORS' REPORT

Member and Board of Managers
Scooter's Coffee, LLC
Omaha, Nebraska

Report on the Financial Statements
We have audited the accompanying financial statements of Scooter's Coffee, LLC, a Nebraska limited liability company and wholly owned subsidiary of Boundless Enterprises, LLC, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income and member's 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 present fairly, in all material respects, the financial position of Scooter's Coffee, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lutz & Company, P.C.

March 13, 2019

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Balance Sheets

December 31, 2018 and 2017

ASSETS	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,027,345	$ 1,290,128
Receivables, Net	337,909	916,071
Prepaid Expenses	98,244	77,824
Current Portion of Notes Receivable	50,000	50,000
Total Current Assets	3,513,498	2,334,023
PROPERTY AND EQUIPMENT, NET	391,671	113,986
OTHER ASSETS		
Goodwill, Net of Accumulated Amortization of $2,331,884 and $1,748,913, Respectively	3,497,819	4,080,790
Due from Affiliates	6,316,416	5,554,411
Notes Receivable, Less Current Portion	885,000	175,000
Deposits	10,530	5,000
Total Other Assets	10,709,765	9,815,201
TOTAL ASSETS	**$ 14,614,934**	**$ 12,263,210**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Balance Sheets

December 31, 2018 and 2017

	2018	2017
LIABILITIES		
CURRENT LIABILITIES		
Payables	$ 281,467	$ 380,228
Gift Card Liability	2,165,360	2,136,652
Franchisee Marketing Deposits	429,077	339,977
Current Portion of Deferred Revenue	1,185,666	755,000
Accrued Expenses	606,372	318,912
Total Current Liabilities	4,667,942	3,930,769
LONG-TERM LIABILITIES		
Deferred Revenue, Less Current Portion	2,038,413	1,347,580
Due to Affiliates	4,342,387	3,763,478
Deferred Lease Liability	-	1,517
Total Long-Term Liabilities	6,380,800	5,112,575
Total Liabilities	11,048,742	9,043,344
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY		
MEMBER'S EQUITY	3,566,192	3,219,866
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 14,614,934**	**$ 12,263,210**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Income and Member's Equity

Years Ended December 31, 2018 and 2017

	2018	2017
REVENUES		
Franchise, Area Developer, and Royalty Fees	$ 7,295,164	$ 6,224,234
Affiliate Sourcing Fee	330,000	310,000
Gift Card Breakage	483,000	350,000
Total Revenues	8,108,164	6,884,234
OPERATING EXPENSES		
General and Administrative Expenses	6,000,196	4,370,837
Parent Company Administration Fee	1,122,959	1,378,139
Depreciation	66,418	37,309
Amortization of Goodwill	582,971	582,971
Total Operating Expenses	7,772,544	6,369,256
Income from Operations	335,620	514,978
OTHER INCOME AND EXPENSE		
Interest Income	3,952	197
Gain on Disposal of Property and Equipment	5,000	-
Other Income	1,754	-
Total Other Income and Expense	10,706	197
NET INCOME	346,326	515,175
Member's Equity, Beginning of Year	3,219,866	2,704,691
Member's Equity, End of Year	**$ 3,566,192**	**$ 3,219,866**

See Notes to Financial Statements.

Scooter's Coffee, LLC
(A Wholly Owned Subsidiary of Boundless Enterprises, LLC)

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 346,326	$ 515,175
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	66,418	37,309
Amortization of Goodwill	582,971	582,971
Gain on Sale of Property and Equipment	(5,000)	-
Decrease in Deferred Lease Liability	(1,517)	(2,313)
Decrease (Increase) in Current Assets:		
Receivables, Net	578,162	179,703
Prepaid Expenses	(20,420)	13,980
Increase (Decrease) in Current Liabilities:		
Payables	(98,761)	249,278
Gift Card Liability	28,708	20,168
Franchisee Marketing Deposits	89,100	25,852
Deferred Revenue	361,499	205,416
Accrued Expenses	287,460	127,246
Net Cash Provided by Operating Activities	2,214,946	1,954,785
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	5,000	-
Purchase of Property and Equipment	(344,103)	(50,804)
Repayments of Notes Receivable	50,000	192,082
Increase in Due from Affiliates	(762,005)	(1,491,376)
Increase in Deposits	(5,530)	-
Net Cash Used in Investing Activities	(1,056,638)	(1,350,098)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Due to Affiliates	578,909	(121,056)
Net Increase in Cash and Cash Equivalents	1,737,217	483,631
Cash and Cash Equivalents, Beginning of Year	1,290,128	806,497
Cash and Cash Equivalents, End of Year	**$ 3,027,345**	**$ 1,290,128**
NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of Notes Receivable	$ 760,000	$ -

See Notes to Financial Statements.

