



## FRANCHISE DISCLOSURE DOCUMENT

Brew Culture Franchise, LLC  
A Wyoming limited liability company  
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Fayetteville, Arkansas 72701  
(479) 278-2234  
[www.7brew.com](http://www.7brew.com)  
[info@7brew.com](mailto:info@7brew.com)

The franchise offered is to operate a high-capacity drive-thru, quick-serve coffee store concept under the “7 BREW®” name and other trademarks that offers and sells primarily coffee, coffee-based, and other beverages.

The total investment necessary to begin operation of a new “traditional” 7 BREW Store franchise is \$887,300 to \$1,848,500, assuming a 2-Store commitment. This includes \$45,000 to \$484,000 that must be paid to the franchisor or affiliate. You must commit to develop at least 2 “traditional” 7 BREW Stores by signing a Development Rights Rider to the Franchise Agreement. The minimum development fee equals \$45,000 (the full \$35,000 initial franchise fee for the first Store plus a \$10,000 payment for the second Store, which is not credited toward any initial franchise fee). You must pay us another \$10,000 development fee for each additional traditional 7 BREW Store you commit to develop after the second Store.

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.**

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](http://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 of this Franchise Disclosure Document: March 27, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 Exhibit D.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only 7 BREW business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a 7 BREW franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 F.

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 arbitration and/or litigation only in the franchisor's then-current home state (currently Arkansas). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (currently Arkansas) than in your own state.
2. **Short Operating History.** This franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 West Ottawa, Lansing, Michigan 48933  
(517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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**Item 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

**The Franchisor and Its Affiliates**

The franchisor is Brew Culture Franchise, LLC (“we,” “us,” or “our”). “You” means the entity to which we grant franchises and development rights. Your owners must sign our “Guaranty and Assumption of Obligations” or “Owner’s Undertaking of Non-Monetary Obligations” (depending on the ownership percentage). This means all or some of our Franchise Agreement’s provisions (Exhibit A) also will apply to your owners.

We are a Wyoming limited liability company formed on February 21, 2021. Our principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701. We conduct business primarily under our limited liability company name and the trademark “7 BREW®” and under no other name. Our direct parent company is Brew Culture, LLC, whose principal business address is 3400 S. US Highway 89, Jackson, Wyoming 83001. No other parent companies are disclosable in this Item 1. We have no predecessors. If we have an agent in your state for service of process, we disclose that agent in Exhibit F.

The following affiliates are disclosable in this Item 1:

(1) 7 Energy LLC, a Wyoming limited liability company whose principal business address is 3400 S. US Highway 89, Jackson, Wyoming 83001, originates certain energy drinks for 7 BREW Stores, including franchised 7 BREW Stores, and is the designated source of certain brands of energy drinks it originates (although sales to franchisees will be made by unaffiliated suppliers);

(2) CTAR, Inc., an Arkansas corporation whose principal business address is the same as ours, constructs the modular buildings for 7 BREW Stores, including franchised 7 BREW Stores, and is an approved (but not the only) supplier of those buildings; and

(3) Brew Culture Buying Group LLC, a Wyoming limited liability company whose principal business address is the same as ours, functions as the buying group for the 7 BREW Store system.

None of these affiliates has operated a 7 BREW Store or offered franchises in any line of business.

**The Franchise Offered**

We grant franchises to develop and operate high-capacity drive-thru, quick-serve coffee stores identified principally by the 7 BREW trademark that offer and sell coffee, coffee-based, and other beverages. We call these Stores “7 BREW Stores.” The 7 BREW Store franchises that we currently offer and grant are only for “traditional” 7 BREW Stores. A “traditional” 7 BREW Store is defined to mean a freestanding or other facility that has at least one drive-thru window (a “Traditional 7 BREW Store”). Any 7 BREW Store that does not, or would not, have at least one drive-thru window is considered to be a “non-traditional” 7 BREW Store (a “Non-Traditional

7 BREW Store”). You do not have the right to acquire franchises for Non-Traditional 7 BREW Stores.

In this disclosure document, we distinguish between Traditional 7 BREW Stores and Non-Traditional 7 BREW Stores only when the context requires. Otherwise, all references in this disclosure document to 7 BREW Stores mean Traditional 7 BREW Stores. We refer to your proposed Traditional 7 BREW Store as the “Store.” 7 BREW Stores operate under the trademarks, service marks, and other commercial symbols we periodically designate (the “Marks”) and the mandatory specifications, standards, operating procedures, and rules we periodically specify for 7 BREW Stores (“Brand Standards”). Your Store must offer the products and services we specify.

We do not offer single-unit franchises. In other words, we grant franchises only to qualified franchisees that commit to multi-unit development by developing a specific number of 7 BREW Stores within a defined territory according to a pre-determined development schedule. These franchisees may open and operate their 7 BREW Stores directly or through “Approved Affiliates,” which are entities at least 75% of whose ownership is owned and controlled by the franchisee or its owners. Our Development Rights Rider to the Franchise Agreement (Exhibit B), which we also reference as “DRR,” governs a franchisee’s multi-unit development rights and obligations.

Franchisees must sign our then-current form of Franchise Agreement for each additional 7 BREW Store they develop under the DRR. While that form may differ substantially and materially year to year from the first Franchise Agreement they sign for their first 7 BREW Store to be developed (our current version of Franchise Agreement is disclosed in this disclosure document), the initial franchise fee will not change for the 2<sup>nd</sup> and each subsequent 7 BREW Store you commit to develop under the DRR. In addition, we will modify our then-current form of franchise agreement for each new 7 BREW Store to include the same terms that you negotiated with us and that appear in any amendment to your first Franchise Agreement, unless you (and your Approved Affiliates) are not then in substantial compliance (subject to any applicable cure opportunity) with the DRR, the first Franchise Agreement, and all other franchise agreements then in effect. If you (and your Approved Affiliates) are not then in substantial compliance with the DRR, the first Franchise Agreement, and all other franchise agreements then in effect and fail to cure such failure within any applicable opportunity to cure, then the terms of our then-current form of franchise agreement will not be modified as provided above to include the terms we previously negotiated with you.

We began offering franchises and development rights for 7 BREW Stores in March 2021. We have no other material business activities and have not offered franchises in other lines of business. While we have never operated a 7 BREW Store, our parent company has operated multiple 7 BREW Stores since January 2020, when it acquired control of the 7 BREW system that first opened for business in February 2017.

### Nature of Market and Competition

Your Store will offer products and services to the general public throughout the year. The coffee-beverage industry is mature and competitive. You will face competition from numerous

businesses, including international, national, regional, and local coffee and restaurant chains (both company-owned and franchised), “mom and pop” restaurants and cafes, grocery and convenience stores, and other foodservice businesses. However, we believe 7 BREW Stores will be distinguishable by their extensive and customizable beverage offering, energetic and friendly staff, and efficient and quick service. 7 BREW Stores also have a distinctive design featuring a small building footprint, blue lighting, and high-capacity drive-thru lanes that make the brand stand out.

### Laws and Regulations

No regulations apply specifically to the industry in which 7 BREW Stores operate. However, federal, state, and local food safety, sanitation, handling, labeling, storage, and other laws governing all foodservice operations might impact your Store’s operations more than others. You also might encounter local ordinances that prohibit or restrict drive-thru businesses generally. You must comply with these laws and with laws applying generally to all businesses. You should investigate these laws and regulations when evaluating your franchise acquisition.

## **Item 2** **BUSINESS EXPERIENCE**

### Chief Operating Officer and Director of Franchising: Andrew G. Ritger Jr.

Mr. Ritger has been our Chief Operating Officer and Director of Franchising since May 2021. He was Chief Executive Officer and President of Value Dry Cleaners in Greenbelt, Maryland from December 2017 to May 2021.

### Chief Executive Officer of Brew Culture, LLC: John H. Davidson

Mr. Davidson has been Chief Executive Officer of our parent company, Brew Culture, LLC, which is based in Fayetteville, Arkansas, since January 2020. Since 2004, he also has served as Managing Director of Monroe Capital, a family-office investment firm currently based in Jackson, Wyoming, that invests in companies in various industries.

## **Item 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

## **Item 4** **BANKRUPTCY**

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

## **Item 5**

### **INITIAL FEES**

#### **Franchise Agreement**

You must pay us a \$35,000 initial franchise fee in a lump sum when you sign the Franchise Agreement for your first 7 BREW Store (this initial franchise fee is part of the development fee described below). The initial franchise fee for the 2<sup>nd</sup> and each subsequent 7 BREW Store you develop under a Development Rights Rider to the Franchise Agreement is \$25,000. That payment is due within 5 days after the date on which you open the 7 BREW Store for business. The initial franchise fee is not refundable under any circumstances.

If you purchase an existing Store from a franchisee, you will not pay an initial franchise fee. Instead, we receive a transfer fee from you or the selling franchisee (depending on your arrangement). That payment is not refundable.

We have the right (but no obligation) to send an “opening team” to the Store (involving the number of people we determine) to support the Store during its opening phase and to help you train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices). We will pay the wages and travel-related expenses of any opening team we choose to send. However, if in our opinion you and/or the Store needs, or if you request (and we agree to provide), special guidance, assistance, or training that is in addition to any support we choose to provide (in other words, you ask us to stay longer than we had planned to stay), you must pay our personnel’s daily charges (including wages) and travel-related expenses. This payment is not refundable.

As described in Item 1, one of our affiliates is an approved (but not the only) supplier of the modular building for 7 BREW Stores. If you choose to buy the modular building from that affiliate, you currently must pay between \$318,500 and \$439,000 for the building, plus shipping, freight, insurance, and installation. A deposit (equal to 20% to 75% of the purchase price depending on the volume purchased) is due when you sign the Manufacturing Agreement (Exhibit J). Final payment is due no later than at the time of shipment. This payment is not refundable. (Our affiliate has the right to charge you a \$1,000-per-day nonrefundable storage fee if you do not transport the modular building within 30 days after it is completed.)

#### **Development Rights Rider**

We currently charge a development fee that you must pay in full when you sign the DRR. The development fee is the full \$35,000 initial franchise fee for the first Store covered by the Franchise Agreement to which the DRR is attached, plus \$10,000 for each additional Store you commit to develop (with a minimum 2-Store development commitment). This \$10,000 per-Store payment is not a deposit toward future initial franchise fees. (The initial franchise fee is \$25,000 for the second and each subsequent Store that you commit to develop.) We will identify the number of Stores you must develop, the deadlines for developing them, and the applicable development fee before signing the DRR. All development fees we received during 2022 were calculated using this same formula.

The development fee is not refundable under any circumstances. If you sign the DRR, pay the development fee, and then cannot find sites for 7 BREW Stores or choose for another reason not to perform (in which case we terminate the DRR), we have the right to keep the entire development fee and need not return any money to you.

**Item 6**  
**OTHER FEES**

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1, 6)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Royalty	<p>4.5% of the Store's weekly Gross Sales if the Store's Gross Sales during the preceding calendar week were less than \$20,000</p> <p>5.5% of the Store's weekly Gross Sales if the Store's Gross Sales during the preceding calendar week were between \$20,000 and \$25,000</p> <p>7% of the Store's weekly Gross Sales if the Store's Gross Sales during the preceding calendar week were more than \$25,000<sup>(3)</sup></p>	Due by Friday after the end of each calendar-week period (each calendar week currently begins on Monday and ends on Sunday <sup>(4)</sup> )	
Brand Fund Contributions	The maximum amount we have the right to charge franchisees is 2% of Store's weekly Gross Sales <sup>(3)</sup> ; we currently charge franchisees 1% of Store's weekly Gross Sales	Due by Friday after the end of each calendar-week period (each calendar week currently begins on Monday and ends on Sunday <sup>(4)</sup> )	

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1, 6)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Technology Fee	Not to exceed 0.25% of the Store's weekly Gross Sales	Due by Friday after the end of each calendar-week period (each calendar week currently begins on Monday and ends on Sunday <sup>(4)</sup> )	<p>We do not currently charge this fee but have the right to begin collecting it on 30 days' prior written notice to you.</p> <p>Tech Fees are for technology expenditures we deem best for the franchise system (as well as affiliated 7 BREW Stores), including mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, Digital Marketing, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions.<sup>(5)</sup></p>
Successor Franchise Fee	\$10,000	When you sign successor franchise agreement (if you have that right)	
Transfer of Franchise Rights or Controlling Ownership Interest in Franchisee	\$10,000	Upon transfer	
Transfer of Non-Controlling Ownership Interest in Franchisee	\$1,000	Upon transfer	
Annual Meeting / Convention	Will vary under circumstances (not to exceed \$1,000 per person; does not include your actual out-of-pocket attendance costs paid to third parties)	As incurred	You (or your designated representative we approve) may attend an annual franchisee meeting, in which case you must pay an attendance fee.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1, 6)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Product and Service Purchases	Varies depending on products and services you buy from us or our affiliates	As incurred	During the franchise term, you must buy certain products and services from us or our affiliates, from designated or approved distributors and suppliers, or according to our standards and specifications. If we require you to buy any products or services from us or our affiliates, we will give you a price list identifying the applicable costs.
Supplemental Training You Request to be Provided at Your Store	Up to \$1,500 per trainer per day plus expenses	As incurred	If you request training courses or programs to be provided locally, you must pay our then-current training fee and our training personnel's travel and living expenses.
Testing and Evaluation Costs	Actual testing/evaluation costs incurred (amount depends on circumstances, including supplier's location, testing required, and item involved)	As incurred	Covers our actual costs of testing new products/services or inspecting new suppliers you propose.
Relocation	\$5,000 plus reasonable costs we incur	As incurred	Due only if you relocate Store with our approval.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees (amount depends on nature and extent of your non-compliance)	As incurred	Due if you fail to report or understate Gross Sales by 2% or more.

Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1, 6)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	When invoiced	Due on past due amounts.
Administrative Fee	\$100	When invoiced	Due for each late or dishonored payment.
Costs and Attorneys' Fees	Varies under circumstances and depends on nature of your non-compliance	As incurred	Due when you do not comply with Franchise Agreement.
Indemnification	Varies under circumstances and depends on nature of third-party claim	As incurred	<p>You must reimburse us for all claims and losses arising out of (i) Store's construction, design, or operation, (ii) the business you conduct under Franchise Agreement, (iii) your non-compliance or alleged non-compliance with any law, (iv) a data security incident, or (v) your breach of Franchise Agreement.</p> <p>You have similar indemnification obligations under the Manufacturing Agreement.</p>
Management Fee	Up to 10% of Gross Sales, plus any out-of-pocket expenses incurred in connection with Store's management	As incurred	Due if we assume Store's management in certain situations.
Reimbursement for Third-Party Service Providers	Out-of-pocket cost reimbursement	As incurred	We have the right to require you to reimburse us for costs of third-party quality-assurance, food-safety-audit, guest-satisfaction, and "mystery-shop" programs we institute for 7 BREW Stores.
Tax Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse us for taxes we must pay any state taxing authority on account of either your operation or your payments to us (except for our income taxes).



Column 1	Column 2	Column 3	Column 4
Type of Fee <sup>(1, 6)</sup>	Amount <sup>(2)</sup>	Due Date	Remarks
Insurance Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we obtain insurance coverage for Store because you fail to do so.
Deficiency Correction Fee	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we correct a Store deficiency because you fail to do so when required.
De-Identification Fee	Cost reimbursement	As incurred	You must reimburse our costs of de-identifying your Store if you fail to do so.

Notes:

1. Except as noted above and except for certain product and service purchases, all fees are imposed and collected by and payable to us. We and our affiliates do not impose any fees or payments on, or collect any fees or payments from, you on a third party's behalf. No fee is refundable. While all fees are generally uniformly imposed, we previously provided a Royalty concession to certain franchisees and their affiliates committing to develop 10 or more 7 BREW Stores by increasing the Gross Sales level at which they must pay the higher percentage Royalty Fee. We might in the future grant economic concessions to certain franchisees depending on the size of their proposed multi-unit development and other business considerations.
2. We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under the Franchise Agreement based on changes in the Index (defined below) ("Annual Increase"). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement's effective date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made during the same month during each calendar year. "Index" refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also reserve the right—if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party)—to increase the fixed fee, payment, or amount beyond the Annual Increase to reflect increases in the third party's charges to us (we do not expect these increases in the third party's charges to be on account of benefits we receive from the third party).
3. "Gross Sales" means the aggregate amount of all revenue and other consideration generated from any source, including from selling products, services, and merchandise; other types of revenue you receive, including the proceeds of business interruption

insurance; and (if we allow barter) the value of products, services, and merchandise bartered in exchange for the Store's products, services, or merchandise. However, Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.

In addition, Gross Sales are reduced by the value of employee discounts and promotional or marketing discounts offered to the public not exceeding, in the aggregate, 2% of the Store's weekly Gross Sales. Each charge or credit sale will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value cards and similar items we approve for sale at 7 BREW Stores is included in Gross Sales when the card or other item is used to pay for products and services. Your Store may not issue or redeem any coupons or gift/loyalty/stored-value or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We have the right to grant or withhold our approval as we deem best.

We have the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

4. Each calendar week currently begins on Monday and ends on Sunday, although we have the right to change the first and last days of each calendar week for Royalty (and other payment) calculation purposes. You must authorize us to debit your business checking or other account automatically for the Royalty, Brand Fund contribution, Tech Fees, and other amounts due under the Franchise Agreement or otherwise. We will debit your account on or after the payment due date for the amounts due. Funds must be available in the account for withdrawal. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account.

If you fail to report the Store's Gross Sales when required, we have the right to debit your account for 125% of the Royalty, Brand Fund contribution, and Tech Fees we debited for the previous payment period. If the amount we debit is less than the amount you actually owe us (once we determine the Store's actual Gross Sales), we will debit your account for the balance due on the day we specify. If the amount we debit is greater than the amount you actually owe us (once we determine the Store's actual Gross Sales), we will credit the excess, without interest, against the amount we have the right to debit for the following payment period.

5. 7 BREW Stores that we or our affiliates own will pay Tech Fees on the same percentage basis as franchisees. We have the right to allocate and spend Tech Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for these activities. Despite payment of the Tech Fees to us, you must pay third-party vendors for the costs of and support services for your Store's

computer system. We have no obligation to account to you or other franchisees for our use of Tech Fees or to ensure that you or the Store benefits directly or pro rata based on your payments of Tech Fees.

6. We do not have the right to require the formation of advertising cooperatives.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Development Fee and First Initial Franchise Fee (minimum 2-Store commitment) (Note 1)	\$45,000	Lump sum	Upon signing first Franchise Agreement and DRR	Us
Rent and Security Deposit (Note 2)	\$5,000 to \$20,000	Monthly	As incurred	Third Party (your landlord)
Building / Build-Out Costs (Note 2)	\$315,500 to \$439,000	Lump sum or financed	As incurred	Our Affiliate or Third Parties (your landlord and/or contractor)
Site Development Costs (Note 2)	\$229,000 to \$784,000	Lump sum or financed	As incurred	Third Parties (your landlord and/or contractor)
Architectural and Engineering Fees	\$10,000 to \$45,000	Lump sum or financed	As incurred	Third Parties (your landlord and/or contractor)

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Store Equipment, Fixtures, and Furniture (Note 3)	\$135,000 to \$217,000	Lump sum or financed	As incurred	Approved Suppliers
Signs	\$25,000	Lump sum or financed	As incurred	Approved Suppliers
Point-of-Sale System (Note 3a)	\$15,000 to \$25,000	Lump sum or financed	As incurred	Approved Suppliers
Opening Inventory, Supplies, and Uniforms (Note 4)	\$27,000 to \$40,000	Lump sum	Before opening	Approved Suppliers
Business and Operating Permits (Note 5)	\$2,500 to \$25,000	As incurred	As incurred	Licensing Authorities
Initial Training Travel & Living Expenses (Note 6)	\$25,000 to \$50,000	As incurred	As incurred	Employees / Vendors
Utilities	\$750 to \$3,000	As incurred	As incurred	Licensing Authorities
Insurance (Note 7)	\$2,550 to \$5,500	As incurred	As incurred	Insurance Company / Broker

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Marketing Start-Up Expense (Note 8)	\$25,000 to \$50,000	Lump sum	Before and after opening	Third Parties and Approved Suppliers
Additional Funds—3 Months (Note 9)	\$25,000 to \$75,000	As incurred	Monthly and as incurred	Third Parties and Employees
Total (Note 10)	\$887,300 to \$1,848,500			

- Except for security and utility deposits, no expenditure in the table is refundable (deposit refundability depends on landlord's and utility's practices).

#### Explanatory Notes to Table:

Note 1: The initial franchise fee for your first 7 BREW Store is \$35,000. The initial franchise fee for the second and each subsequent Store you commit to develop is \$25,000.

No separate initial investment is required when you sign the DRR. You need only pay the development fee, which equals the full \$35,000 initial franchise fee for the first Store covered by the Franchise Agreement to which the DRR is attached, plus \$10,000 for each additional Store you commit to develop. This \$10,000 per-Store payment is not a deposit toward future initial franchise fees. The total investment necessary to begin operation with development rights (with a minimum required commitment of two 7 BREW Stores) is \$887,300 to \$1,848,500.

Note 2: Real property costs vary considerably according to geographic location and immediate surrounding factors, such as traffic, property values, and demographics. (For example, rent costs are likely to be higher on the West Coast and East Coast and in dense major metropolitan areas and central business districts like Chicago.) The typical 7 BREW Store generally requires a lot ranging from 8,000 to 50,000 square feet on which the modular building—itsself 510 square feet in size—will be placed. 7 BREW stores typically are placed on an out-parcel to a shopping center with street exposure in an urban or downtown location with heavy population, preferably with highway exposure or proximity.

Factors typically affecting your initial investment include your cost to negotiate the lease; local real estate market values; terms under which other locations have been leased; how the costs to

renovate or develop the land, building, and other site improvements are allocated between landlord and tenant; interest costs; and the parties' negotiations. Lease terms are individually negotiated and may vary materially from one location or transaction to another.

Building costs include the cost to construct a modular building and related signage. Site development costs include the costs to develop the land and other site improvements, including exterior landscaping, electrical and water hookup, paving, sidewalks, lighting, etc. Some local governments may charge an additional amount for utility connections to offset their costs of maintaining water and sewer plants; these amounts are not included in the above figure. Costs can be higher if soil problems or other environmental issues are encountered. These ranges do not include unusual costs to bring utilities to the property for hookup or government-imposed "impact fees." Freight costs for modular buildings can range up to \$25,000 per building. Installation costs can range up to \$30,000 per building. The higher end of the building cost range is for hurricane-resistant designed buildings for use in coastal areas.

Your rent will likely be based on development costs and reflect a rate of return on the landlord's initial investment (as well as other factors). Commercial leases are typically "triple net" leases, requiring you to pay rent, all taxes, insurance, maintenance, repairs, common-area-maintenance costs, merchants' association fees, and all other costs associated with the property. Rent will likely exceed the landlord's cost of leasing or financing the purchase of the outlet. You might also have to pay percentage rent and make an initial payment into an escrow fund to cover estimated real estate taxes. The landlord will likely require a security deposit. Rent can range significantly depending on the market and site-specific factors described in this Note 2. The Item 7 table provides an estimate for one month's rent plus one month's security deposit. We currently estimate annual rent to be between \$30,000 and \$120,000.

Franchisees have the option to lease or buy the real estate on which the Store will be located. However, if you elect to buy rather than lease real estate, your purchase costs will depend on the real-estate market where you want to operate your Store and the site-specific factors described in this Note 2. The Item 7 table does not include potential real estate purchase costs.

The estimated ranges do not include government-imposed "impact fees." Impact fees are imposed by local governments on a new or proposed development to help pay for a portion of the costs the new development may cause with public services. These fees vary by market. Some local governments may require a performance bond, which is not included above. The high end of the range in site development costs relates to Stores built in Florida.

Note 3: This amount includes the estimated costs of coffee-making equipment, refrigeration equipment, drink-making line, and associated furniture. The equipment package typically includes 3 coffee machines per Store.

Note 3a: The price range reflects equipment configurations and solution costs for Touchpoint and iOS accessories, including iPads, iPad cases, charging stations, portable chargers, and credit-card processors.

Note 4: Before opening your Store, you must purchase an initial inventory of required products from approved suppliers (including our affiliate), including products for resale and raw

ingredients, containers and other paper, plastic, or similar goods, maintenance and cleaning materials, and miscellaneous materials and supplies.

Note 5: The cost of obtaining business, health, and other permits and licenses for your Store can vary considerably from area to area. Before signing the Franchise Agreement, you should consult with the appropriate local agencies about likely expenses.

Note 6: This estimated range is for 2 to 50 people (your Managing Owner, certified managers, and operating employees) to attend our initial training program, including transportation, board, and lodging. The training program includes components for training hourly employees, management, and owners.

Note 7: We describe the required insurance coverage in Item 8. This estimated range is for one full year. Premiums depend on market rates in your area.

Note 8: While there is no minimum required grand-opening marketing obligation, we recommend that you spend \$25,000 to \$50,000 starting 4 weeks before and extending 6 weeks after you open the Store.

Note 9: This line-item estimates the funds needed to cover your other pre-opening expenses as well as initial expenses during the first 3 months of operation (other than the items identified separately in the table), including labor, supplies, rent, and utilities. These expenses do not include any draw or salary for you. We relied on Brew Culture, LLC's 7 BREW Store development and operating experience since it acquired the 7 BREW brand in January 2020, as well as market comparables, to compile this Additional Funds estimate.

Note 10: You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each Store established under the DRR.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Brand Standards and Designated and Approved Suppliers**

You must operate the Store according to our Brand Standards. Brand Standards may regulate, among other things, types, models, and brands of furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System) required for the Store (collectively, "Operating Assets"); required, authorized, and unauthorized products and services for the Store; and designated and approved manufacturers, suppliers, and distributors of products and services. You must buy or lease all Operating Assets and other products and services for the Store only according to Brand Standards and, if we require, only from manufacturers, suppliers, or distributors we designate or approve (which may include or be

limited to us, our affiliates, and/or other restricted sources) at the prices the suppliers choose to charge.