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Organization and Nature of Business

Scooter's Coffee, LLC (the Company) is a franchisor of coffee retail stores. The Company is a wholly owned subsidiary of Boundless Enterprises, LLC (Parent).

The Parent is also the sole member of Boundless Operations, LLC (Operations), Harvest Roasting, LLC (Harvest), and Boundless Real Estate Holdings, LLC (Real Estate). The Company is engaged in various transactions with these related parties (see Note 2). Operations are principally involved in the operation of Company-owned retail coffeehouses. Harvest is principally involved in the wholesale of coffee products and related supplies to all franchisees of the Company and all Operations' stores. Real Estate is principally involved in the acquisition and leasing of real estate properties.

The following is a summary of total stores at December 31:

	Affiliated	Franchise	Total
Open, December 31, 2016	18	140	158
Opened	2	20	22
Closed	-	(5)	(5)
Transfers	(5)	5	-
Open, December 31, 2017	15	160	175
Opened	3	30	33
Closed	-	(4)	(4)
Transfers	(1)	1	-
Open, December 31, 2018	17	187	204

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Receivables

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Trade accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At December 31, 2018, all trade accounts receivable are considered to be fully collectible.

Affiliate, franchisee gift card, and initial franchisee fee and marketing deposit receivables are considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded. If amounts become uncollectible, they are charged to operations when that determination is made.

Concentration of Risks

The Company has two types of financial instruments subject to credit risk. The Company maintains bank accounts in which balances sometimes exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. At December 31, 2018 and 2017 there were cash balances in excess of FDIC limits at the bank of approximately $2,856,000 and $1,056,000, respectively.

The Company's receivables are also subject to credit risk.

Franchise Operations and Revenue Recognition

The Company records initial franchise fees as revenue once substantially all the services of the Company required by the franchise agreement have been performed, which is normally concurrent with the opening of a franchisee unit. Franchise fees received prior to this performance are recorded as deferred revenue until such performance has occurred. Franchise renewal fees are recognized upon execution of the renewal contract.

Area development fees are recognized as revenue once substantially all services of the Company required by the area developer agreement have been performed, which is normally concurrent with the opening of a franchisee unit within the area developer's territory. Area developer fees received prior to this performance are recorded as deferred revenue until such performance has occurred. Area developer fees related to renewal contracts that are not dependent on additional store openings are recognized upon execution of the renewal.

Continuing franchise royalties are determined as a percentage of franchisee sales. These fees are recognized as revenue in the period sales are earned by the franchisee.

Sourcing fees from Harvest are recognized as revenue upon the opening of a franchisee unit or upon execution of a renewal contract.

Gift card breakage revenue represents the amount of gift cards sold in which the probability of redemption is remote, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws. The Company uses industry-wide standards and its own historical experience to estimate breakage revenue (see Note 7).

The Company generally hosts a corporate-wide franchisee meeting on a bi-annual basis. The Company recognizes sponsorship revenue from vendors for the meeting in the year the meeting occurs. Amounts received prior to the franchisee meeting date are recorded as deferred revenue.

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are expensed as incurred. The costs of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight line method over the following estimated useful lives:

	Years
CAD Drawings	3 - 5
Office Furniture and Equipment	3-7
Training Equipment	3 - 5
Vehicles	5
Website	3

Projects in process are recorded at cost and depreciation is recorded once the assets are placed into service. Projects in process at December 31, 2018 related to a financial dashboard and website.

Goodwill

Goodwill represents the carrying amount of the cost in excess of the assets acquired in a business combination. The Company follows FASB Accounting Standards Update 2014-02, *Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill,* which allows the Company to amortize goodwill prospectively on a straight-line basis up to ten years. Management believes this method more accurately reflects periodic results of operations and has elected to amortize its existing goodwill over ten years, which represents the estimated useful life. Accordingly, amortization expense of $582,971 was recorded during the years ended December 31, 2018 and 2017. The Company will continue to review goodwill for possible impairment when a triggering event has occurred. Amortization expense over the next six years is anticipated to be approximately $583,000 annually.

Franchisee Marketing Deposits

Franchisee marketing deposits represent amounts received from franchisees which will be used by the Company for various marketing and grand opening costs.

Advertising and Promotion

The franchise agreement requires the Company to spend an amount equivalent to 2% of franchisee sales on advertising and promotion. The Company expenses advertising and promotion costs as they are incurred. Advertising and promotion expenses totaled approximately $1,514,000 and $1,231,000 for the years ended December 31, 2018 and 2017, respectively.

Income Taxes

The Company is a single-member limited liability company and treated as a disregarded entity under the Internal Revenue Code. Accordingly, the Company's activity is included on the income tax return of the Parent, and taxable income, deductions and credits flow through to the members of its Parent each year as earned and are reported on their personal income tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements of the Company.

The Company follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax benefits on the accompanying balance sheets.

The Company may make tax related distributions to the Parent in amounts sufficient to cover any income taxes the members of the Parent are required to pay on the Company's taxable income.

The Company believes it is no longer subject to federal, state and local income tax examinations for tax years before December 31, 2015.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through March 13, 2019, noting no items for disclosure.

2. Related Party Transactions

Boundless Enterprises, LLC (Parent)

The Company is charged an expense allocation by the Parent for management support which totaled $1,122,959 and $1,378,139 for the years ended December 31, 2018 and 2017, respectively. The Company also provides cash advances to the Parent. There was $4,175,659 and $4,035,044 due from the Parent at December 31, 2018 and 2017, respectively, which is included in due from affiliates in the accompanying balance sheets.

Boundless Operations, LLC (Operations)

The Company charged continuing franchise royalty fees of $523,228 and $531,005 to Operations during the years ended December 31, 2018 and 2017, of which $12,624 and $10,347, respectively, are included in affiliate receivables in the accompanying balance sheets at December 31, 2018 and 2017.

The Company also charged initial and renewal franchise fees to Operations. Total franchise fee revenue recognized from Operations was $120,000 for three store openings at $40,000 per store during the year ended December 31, 2018. Total franchise fee revenue recognized from Operations was $65,000 for three store renewals at $10,000 per store and two store openings at $17,500 per store during the year ended December 31, 2017. No deferred revenue from Operations remained at December 31, 2018 due to the change in franchise revenue recognized per store. Initial franchise fees from Operations of $112,500 ($35,000 current and $77,500 long-term) were included in deferred revenue at December 31, 2017.

Similar to other franchisees, Operations issues and redeems gift cards on behalf of the Company (see Note 7). At December 31, 2018 and 2017, total outstanding affiliate receivables due from Operations for gift card issuances were $0 and $72,993, respectively. At December 31, 2018 and 2017, total outstanding payables due to Operations for gift card redemptions were $4,731 and $22,803, respectively. The Company also provides incentives to franchisees for gift card sales. Total outstanding amounts due to Operations for gift card incentives was $0 and $3,017 at December 31, 2018 and 2017, respectively, which are included in payables in the accompanying balance sheets (see Note 6).

There was $2,140,757 and $1,519,367 due from Operations at December 31, 2018 and 2017, respectively, which are included in due from affiliates in the accompanying balance sheets.

Harvest Roasting, LLC (Harvest)

The Company received net cash advances from Harvest during the years ended December 31, 2018 and 2017. There was $4,342,387 and $3,763,478 due to Harvest at December 31, 2018 and 2017, respectively, which are included in due to affiliates in the accompanying balance sheets.

The Company receives a $10,000 per store sourcing fee from Harvest for each franchise opening or renewal as consideration for designating Harvest as the preferred vendor of franchisees. Total sourcing fee recognized from Harvest was $330,000 and $310,000 for the years ended December 31, 2018 and 2017, respectively.

3. Receivables

Receivables at December 31, 2018 and 2017 consist of the following:

	2018	2017
Receivables		
Trade Accounts	$ 203,111	$ 116,760
Affiliate	12,624	83,340
Franchisee Gift Card	40,674	723,971
Initial Franchise Fee and Marketing Deposit	81,500	-
Subtotal	337,909	924,071
Less Allowance for Doubtful Accounts	-	8,000
Total Receivables, Net	$ 337,909	$ 916,071

4. Notes Receivable

Notes receivable at December 31, 2018 and 2017 consist of the following:

	2018	2017
Installment note receivable from a limited liability corporation owned by a certain member of the Parent related to an area developer fee, due in monthly interest-only installments of $3,167 through January 2020, at which time it will be due in monthly installments of $7,497, including interest at 5%, through January 2024, at which time a balloon payment is due, collateralized by substantially all of the franchisee's store assets. At December 31, 2018, $760,000 ($20,000 current and $740,000 long-term) was included in deferred revenue.	$ 760,000	$ -
Unsecured non-interest bearing installment note receivable from a limited liability company related to an area developer fee, due in annual installments of $50,000, until January 2022, at which time the remaining balance is due.	175,000	225,000
Total Notes Receivable	935,000	225,000
Less Current Portion	50,000	50,000
Notes Receivable, Less Current Portion	$ 885,000	$ 175,000

The aggregate maturities of notes receivable for the years ending after December 31, 2018 are as follows:

Year Ending December 31,	
2019	$ 50,000
2020	103,172
2021	105,892
2022	83,752
2023	61,757
Thereafter	530,427
	$ 935,000

5. Property and Equipment

Property and equipment at December 31, 2018 and 2017 consists of the following:

	2018	2017
CAD Drawings	$ 73,915	$ 66,300
Office Furniture and Equipment	112,046	60,102
Training Equipment	30,414	30,414
Vehicles	60,753	77,196
Website	74,984	74,984
Projects in Process	267,131	-
Total Cost	619,243	308,996
Less Accumulated Depreciation	227,572	195,010
Net Book Value	$ 391,671	$ 113,986

6. Payables

Payables at December 31, 2018 and 2017 consist of the following:

	2018	2017
Payables		
Trade Accounts	$ 184,326	$ 62,086
Affiliate	4,731	25,820
Franchisee Gift Card	92,410	292,322
Total Payables	$ 281,467	$ 380,228

7. Gift Cards

The Company and franchisees sell/issue gift cards that are redeemable for product in store locations. The Company manages the gift card program and therefore collects all funds from the issuances of gift cards and reimburses franchisees for the redemption of gift cards in their stores. Upon the sale of a gift card at a franchisee location, the Company records a franchisee gift card receivable and a gift card liability. Gift cards redeemed are accounted for as a franchisee gift card payable and a reduction to the gift card liability. The Company also sells gift cards to retailers for re-sale. Upon the sale of a gift card to a retailer, the Company records a receivable from the retailer and a gift card liability. Receivables due from retailers are shown as gift card receivable on the accompanying balance sheets. Additionally, the Company allows customers to reload gift cards through its mobile application. Upon the reload of a gift card through the mobile application, the Company records a gift card liability.

At December 31, 2018 and 2017, there was $40,674 and $723,971, respectively, due from non-affiliated franchisee stores and third-party resellers for gift cards issued (see Note 3) and $92,410 and $292,322, respectively, due to franchisee stores for gift cards redeemed (see Note 6). There was $2,165,360 and $2,136,652 of gift cards outstanding at December 31, 2018 and 2017, which are expected to be redeemed in future years.

There are no expiration dates on the Company's gift cards and the Company does not charge service fees. While franchisees continue to honor all gift cards presented for payment, the Company determines the likelihood of redemptions to be remote for certain cards due to long periods of inactivity. In these circumstances, the gift card liability is reduced through the recognition of breakage revenue. To determine breakage revenue, the Company uses industry-wide standards and its own historical experience to estimate and recognize breakage over time. For the years ended December 31, 2018 and 2017, the Company estimated breakage percentages ranging from 3.00% to 4.25%. In addition, the Company has determined cards to be fully broken three years after issuance. During the years ended December 31, 2018 and 2017, the Company recognized breakage revenue of $483,000 and $350,000, respectively.

8. 401(k) Profit Sharing

The Company participates in the Parent's 401(k) profit sharing plan which covers substantially all employees upon completion of one year of service and attainment of 21 years of age. The Company's contribution to the plan consists of a matching contribution based on employee deferrals. Additional profit sharing contributions may also be made at the Company's discretion. The Company's 401(k) profit sharing costs were approximately $42,000 and $31,000 for the years ended December 31, 2018 and 2017, respectively.

9. Commitments and Contingencies

Debt

The Company is a joint borrower with the Parent, Operations, Harvest, and Real Estate for various debt obligations. Outstanding amounts are recorded on the Parent's balance sheet. All related interest expense is recorded on the Parent's income statement.