Except for sample Marketing Materials (defined as advertising, marketing, promotional, and lead-generation formats and materials), we currently are not an approved or designated supplier of any items or services. As described in Item 1, one of our affiliates is an approved (but not the only) supplier of the modular building for your Store, and another affiliate originates certain energy drinks your Store will sell. Our affiliates are not approved or designated suppliers of any other products or services.

Besides these items, you currently must buy all of the Store's Operating Assets (defined above), point-of-sale and information-technology systems, small-wares, and merchandise only from suppliers we approve or according to our specifications. Our officers do not own any interest in any supplier to the franchise system that is not affiliated with us. However, one or more of our officers have an indirect ownership interest in two affiliates of ours—7 Energy LLC and CTAR, Inc. (identified in Item 1)—that might do business with our franchisees.

We restrict your sources of items and services in many cases to protect trade secrets and other intellectual property, help assure quality and a reliable supply of products meeting our standards, achieve better purchase and delivery terms, control third-party use of the Marks, and monitor the manufacture, packaging, processing, sale, and delivery of these items.

You must send us samples or proofs of all Marketing Materials we have not prepared or already approved and all approved Marketing Materials that you propose to change in any way. While we will not unreasonably withhold our approval, you may not use any Marketing Materials we have not approved or have disapproved.

### Store Development

You must develop the Store at your expense. You must follow our construction guidelines and mandatory specifications and layouts for a 7 BREW Store ("Plans"), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, signage, and Operating Assets. All other decisions regarding the Store's development are subject to our review and prior written approval.

You must adapt the Plans for the Store ("Adapted Plans") and make sure they comply with the Americans with Disabilities Act ("ADA"), all federal, state, and local laws, codes, ordinances, and regulations, and lease requirements and restrictions. You must send us the Adapted Plans for pre-approval before the Store's build-out begins and all revised or "as built" plans and specifications prepared during construction and development. Our review is limited to reviewing compliance with our Plans. Our review is not intended or designed to assess your compliance with applicable laws or lease requirements, which is your responsibility. We have the right to pre-approve your proposed architect.

You must at your expense construct, install all trade dress and Operating Assets in, and otherwise develop the Store according to our standards, specifications, and directions. The Store must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve.



You agree to place or display at the Store (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and materials we approve.

We periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. You must implement any changes in mandatory Brand Standards within the time period we request. However, except for:

- (i) changes in the computer system;
- (ii) changes in signage and logo (i.e., Store exterior graphics);
- (iii) certain changes in connection with a transfer;
- (iv) changes required by the Store's lease or applicable law; and
- (v) general Store upkeep, repair, and maintenance obligations,

for all of which the timing and amounts are not limited during the franchise term, we will not require you to make any capital modifications during any year of the franchise term the costs of which during that year exceed \$10,000 (excluding taxes and delivery charges). You must incur these costs in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining franchise term). Within 30 days after receiving written notice from us, you must prepare plans according to our standards and specifications and, if we require, using architects and contractors we designate or approve, and then submit those plans to us for written approval.

### Test Programs

We periodically may ask you to participate in certain test programs for new services, products, and/or Operating Assets. If you agree to participate, this could obligate you to incur additional operating costs for the Store. Unless we agree otherwise, we need not reimburse those costs. You must maintain and timely send us any records and reports we require concerning the test programs.

### Insurance

You must maintain insurance coverage for the Store at your own expense in the amounts, and covering the risks, we periodically specify. Your insurance carriers must be licensed to do business in the Store's state and be rated A-, VII or higher by A.M. Best and Company, Inc. (or satisfy our other criteria). We have the right periodically to increase the required coverage amounts and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must be written in your name and name us (and our parent companies, subsidiaries, and all other affiliates, and our and their respective officers, owners, directors, agents, representatives, and employees) as additional insureds for claims arising from your products and operations. You must provide updated insurance policies

and proof of payment to us at least 10 days before the expiration or termination of such policy or policies.

You currently must have the following minimum insurance coverage: (i) commercial general liability insurance (including product, contractual, and owned and non-owned vehicle liability coverages) in minimum amounts of \$2,000,000, aggregate single limit coverage; (ii) “All Risk” property damage insurance; (iii) plate glass insurance and boiler insurance (if applicable); (iv) employer’s liability, workers’ compensation, and such statutory insurance as may be required in the state in which the Store is located; and (v) employment practices liability insurance with a limit of not less than \$1,000,000 per occurrence and \$1,000,000 aggregate. We recommend a \$5 million umbrella coverage and cyber-insurance up to \$1,000,000. You also must obtain and maintain all other insurance required under applicable state law.

### Loyalty Program Media

You must participate in, and comply with the requirements of, our gift/loyalty/stored-value card and other customer loyalty programs and use our mobile or digital-ordering and franchise system applications and other digital channels.

### Supplier Approval and Designation Process and Compliance with Brand Standards

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Store that you currently must buy or lease from us (or our affiliates) or designated or approved suppliers. In the future, we have the right to designate other products and services that you must buy only from us, our affiliates, or designated or approved suppliers. To maintain the quality of 7 BREW Store products and services and our franchise network’s reputation, all Operating Assets and other products and services your Store uses or sells (besides those described above that you currently may obtain only from us, our affiliates, and/or approved and designated suppliers) must meet our minimum standards and specifications, which we issue and modify based on our, our affiliates’, and our franchisees’ experience in operating 7 BREW Stores. Standards and specifications may impose minimum requirements for production, performance, safety, reputation, prices, quality, design, and appearance. Our Operations Manual, other technical manuals, and written and on-line communications will identify our standards and specifications for you. When appropriate and authorized, you may provide those standards and specifications to suppliers if they agree to maintain confidentiality.

If you want to purchase or lease any Operating Assets, products, or services from a supplier or distributor we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the quality and functionality of the item or service are equivalent to that of the item or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product-liability claims. You must pay upon request any actual expenses we incur to determine whether or not the items, services, suppliers, or distributors meet our requirements and specifications. We will decide within a reasonable time (no more than 90 days) and have the right to condition supplier or distributor approval on requirements relating to product taste; quality; safety; third-party lab testing; prices;

consistency; warranty; supply-chain reliability and integrity; financial stability; customer relations; frequency, economy, and efficiency of delivery; the benefits of concentrating purchases with limited suppliers; standards of service (including prompt attention to complaints); and other criteria.

We have the right to inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to send samples or items either directly to us or to a third-party testing service. We have the right to re-inspect a supplier's or distributor's facilities and items and revoke our approval of any supplier, distributor, product, or service no longer meeting our criteria by notifying you and/or the supplier or distributor. We do not make our supplier approval criteria available to franchisees.

Despite these procedures, we have the right to limit the number of approved suppliers and distributors, designate sources you must use, and refuse your requests for any reason, including because we already have designated an exclusive source (which might be us or our affiliate) for a particular item or service or believe that doing so is in the 7 BREW Store network's best interest. If we approve any supplier or distributor you recommend, we have the right to authorize other 7 BREW Stores to buy or lease any Operating Assets, products, or services from that supplier or distributor without compensating you.

#### Revenue from Supply Chain

We and/or our affiliates have the right to derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all 7 BREW Stores on account of those suppliers' prospective or actual dealings with your Store and other 7 BREW Stores (including affiliate-owned 7 BREW Stores). That revenue may or may not be related to services that we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates have the right to retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

We did not receive any revenue during 2022 either from selling or leasing any items or services directly to our franchisees or from third-party suppliers on account of their business dealings with franchisees. However, our affiliate CTAR, Inc. received total revenue of \$9,220,087 during 2022 from selling directly to our franchisees the modular buildings for their Stores as well as certain coffee equipment, point-of-sale systems, card readers, and small-wares that these franchisees asked CTAR, Inc. to include in the modular buildings during the build-out and delivery process. Our affiliate 7 Energy LLC received total revenue of \$766,710 during 2022 from selling into the supply chain (for resale to our franchisees through independent distributors) certain brands of energy drinks. And, our affiliate Brew Culture Buying Group LLC received total revenue of \$292,251 during 2022 from unaffiliated suppliers on account of those suppliers' sales of certain beverages, ingredients, and packaging items to our franchisees. The 2022 revenue

information for CTAR, Inc., 7 Energy LLC, and Brew Culture Buying Group LLC is from their internal records and unaudited financial statements.

Collectively, your purchases and leases from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 100% of your overall purchases and leases to establish and then to operate the Store.

#### Negotiation of Purchase Arrangements

There currently are no purchasing or distribution cooperatives, although we retain the right to form them. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for the Store's modular building, all inventory products, and certain services, including accounting and financial reporting. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor (and not for the particular benefit of one or more particular franchisees). We and our affiliates might not obtain the best pricing or most advantageous terms on behalf of 7 BREW Stores. We and our affiliates also are not responsible for the performance of suppliers and distributors to 7 BREW Stores, including if their products or services fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

### **Item 9** **FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	4.A and B of Franchise Agreement 6 of DRR	7, 8, 11, and 12
b. Pre-opening purchases/leases	4.C and D and 7.D and E of Franchise Agreement	7, 8, and 11
c. Site development and other pre-opening requirements	4.C and D of Franchise Agreement	7, 8, and 11
d. Initial and ongoing training	6 of Franchise Agreement	6, 7, and 11
e. Opening	4.C and D of Franchise Agreement 3 of DRR	11 and 12

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
f. Fees	3.F, 4.A and C, 5, 6, 7.C, D, and E, 10, 13, 15, 16.C, 17, 18.C, 19.A and B, 20.C, D, and E, and 21.C of Franchise Agreement  3 and 5 of DRR  3 and 7 of Manufacturing Agreement	5, 6, 7, and 8
g. Compliance with standards and policies/operating manual	6.F and 7 of Franchise Agreement	8 and 11
h. Trademarks and proprietary information	8, 9, 10, and 11 of Franchise Agreement  5 of Manufacturing Agreement	13 and 14
i. Restrictions on products/services offered	7.C and D of Franchise Agreement	8, 11, 12, and 16
j. Warranty and customer service requirements	7.C of Franchise Agreement  6(c) of Manufacturing Agreement	Not Applicable
k. Territorial development and sales quotas	2, 3, and 6 of DRR	11 and 12
l. On-going product/service purchases	7.C, D, and E of Franchise Agreement	6 and 8
m. Maintenance, appearance and remodeling requirements	7.A and C, 16.C(2)(h), and 17 of Franchise Agreement	8, 11, and 17
n. Insurance	20.D of Franchise Agreement	7 and 8
o. Advertising	13 of Franchise Agreement	6, 7, 8, and 11
p. Indemnification	10 and 20.E of Franchise Agreement  8 of Manufacturing Agreement	6
q. Owner's participation/ management/staffing	3.F, 6, and 7.C(5) of Franchise Agreement	11 and 15
r. Records and reports	14 of Franchise Agreement	6
s. Inspections and audits	15 of Franchise Agreement	6
t. Transfer	16 of Franchise Agreement  9 of DRR	6 and 17
u. Renewal	17 of Franchise Agreement	6 and 17
v. Post-termination obligations	18.C and 19 of Franchise Agreement	17
w. Non-competition covenants	12, 16.C(1) and (2)(c), and 19.E of Franchise Agreement	15 and 17

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
x. Dispute resolution	21.C, F, G, H, I, J, and L of Franchise Agreement 9(g) of Manufacturing Agreement	17
y. Consumer Data and Data Security	10 of Franchise Agreement	14
z. Social Media Restrictions	7.C(14) of Franchise Agreement	8
aa. Compliance with Customer Loyalty Programs	7.C(12) and (13) of Franchise Agreement	6 and 8
bb. Compliance with Customer Complaint Resolution Procedures	7.C(6) of Franchise Agreement	Not Applicable
cc. Compliance with All Laws	7.B, 10, and 22 of Franchise Agreement	Not Applicable

## **Item 10** **FINANCING**

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

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

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

### **Pre-Opening Assistance**

Before you begin operating the Store:

1. We will review potential Store sites that you identify within the development territory. You must locate, evaluate, select, and secure the Store's site. We will not search for or select the site for you. (DRR—Section 6(a)) We first must accept each new site you propose for each new 7 BREW Store. Our then-current standards for sites will apply.

We will give you our then-current criteria for Traditional 7 BREW Store sites (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, ingress and egress, size, and other physical and commercial characteristics) to help in the site-selection process. We will review potential Traditional 7 BREW Store sites that you identify within the development territory but have no obligation to visit the territory to inspect physically the sites you propose for your potential Stores. We have the right to condition our acceptance of a proposed site, or

a proposed site visit, on your first sending us complete site reports and other materials (including photographs and digital recordings) we request. You must give us all information and materials we request to assess each proposed Traditional 7 BREW Store site. (DRR—Section 6(b))

We will use reasonable efforts to review and accept or reject each site you propose within 30 days after we receive all requested information and materials. If we do not accept the site in writing within 30 days, the site is deemed rejected. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for Traditional 7 BREW Stores. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a Traditional 7 BREW Store. After we accept and you secure a proposed site, we will identify that site as the Store's address in the Franchise Agreement. (DRR—Section 6(b)) We do not own locations for lease to franchisees.

If we accept a proposed site but you (or your Approved Affiliate) have not yet signed a franchise agreement for that 7 BREW Store, the DRR requires you—concurrently with signing the lease for or otherwise securing the right to possess the site—to sign (or have your Approved Affiliate sign) a separate franchise agreement (and related documents) for that Store. Nevertheless, we might allow you to sign the Franchise Agreement later—at or closer to the Store's opening—if you are diligently working on the Store's development. If you (or your Approved Affiliate) cannot obtain lawful possession of the acceptable proposed site, we have the right to withdraw our acceptance of the proposed site (we have that same right if you fail to sign the Franchise Agreement when required). After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations), its terms and conditions will control the construction, development, and operation of the 7 BREW Store (except that the required opening date is governed exclusively by the DRR's development schedule). (DRR—Section 6(c))

If you do not find and secure acceptable Store sites so that you can open the required Stores by the opening deadlines in the DRR, we have the right to terminate the DRR.

2. We will not be involved in reviewing, negotiating, approving, or accepting any lease you sign for the Traditional 7 BREW Stores you construct and develop under the DRR. You alone are exclusively responsible for all lease matters. The only requirement we impose upon you is that the site's lease must incorporate the terms of our then-current Lease Rider (attached to the Franchise Agreement) for Traditional 7 BREW Stores. (DRR—Section 6(d))

3. We will make template Plans available to you. Our Plans might not reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations,

including those arising under the ADA, or any lease requirements or restrictions. You are solely responsible for complying with all laws and must inform us of any changes to the Store's specifications that you believe are necessary to ensure such compliance.

You must ensure that your Adapted Plans for the Store comply with all laws and lease requirements and restrictions. We have the right to pre-approve the architect you propose to use to develop the Store. We must pre-approve in writing the Adapted Plans before the Store's build-out begins and all revised or "as built" plans prepared during the Store's construction and development. You must develop the Store in compliance with the Adapted Plans. During the Store's build-out, we have the right physically to inspect the Store or have you send us pictures and images (including recordings) of the Store's interior and exterior so we can review your development of the Store in compliance with our Brand Standards. (Franchise Agreement—Section 4.C)

Except as provided above, we do not assist you in conforming the premises to local ordinances and building codes, obtaining required permits, or constructing, remodeling, or decorating the premises.

4. We will provide initial training for your Managing Owner, Store managers, and other employees. We describe this training later in this Item. (Franchise Agreement – Section 6.A)

5. We will identify in writing or electronically the Operating Assets, inventory, supplies, and other products and services you must use to develop and operate the Store, the minimum standards and specifications you must satisfy, and the designated and approved suppliers from which you must or may buy or lease items and services (which may include or be limited to us and/or our affiliates). (Franchise Agreement – Sections 4.C, 6.F, 7.D, and 7.E) One of our affiliates is an approved supplier of the Store's modular building. Otherwise, we and our affiliates currently are not involved in delivering or installing fixtures, equipment, or signs, although we will provide direction for you to comply with our Brand Standards.

6. At our option, we will send an "opening team" to support the Store during its opening phase and to help train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices). (Franchise Agreement – Section 6.C)

7. We will give you access to our operations and technical manuals, bulletins, and other materials (collectively, the "Operations Manual"). The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains Brand Standards and information on your other obligations under the Franchise Agreement. We have the right to modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under the Franchise Agreement. If there is a dispute over the Operations Manual's contents, our master version controls. The Operations Manual



currently contains the equivalent of approximately 52 total pages; its current table of contents is Exhibit E. (Franchise Agreement – Section 6.F)

8. We will designate a specific number of Stores that you (and your Approved Affiliates) must develop and open at accepted locations within your development territory and the development deadlines. (DRR – Sections 2, 3, and 6) We will accept your Stores’ proposed locations only if they meet our then-current standards for Store sites.

### Opening

You must open each Store on or before the date specified in the DRR’s development schedule, which we negotiate with you. Your opening timetable depends on how quickly you find the Store’s site and finalize the lease; the extent of site work required to prepare the site for the Store; the Store’s construction and build-out schedule; obtaining licenses; the delivery schedule for Operating Assets and supplies; attending and completing training; and complying with local laws and regulations. We expect that you will open your Store within approximately 180 to 300 days after signing the Franchise Agreement.

You may not open the Store for business until: (1) we or our designee inspects and approves in writing the Store as having been developed in compliance with our specifications and standards; (2) your Store’s managers complete the initial training program to our satisfaction; (3) the Store has sufficient trained employees to manage and operate the Store on a day-to-day basis in compliance with our Brand Standards; (4) the Store’s employees are food-safety certified; (5) you have satisfied all state and federal permitting, licensing, and other legal requirements and, at our request, have sent us copies of all required permits, licenses, and insurance policies; and (6) you have paid all amounts owed to, and are not in default under any agreement with, us, our affiliates, and principal suppliers and have met our other opening requirements. (Franchise Agreement—Sections 4.C and 4.D)

### Ongoing Assistance

During your Store’s operation, we will:

1. Advise you or make recommendations regarding the Store’s operation with respect to standards, specifications, operating procedures, and methods that 7 BREW Stores use; purchasing required or recommended Operating Assets and other products, services, supplies, and materials; supervisory-employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Store employees); accounting, advertising, and marketing; and pricing. We may guide you through our Operations Manual, by electronic media, by telephone, and/or at our office or the Store. (Franchise Agreement – Section 6.F)

2. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training. We have no obligation to continue providing any specific ongoing training, conventions, advice, or assistance. (Franchise Agreement – Section 6.F)

3. Continue to give you access to our Operations Manual. (Franchise Agreement – Section 6.F)

4. Issue and modify Brand Standards. Changes in Brand Standards may require you to invest additional capital in the Store and/or incur higher operating costs. You must comply with those obligations within the timeframe we specify. Item 8 describes certain related cost-caps. Through our Brand Standards, we have the right to regulate and establish (to the extent the law allows) price advertising policies and maximum, minimum, or other pricing requirements for products and services the Store sells, including requirements for promotions, special offers, and discounts in which some or all 7 BREW Stores must participate. (Franchise Agreement – Sections 7.A and 7.C)

5. Let you use our Marks. (Franchise Agreement – Section 8)

6. Let you use our confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”). (Franchise Agreement – Sections 7.E and 9)

7. Maintain a Brand Fund for advertising, marketing, research and development, public relations, Social-Media management, lead-generation, customer-relationship-management, and technology programs, materials, and activities we deem appropriate to enhance, promote, and protect the 7 BREW brand and franchise system. We describe the Brand Fund and other advertising activities below. (Franchise Agreement – Section 13.A)

8. Periodically inspect and monitor the Store’s operation. (Franchise Agreement – Section 15.A)

9. Periodically offer refresher training courses. (Franchise Agreement – Sections 6.B and D)

10. Review advertising and promotional materials you want to use. (Franchise Agreement – Section 13.B)

## Advertising and Marketing Programs

### Brand Fund

We have established the Brand Fund to which you and other franchisees must contribute the amounts we periodically specify, not to exceed 2% of your Store’s weekly Gross Sales. We currently require you and other franchisees to contribute 1%. 7 BREW Stores that we and our affiliates own will contribute to the Brand Fund on the same percentage basis as franchisees.

We will direct all programs the Brand Fund finances, with sole control over all creative and business aspects of the Fund’s activities. The Brand Fund may pay for, among other things, preparing, producing, and placing video, audio, and written materials, Digital Marketing, and Social Media; developing, maintaining, and administering one or more System Websites; creating and administering national, regional, multi-regional, local, and multi-local marketing,

advertising, and lead-generation programs (which may include spending Brand Fund contributions in specific geographic markets or directing Brand Fund contributions to individual or groups of franchisees to spend on marketing, advertising, and lead-generation programs in their own markets); using advertising, promotion, and marketing agencies and other advisors to provide assistance; establishing regional and national promotions and partnerships and hiring spokespersons to promote the 7 BREW brand; establishing on-line systems and other vehicles for centralized customer interaction; supporting public relations, market research, and other advertising, promotion, marketing, and brand-related activities; funding visits by our executives, other personnel, and third-party service providers to 7 BREW Stores to establish, enforce, and confirm compliance with the 7 BREW Store culture; and funding technology initiatives for 7 BREW Stores, including mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions. (“Digital Marketing” means any domain name, homepage, electronic address, metatag, or other marketing in connection with any website or other online presence. “Social Media” means blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, file, audio, and video-sharing sites, and other similar social-networking media or tools, both existing and developed in the future.)

The Brand Fund may advertise locally, regionally, and/or nationally in printed and on other tangible materials, on radio or television, and/or on the Internet, as we think best. We and/or an outside regional or national advertising agency will produce all advertising and marketing. The Brand Fund periodically may give you sample Marketing Materials at no cost. We may sell you multiple copies of Marketing Materials at our direct production costs, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and will not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund’s administrative costs; travel-related expenses of personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive; and any other costs or expenses we incur operating or as a consequence of the Fund. We will not use the Brand Fund specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. Of the Brand Fund’s 2022 expenditures, 100% was spent on new Store opening support and franchisee training. No amounts were spent on production, media placement, or administrative expenses.

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow

from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Unspent monies in the Brand Fund at the end of the year will be rolled over for potential use in the following year. We have the right to use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within 60 days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We have the right (but no obligation) to have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We have the right to incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of 7 BREW Stores, and enhance, promote, and protect the 7 BREW brand and franchise system. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all 7 BREW Stores, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by 7 BREW Stores operating in that geographic area or that any 7 BREW Store benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. (In other words, the Brand Fund need not spend any specific amount in your market area.) We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We have the right at any time to defer or reduce the Brand Fund contributions of any 7 BREW Store franchisee and, upon 30 days' prior written notice to you, to reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding 12 months. (Franchise Agreement – Section 13.A)

#### Local Marketing and Advertising Cooperatives

We do not require you to spend any minimum amount to advertise and promote your Store locally. We do not have the right to require the formation of advertising cooperatives, and there are none. All Marketing Materials and advertising, marketing, and promotional activities must be legal and not misleading and conform to our policies. To protect the goodwill that we and our affiliates have accumulated in the "7 BREW" name and other Marks, before using them you must send us samples or proofs of all Marketing Materials that we did not prepare or already approve or that we prepared or approved but you want to change in any way. You may not use any Marketing Materials that we have not approved or have disapproved. We have the right upon

30 days' prior written notice to require you to stop using any previously-approved Marketing Materials. (Franchise Agreement – Section 13.B)

### Advertising Councils

There currently are no franchisee advertising councils advising us on advertising and marketing policies and programs. However, we have the right to form, change, dissolve, or merge any franchisee advertising council.

### System Website and Electronic Advertising

We or our designees have the right to establish a website or series of websites (with or without restricted access) for the 7 BREW Store network: (1) to advertise, market, identify, and promote 7 BREW Stores, the products and services they offer, and/or the 7 BREW Store franchise opportunity; (2) to help us operate the 7 BREW Store network; and/or (3) for any other purposes we deem appropriate for 7 BREW Stores or otherwise (collectively, the “System Website”). The System Website need not provide you with a separate interior webpage or “micro-site” referencing your Store. We will own all intellectual property and other rights in the System Website and all information it contains. We will control and may use the Brand Fund’s assets to develop, maintain, operate, update, and market the System Website.

All Marketing Materials you develop for the Store must comply with Brand Standards and contain notices of the System Website’s URL as we specify. You may not develop, maintain, or authorize any Digital Marketing or Social Media mentioning or describing the Store or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Digital Marketing and Social Media. Except for the System Website and approved Digital Marketing and Social Media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Digital Marketing, Social Media, or website. We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you. (Franchise Agreement – Section 13.C)

### Computer System

You must obtain and use the computer hardware and software, point-of-sale system, computer-related accessories and peripheral equipment, tablets, smart phones, on-line, digital, and mobile-app ordering systems, and on-line inventory-ordering system we periodically specify (the “Computer System”). You must use the Computer System to access the System Website and to input and access information about your sales and operations. The Computer System must permit 24-hours-per-day, 7-days-per-week electronic communications between you and us. (Franchise Agreement – Section 7.E) We and our designee have continuous, unlimited, independent access to all operational information on the Computer System, excluding employee or employment-related information. There are no contractual limitations on our right to access the information on your Computer System, except that we will not unreasonably interfere with your Store’s operation.