The Company is contingently liable as a borrower and guarantor with respect to all indebtedness of the Parent. At December 31, 2018, the maximum future payments that the Company would be required to make as a borrower and guarantor totaled $15,458,547. This includes term loans and revolving lines of credit which mature on various dates from January 2021 through August 2023 with interest at fixed and variable rates ranging from 3.82% to 5.87%. This debt is collateralized by substantially all assets of the Company and its affiliates. As of the date of this report, the Company is aware of no instances where it is required to perform on the outstanding term loans and line of credit balances.

Lease Obligations

The Company has entered into leases for office space, office equipment, and a vehicle used by the Company. The future minimum lease payments under these non-cancelable operating leases at December 31, 2018 are as follows:

Year Ending December 31,	
2019	$ 5,859
2020	977
	$ 6,836

Lease expense was approximately $26,000 and $65,000 for the years ended December 31, 2018 and 2017, respectively.

Area Developer Royalty Fees

Under terms of various area developer agreements, the Company has agreed to pay royalties ranging from 2.5% to 3.0% of gross sales each month, which totaled $666,415 and $571,338 for the years ended December 31, 2018 and 2017, respectively, and area included in general and administrative expenses in the accompanying statements of income.

The Company pays commissions to area developers for each store that is opened in the area developer's territory. Commission expense totaled $35,000 and $120,000 for the years ended December 31, 2018 and 2017, respectively, and is included in general and administrative expenses in the accompanying statements of income.

Business Builder Incentives

The Company has agreed to issue royalty rebates to franchisees that opened additional stores within a specified time frame. The rebates range from 2.0% to 5.0% of royalty sales for the first 18 months of a store's operations and totaled $236,269 and $181,442 for the years ended December 31, 2018 and 2017, respectively, and are included in general and administrative expenses in the accompanying statements of income.

Lutz

EXHIBIT G
(TO FRANCHISE DISCLOSURE DOCUMENT)

State Addenda to FDD

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

Item 3, Additional Disclosure:

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

Item 5, Additional Disclosure:

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

Item 6, Additional Disclosure:

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

Item 17, Additional Disclosures:

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

of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Nebraska. This provision may not be enforceable under California law.

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

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

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

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

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

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

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

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

> The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).
>
> The Franchise Agreement requires application of the laws of Nebraska. This provision may not be enforceable under California law.
>
> The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.
>
> The Franchise Agreement requires binding arbitration. The arbitration will occur in Omaha, Nebraska, with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
>
> Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

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

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

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

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

FRANCHISOR:	**FRANCHISEE:**
SCOOTER'S COFFEE, LLC	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

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

The Illinois Franchise Disclosure Act governs the Franchise Agreement.

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

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

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

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

The Illinois Franchise Disclosure Act governs the Franchise Agreement.

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

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

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

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Item 17, Additional Disclosures:

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

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

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

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

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

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

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

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
>
> The general release required as a condition or renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
>
> Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

State Cover Page and Item 17, Additional Disclosures:

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

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

Item 5, Additional Disclosure:

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

Item 13, Additional Disclosures:

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

Item 17, Additional Disclosures:

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

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

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

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

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 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, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

> Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.
> Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.
>
> Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national

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

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

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

Item 5, Additional Disclosures.

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

Item 17, Additional Disclosures.

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

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

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

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

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

Item 5, Additional Disclosure:

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

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

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

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

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

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

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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

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

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

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

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota

franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

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

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

"According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

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

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

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

> To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

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

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

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

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

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

EXHIBIT H
(TO FRANCHISE DISCLOSURE DOCUMENT)

General Release

General Release

(*Form only; subject to change*)

For and in consideration of the Agreements and covenants described below, Scooter's Coffee, LLC ("Scooter's"), _____ ("Franchisee"), and _____ ("Franchisee Principals") enter into this Release of Claims ("Agreement").

RECITALS

A. Scooter's Coffee LLC and Franchisee entered into a SCOOTER'S COFFEE Franchise Agreement dated _____, _____.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions noted below, Scooter's, Franchisee and Franchisee Principals now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration**. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisee.** Franchisee and Franchisee Principals (individually and as owners of Franchisee) and each of their respective heirs, successors, assigns, affiliates, shareholders, members, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Releasing Parties" for purposes of Sections 3 and 4), release and forever discharge Scooter's, its predecessors, successors and affiliates, and past and present directors, officers, shareholders, agents, employees and assigns (collectively and individually referred to as the "Scooter's Parties" for purposes of Sections 4 and 5) of and from any and all claims, debts, liabilities, demands, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Releasing Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement or any other agreement between Franchisee and/or the Franchisee Principals and Scooter's or the relationship by and among the Franchisee, the Franchisee Principals and Scooter's through the Effective Date (collectively, "Claims"), for known or unknown damages or other losses including, but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise

Agreement or any other agreement between Franchisee and/or the Franchisee Principals and Scooter's through and including the Effective Date.