The required Computer System currently consists of Touchpoint and iOS accessories, including iPads, iPad cases, charging stations, portable charges, and credit-card processors. We estimate the Computer System's cost to range from \$15,000 to \$25,000. Neither we nor any affiliate has any obligation to provide ongoing maintenance, repairs, upgrades, or updates.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. When you purchase the Touchpoint systems, you must purchase the first year of software and hardware support (included in the initial system price quoted above). After the first year, you must renew the hardware maintenance, software maintenance, support, and hosted software annually. We estimate the cost for ongoing maintenance, repairs, upgrades, and updates for the current Touchpoint systems to range from \$6,000 to \$10,000 per year. The Computer System generates and maintains sales, menu mix, and other financial information. You must upgrade the Computer System, and/or obtain service and support, as we require or when necessary because of technological developments, including complying with PCI Data Security Standards. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs. You may not use any unapproved computer software or security access codes.

We and our affiliates have the right to condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent in a click-through license agreement), that we and our affiliates require to regulate your use of the software or technology.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most-current version of the Payment Card Industry Data Security Standards, and with all laws (including privacy laws) governing the use, disclosure, and protection of Consumer Data and the Computer System, and validating compliance with those standards and laws as periodically required.

"Consumer Data" means the names, addresses, telephone numbers, email addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of customers. Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication-line disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems, which include taking steps to secure your systems (including continually updating firewalls, password protection, and anti-virus systems) and using backup systems.

## Training

### Initial Training Program

We will furnish through virtual and distance learning and other electronic means and, at our option, at a designated training location of our choice (which may be our corporate headquarters, an operating 7 BREW Store, and/or your Store) an initial training program (“Initial Training”) on operating a 7 BREW Store. We will train your ownership group, Store managers, and hourly employees. Training currently is comprised of 3 primary components: a 2-day training program for ownership; a 14-day program for Store management and above; and a 3-day training program for the Store’s hourly employees. (Franchise Agreement—Section 6.A) We expect management training to occur after you sign the Franchise Agreement and while you develop the Store. Before you open the Store for business, Store managers must complete Initial Training to our satisfaction and pass applicable operations and proficiency tests in order to be “certified.” The Store must have two (2) fully-trained managers on-site.

We plan to be flexible in scheduling training to accommodate our personnel, your Managing Owner, and the Store’s manager. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We use manuals, videos, and other hands-on training aids during the training program. Your training attendees must complete training at least 10 days before the Store’s scheduled opening date. We provide the initial training program for no additional fee. You must pay your employees’ wages, benefits, and travel, hotel, and food expenses while they attend training. Our training program may include a “train the trainer” module so your senior-level personnel can learn how to train your other employees to follow Brand Standards.

The following chart describes our current initial training program for franchisees:

### **TRAINING PROGRAM**

Column 1	Column 2 Hours of Training		Column 3
Subject	Classroom	On-the-job	Location*
Drink-Making and Order-Taking Basics	2-4	25	Training Center in Fayetteville, Arkansas
In-Store (on-the-job experience includes order-taking; drink-making; opening, cleaning, and closing the Store; inventory management; and 7 BREW culture)	0	113	Affiliate-owned training store in Fayetteville, Arkansas
Total	2-4	138	

CeCe LeBorde, who is Brew Culture, LLC’s Director of Training, will administer and supervise franchisee training. Ms. LeBorde first joined the 7 BREW brand in 2018. She had extensive 3 years’ worth of store-level operating experience for the 7 BREW brand before assuming the role of Director of Training in 2021. The rest of our hands-on training team consists of store-level managers at affiliate-owned 7 BREW Stores who have worked at those

7 BREW Stores for at least 6 to 12 months and, due to that hands-on experience over that timeframe, have become certified trainers for our brand with experience in all aspects of the day-to-day operation of a 7 BREW Store.

We have the right, but no obligation, to send an “opening team” to support the Store during its opening phase and to help train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices). We will pay the wages and travel-related expenses of any opening team we choose to send. However, if in our opinion you and/or the Store needs, or if you request and we agree to provide, special guidance, assistance, or training (excluding training relating to labor relations and employment practices) that is in addition to any support we choose to provide, you must pay our personnel’s daily charges (including wages) and travel, hotel, and living expenses. We have the right to delay the Store’s opening until all required training has been satisfactorily completed. (Franchise Agreement—Section 6.C)

### Retraining

If your Store manager fails to complete Initial Training to our satisfaction, or we determine after an inspection that retraining is necessary because the Store is not operating according to Brand Standards, we will offer a retraining session. You must pay all employee compensation and expenses during retraining. We have the right to terminate the Franchise Agreement if you fail to open the Store for business with a fully-training staff by the opening deadline. (Franchise Agreement—Section 6.B)

### Training for Store Employees

Your Store Manager must properly train all Store employees to perform the tasks for their respective positions. We may develop and make available training tools and recommendations for you to use in training the Store’s employees to comply with Brand Standards. We may update these training materials to reflect changes in our training methods and procedures and changes in Brand Standards. (Franchise Agreement—Section 6.E)

### Ongoing and Supplemental Training

We have the right to require your Store managers to attend and complete satisfactorily various training courses and programs that we or third parties periodically offer during the franchise term at the times and locations we designate. However, we will not require attendance at these training courses and programs (including any annual meeting of 7 BREW Store franchisees) for more than 3 consecutive days, or for more than 5 days total, during each calendar year. You must pay their compensation and expenses during training. If you request training courses or programs to be provided locally, then subject to our training personnel’s availability, you must pay our then-current training fee and our training personnel’s travel and living expenses. (Franchise Agreement—Section 6.D) Our fee for supplemental and ongoing training ranges up to \$1,500 per trainer per day plus certain expenses.

Besides attending and/or participating in the various training courses and programs described above, your representative (the Managing Owner or another designated representative we approve) may attend an annual meeting of all 7 BREW Store franchisees for up to 4 days at a



location we designate. You must pay all costs to attend and any meeting fee we charge. (Franchise Agreement—Section 6.D)

## **Item 12**

### **TERRITORY**

#### **Franchise Agreement**

You will operate each 7 BREW Store at a specific location that we first must accept. You must find, obtain our written acceptance of, and secure a site for each Store following the procedures specified in the DRR (described in Item 11). (We do not “approve” sites; we “accept” them under the circumstances described in Item 11. When we “accept” a site, that means only that we believe the site is not inconsistent with sites that we regard as favorable, or that otherwise have been successful sites in the past, for 7 BREW Stores. “Accept” is different from “approve,” which in this context might be interpreted to mean that we subjectively determined that the particular site is a good site.) You may operate the Store only at that site. You may not relocate the Store without our prior written consent, which we have the right to grant or deny as we deem best. Whether or not we will allow relocation depends on circumstances at the time and what is in the Store’s and our system’s best interests. Factors include, for example, the new site’s market area, its proximity to other Stores in our system, whether you are complying with your Franchise Agreement, and how long it will take you to open at the new site.

Conditions for relocation approval are (1) the new site is acceptable to us, (2) you pay us a \$5,000 relocation fee, (3) you reimburse any costs we incur during the relocation process, (4) you confirm that your original Franchise Agreement remains in effect and governs the Store’s operation at the new site with no change in the franchise term, (5) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) you continue operating the Store at its original site until we authorize its closure, and (7) you de-brand and de-identify the Store’s former premises within the timeframe we specify and at your own expense so it no longer is associated in any manner (in our opinion) with our system and the Marks.

During the franchise term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another Traditional 7 BREW Store that has its physical location within an “Area of Protection” described in an exhibit to the Franchise Agreement. Your Area of Protection will be a radius from the walls of the Store’s building equal to either 1.5 or 2 miles depending on the size of the Metropolitan Statistical Area in which your Store is located. However, there are no restrictions whatsoever on our and our affiliates’ activities with respect to Non-Traditional 7 BREW Stores physically located within the Area of Protection, including our and our affiliates’ right to own and operate and to grant others the right to own and operate such Non-Traditional 7 BREW Stores within the Area of Protection. Because of our and our affiliates’ rights with respect to Non-Traditional 7 BREW Stores physically located within the Area of Protection, 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.

Except for your rights with respect to Traditional 7 BREW Stores physically located within the Area of Protection, we and our affiliates retain all rights with respect to all 7 BREW Stores, the Marks, the offer and sale of products and services that are similar to, competitive with, or dissimilar from the products and services your Store offers and sells, and any other activities we and they deem appropriate, whenever and wherever we and they desire. Those rights include the following:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, Traditional 7 BREW Stores at any physical locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to own and operate, and to allow other franchisees and licensees to own and operate, Non-Traditional 7 BREW Stores at any physical locations inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate;

(3) to offer and sell and to allow others (including franchisees, licensees, and other distributors) to offer and sell, inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate, products and services that are identical or similar to and/or competitive with those offered and sold by 7 BREW Stores, whether such products and services are identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet and retailers), and shipping and delivery methods and to any customer, no matter where located (provided that, subject to clauses (4) and (5) below, we and our affiliates will not operate or allow others to operate food trucks within the Area of Protection offering and selling products that are identical or similar to and/or competitive with those offered and sold by 7 BREW Stores);

(4) to acquire the assets or ownership interests of one or more businesses offering and selling products and services similar to those offered and sold at 7 BREW Stores (even if such a business operates, franchises, or licenses “Competitive Businesses,” including food trucks), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(5) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling products and services similar to those offered and sold at 7 BREW Stores, or by another business, even if any such business operates, franchises, or licenses Competitive Businesses (including food trucks) inside or outside the Area of Protection; and

(6) to engage in all other activities the Franchise Agreement does not expressly prohibit.

We and our affiliates need not compensate you if we engage in these activities.

Except under the DRR described below, you have no options, rights of first refusal, or similar rights to acquire additional franchises. Although we have the right to do so (as described above), we and our affiliates have not yet established, and have no current plans to establish or

operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Your right to operate the Store is limited to products prepared and sold, and services provided, at the Store's physical location. It does not include the right to distribute products and services over the Internet, on a wholesale basis (for resale to another retailer or wholesaler), through delivery, or through other supply or distribution channels anywhere (for example, unapproved mobile apps, catalog sales, mail-order sales, infomercials, or telemarketing).

You may not develop, maintain, or authorize any Digital Marketing or Social Media mentioning or describing the Store or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Digital Marketing and Social Media. Except for the System Website and approved Digital Marketing and Social Media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Digital Marketing, Social Media, or website.

### Development Rights Rider

You must agree to construct, develop, and operate at least 2 Traditional 7 BREW Stores within a specific territory (the "Territory"). The Territory is comprised collectively of a number of geographic coordinate points, including latitude and longitude—along with either a 1.5-mile or a 2-mile radius surrounding each coordinate point—within a city, cities, counties, or zip codes. The geographic coordinate points will be identified in an exhibit to the DRR before we and you sign it. The number of coordinate points within the Territory depends on the number of 7 BREW Stores you agree to develop, demographics, competitive businesses, and site availability.

We and you will determine the number of Stores you must develop, and the deadlines for development, to keep your development rights. We and you then will complete the schedule in the DRR before signing it. Under the DRR, we first must accept each new site you propose for each new 7 BREW Store. Our then-current standards for sites will apply. We have the right to terminate the DRR if you do not satisfy your development obligations by the development deadlines (and fail to cure the default).

You alone will have the right to construct, develop, and operate Traditional 7 BREW Stores within the Territory. You will have no right under the DRR to construct, develop, and operate Non-Traditional 7 BREW Stores. Only Traditional 7 BREW Stores count toward your compliance with the development schedule. You may not develop or operate 7 BREW Stores (Traditional or Non-Traditional) outside the Territory.

We (and our affiliates) reserve the unrestricted right to construct, develop, and operate, and to allow other franchisees or licensees to construct, develop, and operate, Non-Traditional 7 BREW Stores physically located in the Territory. Our, our affiliate's, or another franchisee's or licensee's construction, development, and operation of a Non-Traditional 7 BREW Store physically located within the Territory will not count toward your compliance with the development schedule. Because of our rights with respect to Non-Traditional 7 BREW Stores, you will not receive an exclusive territory under the DRR. You may face competition from other

franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except for your rights to Traditional 7 BREW Stores to be constructed and developed in the Territory, we and our affiliates have the right to engage, and to grant others the right to engage, in any other activities of any nature whatsoever within the Territory, including all of the activities in which we reserve the right to engage in the Franchise Agreement.

Despite the development schedule in the DRR, we have the right to delay your development and/or opening of additional 7 BREW Stores within the Territory if we believe, when you apply for another Store or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Store, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional 7 BREW Store in full compliance with our standards and specifications. We have the right to delay additional development and/or a Store's opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).






Furthermore, if we delay your (or your Approved Affiliate's) progress in satisfying your development obligations under the development schedule due to our failure to timely accept a proposed Store site (which is acceptable based on the criteria described above), you provide written notice to us and give us at least 10 days to cure such delay, but we fail to cure such delay within that 10-day period, then we agree that you may unilaterally adjust the development schedule to add the number of days we delayed your progress to the opening deadline for each additional 7 BREW Store to be developed by you (or your Approved Affiliate) under the development schedule following such delay.

Except as described above, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency. We do not have the right to alter your Territory during the DRR's term. Although we have the right to do so, we and our affiliates have not established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

*[Item 13 begins on next page]*

### **Item 13** **TRADEMARKS**

You may use certain Marks in operating the Store. Brew Culture, LLC (our parent company) owns the trademark registrations for the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
7 BREW	6,337,493	05/04/2021
7 BREW	6,463,637	08/24/2021
	6,506,396	10/05/2021
	6,506,397	10/05/2021
	6,506,398	10/05/2021
	6,506,400	10/05/2021
	6,628,733	01/25/2022

Brew Culture, LLC intends to file all required affidavits when due and to renew all trademark registrations for the Marks that remain important to the 7 BREW brand.

Brew Culture, LLC licenses us to use these Marks and related intellectual property, and to authorize franchisees to use them in operating 7 BREW Stores, under a Trademarks, Copyrights, and Trade Secret License Agreement effective March 15, 2021 (the “License Agreement”). The License Agreement’s initial term is 20 years; we have the right to renew the License Agreement for 3 successive 10-year terms. We have the right to terminate the License Agreement at any time. Brew Culture, LLC may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 30 days after receiving written notice from Brew Culture, LLC. When the License Agreement terminates or expires, we must stop using and sublicensing the Marks and related intellectual property. However, any 7 BREW Store franchisee that has been authorized to use the Marks in its franchise may continue using the Marks until that franchisee’s franchise agreement, and any permitted successor franchise agreement, expire or are terminated, but only if the franchisee continues to comply with its obligations in the franchise agreement and any permitted successor franchise agreement during their remaining terms. No other agreement limits our right to use or sublicense any Mark.

There are no currently-effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state where we currently intend to offer franchises.

You must follow our rules and other Brand Standards when using the Marks, including giving proper notices of trademark and service-mark registration and obtaining required fictitious or assumed-name registrations. You may not use any Mark as part of your corporate or legal business name; with modifying words, terms, designs, or symbols (other than logos we license to you); in selling any unauthorized products or services; or in connection with any Digital Marketing, or in any username, screen name, or profile in connection with any Social media sites, without our consent or, if applicable, without complying with our Brand Standards.

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or replace supplies for the Store), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and Brew Culture, LLC, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and Brew Culture, LLC have the right to take the action we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that we and our, and Brew Culture, LLC's, attorneys deem necessary or advisable to protect and maintain our and its interests in any litigation or USPTO or other proceeding or enforcement action or otherwise to protect and maintain our and Brew Culture, LLC's interests in the Marks.

We will reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark, provided your use has been consistent with the Franchise Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates have the right to defend and control the defense of any proceeding arising from or relating to your use of any Mark.

The DRR does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

**Item 14**  
**PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or patent applications are material to the franchise. We and our affiliates claim copyrights in the Operations Manual (containing our trade secrets and Confidential Information), Store blueprints and other design features, signage, advertising and marketing materials, our System Website, and similar items used in operating 7 BREW Stores. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Store (and must stop using them at our direction). You have no other rights under the Franchise Agreement with respect to a copyrighted item if we require you to modify or discontinue using the subject matter covered by the copyright.

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. The license agreement described in Item 13 also covers copyrights and other intellectual property.

We do not actually know of any infringing uses of our copyrights that could materially affect your using them in any state. We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We have the right to control any action we choose to bring, even if you voluntarily bring the matter to our attention. You must follow any instructions we give you. We need not participate in your defense of and/or indemnify you for damages or expenses incurred in a copyright proceeding.

Our Operations Manual and other materials contain our and our affiliates' Confidential Information (some of which are trade secrets under applicable law). Confidential Information includes layouts, designs, and other Plans for 7 BREW Stores; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating 7 BREW Stores; marketing research and promotional, marketing, and advertising programs for 7 BREW Stores; the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms; strategic plans, including expansion strategies and targeted demographics; knowledge of specifications for and suppliers of, and methods of ordering, the Store's physical structure and certain Operating Assets, products, materials, and supplies that 7 BREW Stores use and sell; knowledge of operating results and financial performance of 7 BREW Stores other than your Store; customer solicitation, communication, and retention programs, along with data used or generated in connection with those programs; and information generated by, or used or developed in, operating your Store, including Consumer Data, and any other information contained in the Computer System or that visitors (including you) provide to the System Website. You must comply with all laws governing the use, protection, and disclosure of Consumer Data.

If there is a data security incident at the Store, you must notify us immediately, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the data security incident in order to protect Consumer Data and the 7 BREW Store brand (including giving us or our designee access to your Computer System, whether remotely or at the Store).

You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure agreements with those having access to Confidential Information. We have the right to pre-approve your non-disclosure agreements solely to ensure that you adequately protect Confidential Information and the competitiveness of 7 BREW Stores. Under no circumstances will we control the forms or terms of employment agreements you use with Store employees or otherwise be responsible for your labor relations or employment practices.

You must promptly disclose to us all ideas, concepts, techniques, or materials relating to a 7 BREW Store (“Innovations”), whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors. Innovations belong to and are works made-for-hire for us. If any Innovation does not qualify as a “work made-for-hire” for us, you assign ownership of and all related rights to that Innovation to us and must sign (and cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Store without our prior written approval.

The DRR does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

#### **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Brand Standards may require adequate staffing levels to operate the Store in compliance with Brand Standards and may address appearance of Store personnel and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Store employees are under your control at the Store.

You must designate one of your individual owners to serve as your “Managing Owner.” We must pre-approve the proposed Managing Owner or any replacement Managing Owner. The Managing Owner will communicate with us directly regarding Store-related matters and must have sufficient authority to make business decisions for you and the Store. The Managing Owner’s decisions will be final and will bind you. While we recommend that the Managing Owner attend certain portions of Initial Training, the Managing Owner is not required to do so.

The Store must have at least 2 fully-trained on-site managers. A Store manager need not have an equity interest in you or the Store. Store managers and your officers and directors must sign confidentiality and other agreements (including non-compete agreements) we specify or pre-approve (if applicable law allows). Our right to pre-approve your forms is solely to protect Confidential Information and the competitiveness of 7 BREW Stores. Under no circumstances will we control the forms or terms of employment agreements you use with Store employees or



otherwise be responsible for your labor relations or employment practices. We do not limit whom your Store may hire.

If you propose to change the Managing Owner, you must appoint a new individual (the “Replacement Managing Owner”) for that role within 30 days after the former Managing Owner’s last day. While we recommend that the Replacement Managing Owner attend certain portions of Initial Training, the Replacement Managing Owner is not required to do so.

Each of your owners holding at least a 25% ownership interest in you, or in an entity directly or indirectly holding at least a 25% ownership interest in you, must personally guarantee all of your obligations under the Franchise Agreement and agree personally to comply with every contractual provision—whether containing monetary or non-monetary obligations—including the covenant not to compete. If you have no owners holding, directly or indirectly, at least a 25% ownership interest in you, we have the right to specify who within your ownership group must sign our Guaranty and Assumption of Obligations (Exhibit A-1 in the Franchise Agreement). A spouse of any of your owners need not sign the Guaranty and Assumption of Obligations unless he or she also is an owner.

Subject to the previous sentence, each owner not holding at least a 25% ownership interest in you, or in an entity directly or indirectly holding at least a 25% ownership interest in you, must sign an Owner’s Undertaking of Non-Monetary Obligations (Exhibit A-2 in the Franchise Agreement) undertaking to be bound personally by specific non-monetary provisions in this Agreement, including the covenant not to compete.

## **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Store must offer for sale all products and services we periodically specify. The Store may not offer, sell, or otherwise distribute at the Store premises or another location any products or services we have not authorized. There are no limits on our right to modify the products and services your Store must or may offer and sell. We have the right to change such products and services from time to time and from market to market based on numerous considerations. Brand Standards may regulate (to the extent that federal and state antitrust laws allow) price advertising policies and maximum, minimum, or other pricing requirements for products and services the Store sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all 7 BREW Stores must participate. While we currently recommend the prices that your Store should charge for its various products based on our parent company’s experience operating 7 BREW Stores, we have not yet established specific product price levels for all 7 BREW Stores in all geographic areas or instituted national, regional, and local promotions, special offers, and discounts in which all 7 BREW Stores must participate.

Your right to operate the Store is limited to products prepared and sold, and services provided, at the Store’s physical location. It does not include the right to distribute products and services over the Internet, on a wholesale basis (for resale to another retailer or wholesaler), through delivery, or through other supply or distribution channels (for example, unapproved mobile apps, catalog sales, mail-order sales, infomercials, or telemarketing). There otherwise are no limits on the customers to whom your Store may sell products.

You may communicate with the Store's customers only through branded mobile apps, branded email domains, online brand-reputation-management sites, or other channels we expressly designate.

### **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.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	3.B of Franchise Agreement and 2 and 3 of DRR	<p>Starts on date Franchise Agreement is signed and expires 15 years from date on which the Store opens for business.</p> <p>DRR term depends on your development commitment.</p>
b. Renewal or extension of the term	17 of Franchise Agreement	<p>If you are in good standing, you potentially may acquire 2 successor franchises—each for 5 years—on our then-current terms.</p> <p>No renewal or extension of DRR.</p>
c. Requirements for franchisee to renew or extend	17 of Franchise Agreement	<p>You (i) timely request and conduct a business review, (ii) formally notify us of your desire to acquire a successor franchise at least 3 months before the end of the franchise term, (iii) substantially complied with contractual obligations and operated Store in substantial compliance with Brand Standards, (iv) continue complying substantially with contractual obligations between time you notify us of your desire to acquire a successor franchise and the end of the franchise term, (v) remodel/upgrade Store, (vi) sign our then-current form of franchise agreement and releases (if applicable state law allows), and (vii) pay \$10,000 successor-franchise fee.</p> <p>Terms of new franchise agreement that you sign for successor franchise may differ materially from any and all terms contained in your original expiring Franchise Agreement (including higher fees), provided that we will modify the new franchise agreement to include any specifically-negotiated provisions to which we agreed with you before you</p>

Provision	Section in franchise or other agreement	Summary
		signed the Franchise Agreement that is expiring, and you will retain the same defined Area of Protection.
d. Termination by franchisee	18.A of Franchise Agreement  4(a) of Manufacturing Agreement	If we breach Franchise Agreement and do not cure default within applicable cure period after notice from you; you may not terminate without cause.  You may terminate Manufacturing Agreement if the manufacturer fails to perform obligations and to cure the failure within 30 days after notice, or if the manufacturer becomes insolvent or is involved in a bankruptcy-related event.
e. Termination by franchisor without cause	18.B of Franchise Agreement	We do not have the right to terminate your Franchise Agreement (or development rights) without cause.
f. Termination by franchisor with cause	18.B of Franchise Agreement and 8 of DRR  4(b) of Manufacturing Agreement	We have the right to terminate your Franchise Agreement (and development rights) only if you or your owners commit one of several violations.  While termination of the DRR does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the DRR.  Manufacturer has the right to terminate the Manufacturing Agreement for cause.
g. “Cause” defined — curable defaults	18.B of Franchise Agreement and 8 of DRR  4(b) of Manufacturing Agreement	You have 5 days to cure Gross Sales reporting, payment (to us), and insurance defaults and defaults under any note, lease, or agreement relating to Store’s operation or ownership; 10 days to satisfy unpaid judgments of at least \$25,000; 30 days to pay suppliers and to cure other defaults not listed in (h) below; and 60 days to vacate attachment, seizure, or levy of Store or appointment of receiver, trustee, or liquidator.  You must immediately begin correcting violations of material law and correct them within time the law specifies.  If the Store is damaged to such an extent that you cannot operate at existing location, you must relocate the Store to a substitute site we accept and begin operating the Store at that substitute site within 12 months from the first

Provision	Section in franchise or other agreement	Summary
		<p>date on which you could not operate the Store at its existing location.</p> <p>We have the right to terminate DRR if you do not meet development schedule and do not cure failure within 90 days after receiving notice from us.</p> <p>While termination of the DRR does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the DRR.</p> <p>Manufacturer has the right to terminate the Manufacturing Agreement if you fail to pay required purchase price and to cure the failure within 10 days after notice, if you commit another default under the Manufacturing Agreement and fail to cure that default within 30 days after notice, or if you are involved in a bankruptcy-related event that is not dismissed within 60 days,</p>
h. “Cause” defined — non-curable defaults	18.B of Franchise Agreement and 8 of DRR	<p>Non-curable defaults include: material misrepresentation or omission; failure to develop and open Store (with fully-trained staff) by deadline; abandonment or failure to operate for more than 7 consecutive days; unapproved transfer; felony conviction or guilty plea; dishonest, unethical, or immoral conduct adversely impacting our Marks; foreclosure on Store’s assets; misuse of confidential information; violation of non-compete; material underreporting of Gross Sales; disabling Store’s computer system; closing bank account from which we debit funds without first setting up new account; failure to pay taxes due; repeated defaults; assignment for benefit of creditors or admission of inability to pay debts when due; violation of anti-terrorism laws; or causing or contributing to a data security incident or failure to comply with requirements to protect Consumer Data.</p> <p>We have the right to terminate DRR if you do not meet contractual obligations (other than development obligations); if Franchise Agreement or another franchise agreement</p>