5. **Acknowledgement of Release.** The release of Claims set forth in Section 4 is intended by the Releasing Parties to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasing Parties against the Scooter's Parties. In making this voluntary express waiver, the Releasing Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasing Parties' intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasing Parties acknowledge that they have had adequate opportunity to gather all information necessary to enter into this General Release, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this General Release. This release is and shall be and remain a full, complete, and unconditional general release. The Releasing Parties acknowledge and agree that the foregoing waiver is an essential, integral and material term of this General Release. The Releasing Parties further acknowledge and agree that no violation of this General Release shall void the release set forth in Section 4.

6. **Reservation of Claims Against Non-Settling Parties.** Scooter's and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of Nebraska.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

FRANCHISOR: **SCOOTER'S COFFEE, LLC**	**FRANCHISEE:** _____
By: _____ Its: _____ Date: _____	By: _____ Its: _____ Date: _____

EXHIBIT I
(TO FRANCHISE DISCLOSURE DOCUMENT)
ACKNOWLEDGEMENT ADDENDUM

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Franchisor the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of Franchisor's covenants and obligations and my obligations as a franchisee of the SCOOTER'S COFFEE® system. I understand that the Franchise Agreement contains all obligations of the parties and that Franchisor does not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend primarily upon me and my ability.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. If I was referred to Franchisor by a franchise broker or referral source, the name of that franchise broker(s) or referral source(s) is _____.

7. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

_____
_____
_____
_____
_____

Applicants' Acknowledgment:

Name:_____ Name:_____
Date:_____ Date:_____

EXHIBIT J
(TO FRANCHISE DISCLOSURE DOCUMENT)

STATE EFFECTIVE DATES
&
RECEIPT PAGES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	(Pending)
Illinois	(Pending)
Indiana	March 17, 2020
Maryland	(Pending)
Michigan	March 16, 2020
Minnesota	(Pending)
New York	(Pending)
North Dakota	(Pending)
Rhode Island	(Pending)
South Dakota	(Pending)
Virginia	(Pending)
Wisconsin	March 17, 2020

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.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Scooter's Coffee, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If Scooter's Coffee, LLC offers you a franchise in Iowa or New York, it must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Scooter's Coffee, 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 your State's regulatory agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Tim Arpin, Kevin Brandt, Kelly Crummer, Ruben Garcia, Don Eckles, Todd Graeve and John Todd, 10500 Sapp Bros. Drive, Omaha, Nebraska 68138, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: _____
_____.

The issuance date is: March 16, 2020

The name and address of the franchisor's registered agent authorized to receive service of process are stated in Exhibit A to this disclosure document.

I received a disclosure document dated March 16, 2020, that included the following Exhibits:

A	List of State Agencies/Agents for Service of Process
B	Franchise Agreement
C	Multiple Store Development Agreement
D	List of Stores, Franchisees and Area Representatives
E	Franchisees Who Have Left the System
F	Financial Statements
G	State Addenda
H	Sample Release
I	Acknowledgement Addendum
J	State Effective Dates & Receipts

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Copy for Prospective Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Scooter's Coffee, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If Scooter's Coffee, LLC offers you a franchise in Iowa New York, it must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Scooter's Coffee, 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 your State's regulatory agency listed on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Tim Arpin, Kevin Brandt, Kelly Crummer, Ruben Garcia, Don Eckles, Todd Graeve and John Todd, 10500 Sapp Bros. Drive, Omaha, Nebraska 68138, or is listed below (with address and telephone number) or will be provided to you separately before you sign a franchise agreement: _____
_____.

The issuance date is: March 16, 2020

The name and address of the franchisor's registered agent authorized to receive service of process are stated in Exhibit A to this disclosure document.

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G	State Addenda
H	Sample Release
I	Acknowledgement Addendum
J	State Effective Dates & Receipts

Date: _____ _____
(Do not leave blank) Signature of Prospective Franchisee

_____
Print Name

Copy for Scooter's Coffee, LLC

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