Provision	Section in franchise or other agreement	Summary
		<p>between us and you (or your affiliated entity) is terminated by us for cause or by you without cause; or if we deliver formal written notice of default to you (or your affiliated entity) under Franchise Agreement or another franchise agreement between us and you (or your affiliated entity) and that default is not cured within required timeframe.</p> <p>However, termination of the DRR does not impact any then-effective franchise agreement.</p>
i. Franchisee’s obligations on termination/nonrenewal	18.C and 19 of Franchise Agreement	Obligations include paying outstanding amounts; complete de-identification; returning confidential information; returning or destroying (at our option and at your own cost) branded materials and proprietary items; assigning telephone and telecopy numbers and directory listings; and cease using Digital Marketing and Social Media associating you with us or the Marks (also see (o) and (r) below); we have the right to control de-identification process if you do not voluntarily take required action; we have the right to assume Store’s management upon your abandonment.
j. Assignment of contract by franchisor	16.A of Franchise Agreement	No restriction on our right to assign; we have the right to assign without your approval.
k. “Transfer” by franchisee — defined	16.B of Franchise Agreement	Includes transfer of (i) Franchise Agreement; (ii) Store’s physical structure; (iii) Store’s profits, losses, or capital appreciation; (iv) all or substantially all Operating Assets; or (v) ownership interest in you or controlling ownership interest in entity with ownership interest in you. Also includes pledge of Franchise Agreement or ownership interest and sale of underlying real estate along with the Store (but only if you or your owner directly or indirectly holds title to that real estate and only for the purposes of our right-of-first-refusal).
l. Franchisor approval of transfer by franchisee	16.B of Franchise Agreement and 9 of DRR	<p>We must approve all transfers; no transfer without our prior written consent.</p> <p>Your development rights under DRR are not assignable without our prior written consent.</p>

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	16.C of Franchise Agreement	<p>We will approve transfer of non-controlling ownership interest in you if transferee (and each owner) qualifies and meets our then-applicable standards for non-controlling owners, is not (and has no affiliate) in a competitive business, signs our then-current form of guaranty (or, if applicable, Owner's Undertaking of Non-Monetary Obligations), and pays transfer fee.</p> <p>When there is transfer of franchise rights or controlling ownership interest, we will not unreasonably withhold our approval if: transferee (and each owner) qualifies (including, if transferee is an existing franchisee, transferee is in substantial operational compliance under all other franchise agreements for 7 BREW Stores) and is not restricted by another agreement from moving forward with the transfer; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; transferee and its owners and affiliates are not in a competitive business; training completed; transfer fee paid; transferee may occupy Store's site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current form of franchise agreement and other documents for unexpired portion of your original franchise term (then-current form may have materially different terms, except that your original Royalty, Brand Fund contribution, and Tech Fee levels and Area of Protection definition will remain the same for unexpired portion of your original franchise term and, if we previously agreed to amend your Franchise Agreement before you signed it, we will incorporate such amendments into the then-current form of franchise agreement that is signed by the transferee); transferee agrees to repair and upgrade; you (and transferring owners) sign general release (if applicable state law allows); we determine that sales terms and financing will not adversely affect Store's operation post-transfer; you subordinate amounts due to you; and you stop using</p>

Provision	Section in franchise or other agreement	Summary
		Marks and our other intellectual property (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	16.G of Franchise Agreement	<p>We have the right to match any offer for your Store (including its physical structure) or ownership interest in you or entity that controls you.</p> <p>We have the right to match any offer for underlying real estate on which Store's physical structure is located if you or your owner directly or indirectly holds title to that underlying real estate and wishes to sell that real estate as part of any sale or transfer with respect to which we have the right-of-first-refusal described above.</p>
o. Franchisor's option to purchase franchisee's business	Not Applicable	We do not have this right.
p. Death or disability of franchisee	16.E of Franchise Agreement	Must transfer to approved party (which may include immediate family member) within 6 months.
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; no diverting business to competitive business; and no solicitation of other franchisees for other commercial purposes. "Competitive Business" means any (a) business deriving more than 25% of its revenue from selling coffee, or (b) business granting franchises or licenses to others to operate the type of businesses described in clause (a).
r. Non-competition covenants after the franchise is terminated or expires	19.E of Franchise Agreement	For 2 years after franchise term, no owning interest in or performing services for Competitive Business located or operating at Store's site, within 3 miles of former Store site, or within 3 miles of physical location of another 7 BREW Store (same restrictions apply after transfer).
s. Modification of the agreement	21.K of Franchise Agreement  9(b) of Manufacturing Agreement	No modifications generally, but we have the right to change Operations Manual and Brand Standards.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
t. Integration/merger clause	21.M of Franchise Agreement  9(a) of Manufacturing Agreement	Only terms of Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	21.F of Franchise Agreement	We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Fayetteville, Arkansas) (subject to applicable state law).
v. Choice of forum	21.H of Franchise Agreement  9(g) of Manufacturing Agreement	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Fayetteville, Arkansas) (subject to applicable state law).
w. Choice of law	21.G of Franchise Agreement	Federal law and Arkansas law govern (subject to state law).

## **Item 18** **PUBLIC FIGURES**

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

## **Item 19** **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

This financial performance representation reflects certain actual historical average and median operating results for fourteen 7 BREW Stores (the “Measured Stores”)—13 of which are owned by our parent company, Brew Culture, LLC and one of which is a franchised Store—that were in operation during the entire 13-period timeframe (a full year) beginning with fiscal period 1 in 2022 (i.e., the first 4 weeks of 2022) and ending with fiscal period 13 (i.e., the last 4 weeks



of 2022), for the 2022 fiscal year ended December 25, 2022 (“Fiscal Year 2022”). While an additional 24 franchised and affiliated 7 BREW Stores opened in Fiscal Year 2022 (21 franchised 7 BREW Stores and 3 affiliated 7 BREW Stores), those Stores are excluded from the Measured Stores because they were not open for a full year as of the end of Fiscal Year 2022. The 14 Measured Stores operated for the full Fiscal Year 2022. All financial performance representations are based on internal unaudited historical data.

Exhibit 1 shows the average annual Gross Sales for the Measured Stores during the entire Fiscal Year 2022. It also shows the median Gross Sales during Fiscal Year 2022 and the highest and lowest individual Store Gross Sales of the Measured Stores during Fiscal Year 2022. Exhibit 2 shows average Net Sales, average Gross Profit, average EBITDAR, and average EDITDA (EBITDAR and EDITDA are defined below)—all as a percentage of Gross Sales—for the Measured Stores during Fiscal Year 2022.

All Measured Stores are substantially similar to the 7 BREW Stores for which we are offering franchises in this disclosure document. In addition, there were no material differences in the financial performance (in the areas presented below) of the one franchised 7 BREW Store when compared with the 13 affiliate-owned 7 BREW Stores comprising the Measured Stores. Of the 13 affiliate-owned 7 BREW Stores comprising the Measured Stores, 12 are located in Arkansas, and one is located in Missouri. The one franchised location also is located in Missouri.

The Measured Stores average approximately 480 square feet. As of the end of Fiscal Year 2022, the Measured Stores had been open for an average of 37 months. The longest-operating Store of the Measured Stores had been open for 72 months, and the shortest-operating Store had been open for 13 months, as of the end of Fiscal Year 2022. Their products are the same as those to be offered and sold by franchised 7 BREW Stores. The Measured Stores significantly reflect the standard 7 BREW Store prototype offered in this disclosure document.

<u>Exhibit 1</u>	<u>Fiscal Year 2022</u>
	<u>Measured Stores</u>
Average Store Gross Sales <sup>i</sup>	\$2,381,372
Median Store Gross Sales	\$2,358,346
High Store Gross Sales	\$3,100,877
Low Store Gross Sales	\$1,684,446

<u>Exhibit 2</u>	<u>Periods 1 through 13 of 2022</u>
	<u>Measured Stores</u>
Gross Sales <sup>i</sup>	100.0%
(-) Total Discounts	0.55%
Net Sales <sup>ii</sup>	99.45%
Cost of Goods Sold <sup>iii</sup>	33.59%
Gross Profit <sup>iv</sup>	65.85%
Total Labor Expense <sup>v</sup>	21.38%
Total Operating Expense <sup>vi</sup>	6.25%
Total Loyalty & Store Marketing Expense <sup>vii</sup>	10.75%
Store-Level EBITDAR <sup>viii</sup>	27.48%
Rent Expense <sup>ix</sup>	2.22%
Store-Level EBITDA <sup>x</sup>	25.26%
Royalties <sup>xi</sup>	7.0%
Brand Fund <sup>xii</sup>	2.0%
Post-Royalties & Brand Fund EBITDA <sup>xiii</sup>	16.26%

i. “Gross Sales” means the aggregate revenue received from selling, or providing services with respect to, beverages, food, other menu items, and merchandise, whether for cash or on credit, less (a) applicable sales taxes collected and remitted to the appropriate tax authority, (b) valid coupon credits and employee discounts deducted from revenue initially recorded as Gross Sales, and (c) revenue derived from selling or issuing gift cards and loyalty cards (although revenue derived from selling products and services to customers using those cards for payment is included in Gross Sales), but without deducting any other costs or expenses whatsoever. Of the 14 Measured Stores, 6 Stores (43%) exceeded the sample’s average Gross Sales of \$2,381,372.

ii. Of the 14 Measured Stores, 10 Stores (71%) exceeded the sample's average Net Sales margin of 99.45%. Net Sales are Gross Sales less discounts. Median Net Sales margin during Fiscal Year 2022 was 99.47%. The highest Net Sales margin for any Measured Store was 99.67%. The lowest Net Sales margin for any Measured Store was 99.13%.

iii. Of the 14 Measured Stores, 7 Stores (50%) exceeded the sample's average Cost of Goods Sold margin of 33.59% during Fiscal Year 2022. Median Cost of Goods Sold margin in Fiscal Year 2022 was 33.65%. Cost of Goods Sold means the carrying value of all inputs to goods sold, including coffee, dairy and alternative milks, sauces, syrups, teas, mixes, canned beverages, cups and straws, and supplies for sales.

iv. Of the 14 Measured Stores, 6 Stores (43%) exceeded the sample's average Gross Profit margin of 65.85% during Fiscal Year 2022. Median Gross Profit margin for Fiscal Year 2022 was 65.77%. Gross Profit means Net Sales less Costs of Goods Sold.

v. "Total Labor Expense" is defined as actual Store-level payroll, including the Store's general manager and benefits, payroll taxes, and bonus expense. It does not include any area manager salary or incentives. Of the 14 Measured Stores, 9 Stores (64%) exceeded the sample's average Total Labor Expense margin of 21.38% during Fiscal Year 2022. Median Total Labor Expense margin during Fiscal Year 2022 was 21.19%.

vi. "Total Operating Expense" includes expenses such as equipment, supplies, cash-handling, credit-card processing, repairs, maintenance, third-party commissions and delivery fees, other outside services, insurance, and utilities. Marketing expenses are excluded. Of the 14 Measured Stores, 5 Stores (36%) exceeded the sample's Average Operating Expenses of 6.25% during Fiscal Year 2022. The Median Operating Expense during Fiscal Year 2022 was 6.33%.

vii. "Total Loyalty & Store Marketing Expense" includes expenses related to our "buy 10 drinks get the 11<sup>th</sup> free" loyalty program, which is highly utilized by our repeating customer base, our Community Outreach program, which gives discounts to service men and women from the community, and Store-level marketing expenses.

Of the 14 Measured Stores, 5 Stores (36%) exceeded the sample's average Total Loyalty and Store Marketing Expense of 10.75% during Fiscal Year 2022. Median Total Loyalty & Store Marketing Expense during Fiscal Year 2022 was 11.06%.

viii. Of the 14 Measured Stores, 7 Stores (50%) exceeded the sample's average Store-Level EBITDAR margin of 27.48% during Fiscal Year 2022. Median Store-Level EBITDAR margin during Fiscal Year 2022 was 27.38%. "Store-Level EBITDAR" is calculated by subtracting Total Labor Expense, Total Operating Expense, and Total Loyalty & Store Marketing Expense (as defined in notes v, vi, and vii above, respectively) from Gross Profit. Store-Level EBITDAR does not take into account any labor costs or other expenses excluded from the definitions of Total Labor Expense and Total Operating Expense in notes v and vi above and is before interest, taxes, depreciation, amortization, and rent expense.

ix. Of the 14 Measured Stores, 7 Stores (50%) exceeded the sample's average rent expense of 2.22% during Fiscal Year 2022. The median rent expense was 2.34%.

x. Of the 14 Measured Stores, 8 Stores (57%) exceeded the sample's average Store-Level EBITDA margin of 25.26% during Fiscal Year 2022. Median Store-Level EBITDA margin during Fiscal Year 2022 was 25.71%. "Store-Level EBITDA" is calculated by subtracting Rent Expense from Store-Level EBITDAR. Store-Level EBITDA does not take into account any labor costs or other expenses excluded from the definitions of Total Labor Expense and Total Operating Expense in notes v and vi above and is before interest, taxes, depreciation, and amortization, but includes rent expense.

xi. Royalties identify the percentage of Gross Sales that a franchisee must pay us (under Section 5.B of the Franchise Agreement). Royalties are 7% of Gross Sales. The affiliate-owned 7 BREW Stores comprising the Measured Stores do not pay any royalties.

xii. Brand Fund identifies the percentage of Gross Sales that we may require a franchisee to pay us as a Brand Fund contribution (under Section 13.A of the Franchise Agreement). These figures do not represent the amounts that the Measured Stores spent on advertising, marketing, and related expenses. Brand Fund expenses currently are at 1% of a Store's Gross Sales.

xiii. Post-Royalties & Brand Fund EBITDA—earnings before interest, taxes, depreciation, and amortization—is calculated by subtracting Royalties expense (at 7%) and Brand Fund expense (at 2%) from "Store-Level EBITDA" (as defined in note x above).

Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

**Some 7 BREW Stores have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Andrew G. Ritger, Jr., Brew Culture Franchise, LLC, 313 Rollston Avenue, Fayetteville, Arkansas 72701, (479) 278-2234, the Federal Trade Commission, and the appropriate state regulatory agencies.

*[Item 20 begins on next page]*

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

All figures in the tables below are as of December 31 of each year. Our parent company, Brew Culture, LLC, acquired the “Company-Owned” outlets in January 2020. During 2019, those outlets were owned by the previous owner of the 7 BREW brand.

Table No. 1  
**Systemwide Outlet Summary**  
**For years 2020 to 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	1	+1
	2022	1	24	+23
Company-Owned	2020	7	8	+1
	2021	8	13	+5
	2022	13	16	+3
Total Outlets	2020	7	8	+1
	2021	8	14	+6
	2022	14	40	+26

*[Table No. 2 begins on next page]*

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2020 to 2022**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

**Status of Franchised Outlets  
For years 2020 to 2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Alabama	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Kansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Missouri	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	5	0	0	0	0	6
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Oklahoma	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	0	4
Totals	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	23	0	0	0	0	24

Table No. 4

**Status of Company-Owned Outlets  
For years 2020 to 2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arkansas	2020	7	1	0	0	0	8
	2021	8	4	0	0	0	12
	2022	12	1	0	0	0	13
Missouri	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1



Col. 1  State	Col. 2  Year	Col. 3  Outlets at Start of the Year	Col. 4  Outlets Opened	Col. 5  Outlets Reacquired From Franchisee	Col. 6  Outlets Closed	Col. 7  Outlets Sold to Franchisee	Col. 8  Outlets at End of the Year
South Carolina	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
Totals	2020	7	1	0	0	0	8
	2021	8	5	0	0	0	13
	2022	13	3	0	0	0	16

Table No. 5

**Projected Openings as of December 31, 2022**

Column 1  State	Column 2  Franchise Agreements Signed But Outlets Not Opened	Column 3  Projected New Franchised Outlets In the Next Fiscal Year	Column 4  Projected New Company-Owned Outlets In the Next Fiscal Year
Alabama	1	6	0
Arizona	2	1	0
Arkansas	1	10	2
Colorado	4	5	0
Florida	0	16	0
Georgia	3	10	0
Idaho	1	2	0
Illinois	1	4	0
Indiana	0	10	0
Iowa	0	1	0
Kansas	1	10	0
Kentucky	0	9	0

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Louisiana	1	4	0
Michigan	0	2	0
Mississippi	0	4	0
Missouri	0	5	0
Montana	0	0	0
Nebraska	0	1	0
New Mexico	1	3	0
New York	0	1	0
North Carolina	1	7	0
Ohio	1	0	0
Oklahoma	2	13	0
South Carolina	1	9	0
South Dakota	1	1	0
Tennessee	3	12	0
Texas	5	36	0
Utah	0	1	0
Virginia	3	6	0
West Virginia	1	0	0
Wisconsin	2	4	0
Total	36	193	2

Except as noted in Exhibit D, there were no franchisees that had 7 BREW Stores terminated, canceled, or not renewed, or that otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Rider, during our last fiscal year or that have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Exhibit D lists our operational and non-operational franchisees as of December 31, 2022, and any franchisees that departed since January 1, 2022.

During the last 3 fiscal years, no current or former franchisees signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the 7 BREW Store franchise system.

## **Item 21**

### **FINANCIAL STATEMENTS**

Exhibit C contains our audited financial statements as of December 25, 2022 and December 26, 2021 and the year ended December 25, 2022 and the period from March 9, 2021 (inception) to December 26, 2021. Because we have not been in existence for at least 3 years, we do not have available and cannot yet include in this disclosure document 3 full years of audited financial statements.

## **Item 22**

### **CONTRACTS**

The following contracts/documents are exhibits:

1. Franchise Agreement (Exhibit A)
2. Development Rights Rider to Franchise Agreement (Exhibit B)
3. State-Specific Franchise Agreement Riders (Exhibit G)
4. Sample General Release (Exhibit H)
5. Franchisee Representations (Exhibit I)
6. Manufacturing Agreement (Exhibit J)

## **Item 23**

### **RECEIPTS**

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**BREW CULTURE FRANCHISE, LLC**

**FRANCHISE AGREEMENT**

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FRANCHISEE NAME

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STORE ADDRESS

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## **EXHIBITS**

Exhibit A-1 – Guaranty and Assumption of Obligations

Exhibit A-2 – Owner’s Undertaking of Non-Monetary Obligations

Exhibit B – Franchisee and Its Owners and Store Address

Exhibit C – Lease Rider

Exhibit D – Sample Form of Confidentiality Agreement

## **BREW CULTURE FRANCHISE, LLC**

### **FRANCHISE AGREEMENT**

This Franchise Agreement (this “**Agreement**”) is made by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**your**”). This Agreement is effective as of the date we sign it, which is set forth next to our signature at the end of this Agreement (the “**Effective Date**”).

#### **1. Preambles**

We and certain of our affiliates have created, designed, and developed a high-capacity drive-thru, quick-serve coffee store concept offering and selling primarily coffee, coffee-based, and other beverages. We and our affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for our store concept, including “7 BREW,” and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the “**Marks**”). One of our affiliates currently owns the Marks, the Confidential Information (defined in Section 9 below), and all aspects of our branded system and licenses that intellectual property to us for use in our franchise program for 7 BREW Stores (“**7 BREW Stores**”).

We offer and grant franchises to operate a 7 BREW Store using the 7 BREW business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify (collectively, the “**Franchise System**”). The 7 BREW Store franchises that we currently offer and grant are only for “traditional” 7 BREW Stores. A “traditional” 7 BREW Store is defined to mean a freestanding or other facility that has at least one drive-thru window (a “Traditional 7 BREW Store”). Any 7 BREW Store that does not, or would not, have at least one drive-thru window is considered to be a “non-traditional” 7 BREW Store (a “Non-Traditional 7 BREW Store”).

You have applied for a franchise to operate a Traditional 7 BREW Store, and we are willing to grant you the franchise on the terms and conditions contained in this Agreement.

#### **2. Acknowledgments**

You acknowledge that:

- (1) Attracting customers for your 7 BREW Store will require you to make consistent marketing efforts in your community, including through media and on-line advertising and social-media marketing and networking.
- (2) Retaining customers for your 7 BREW Store will require you to provide high-quality products and services and adhere strictly to the Franchise System and Brand Standards (defined in Section 6.F below and categorized in Section 7.C below).

- (3) You are committed to maintaining Brand Standards.
- (4) Our officers, directors, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity when dealing with you, and their business dealings with you as a result of this Agreement therefore are considered to be only between you and us.
- (5) All application and qualification materials you gave us about you and your owners to acquire this franchise were accurate and complete.
- (6) We make no commitment about the extent to which and where we and our affiliates will continue developing and expanding the 7 BREW Store network.

**The acknowledgments in clauses (7) through (14) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.**

- (7) Other than disclosures in our franchise disclosure document, you have not received from us or our affiliates any representations or guarantees, express or implied, of a 7 BREW Store's potential volume, sales, income, or profits.
- (8) You read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain high product-quality and service standards (and the uniformity of those standards at each 7 BREW Store) and to protect and preserve the goodwill of the Marks.
- (9) You independently investigated the 7 BREW Store franchise opportunity and recognize that the nature of the Store's business will evolve and change over time.
- (10) Investing in a 7 BREW Store involves business risks that could result in your losing a significant portion or all of your investment.
- (11) Your business abilities and efforts are vital to your success.
- (12) We have not made any representation, warranty, or other claim regarding this 7 BREW Store franchise opportunity other than those made in this Agreement and our franchise disclosure document.
- (13) You had an opportunity to ask questions and to review materials of interest to you concerning the 7 BREW Store franchise opportunity.
- (14) You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

### **3. Grant of Franchise**

#### **A. Grant of Franchise**

Subject to this Agreement's terms, we grant you the right, and you commit, to construct, develop, and operate a Traditional 7 BREW Store at the address identified on Exhibit B (the "**Store**") using the Franchise System and the Marks. (If the Store's address is unknown as of the Effective Date, the address will be determined as provided in Section 4.A and then listed on an amended and restated Exhibit B we will give you.) Except as provided in this Agreement, your right to operate the Store is limited to products prepared and sold, and services provided, at the Store's physical location. It does not include the right to distribute products and services over the Internet, on a wholesale basis (for resale to another retailer or wholesaler), through delivery, or through other supply or distribution channels (for example, unapproved Apps, catalog sales, mail-order sales, infomercials, or telemarketing).

#### **B. Term**

The franchise term (the "**Term**") begins on the Effective Date and expires fifteen (15) years from the date on which the Store opens for business. The Term is subject to earlier termination under Section 18. You agree to operate the Store in compliance with this Agreement for the entire Term unless this Agreement is properly terminated under Section 18.

#### **C. Territorial Rights**

During the Term, we and our affiliates will not, except as provided in this Section 3.C and in Section 3.D below, own or operate, or allow another franchisee or licensee to own or operate, another Traditional 7 BREW Store that has its physical location within the geographical area described on Exhibit B (the "**Area of Protection**"). However, there are no restrictions whatsoever on our and our affiliates' activities with respect to Non-Traditional 7 BREW Stores physically located within the Area of Protection, including, but not limited to, our and our affiliates' right to own and operate and to grant others the right to own and operate such Non-Traditional 7 BREW Stores within the Area of Protection.

#### **D. Reservation of Rights**

Except for your exclusive rights described in Section 3.C above with respect to Traditional 7 BREW Stores physically located within the Area of Protection, we and our affiliates retain all rights with respect to all 7 BREW Stores, the Marks, the offer and sale of products and services that are similar to, competitive with, or dissimilar from the products and services your Store offers and sells, and any other activities we and they deem appropriate, whenever and wherever we and they desire, without regard to the competitive impact on your Store. We and you agree that our rights will be as broad as possible. Specifically, but without limitation, we and our affiliates reserve the following rights:

- (1) to own and operate, and to allow other franchisees and licensees to own and operate, Traditional 7 BREW Stores at any physical locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

- (2) to own and operate, and to allow other franchisees and licensees to own and operate, Non-Traditional 7 BREW Stores at any physical locations inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate;
- (3) to offer and sell and to allow others (including franchisees, licensees, and other distributors) to offer and sell, inside and outside the Area of Protection and on any terms and conditions we and they deem appropriate, products and services that are identical or similar to and/or competitive with those offered and sold by 7 BREW Stores, whether such products and services are identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet and retailers), and shipping and delivery methods and to any customer, no matter where located (provided that, subject to clauses (4) and (5) below, we and our affiliates will not operate or allow others to operate food trucks within the Area of Protection offering and selling products that are identical or similar to and/or competitive with those offered and sold by 7 BREW Stores);
- (4) to acquire the assets or ownership interests of one or more businesses offering and selling products and services similar to those offered and sold at 7 BREW Stores (even if such a business operates, franchises, or licenses Competitive Businesses (defined in Section 12 below), including food trucks), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;
- (5) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling products and services similar to those offered and sold at 7 BREW Stores, or by another business, even if any such business operates, franchises, or licenses Competitive Businesses (including food trucks) inside or outside the Area of Protection; and
- (6) to engage in all other activities this Agreement does not expressly prohibit.

#### **E. Guaranty**

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising from our franchise relationship with you, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit A-1. "**Guarantors**" means each person (defined in Section 21.M below) holding at least a twenty-five percent (25%) ownership interest in you or in an entity directly or indirectly holding at least a twenty-five percent (25%) ownership interest in you. Each owner's name and his, her, or its percentage ownership interest in you are set forth in Exhibit B. Subject to our rights and your obligations in Section 16, you must notify us of any change in the information in Exhibit B within ten (10) days after the change occurs. Each owner not holding at least a twenty-five percent (25%) ownership interest in you, or in an entity directly or indirectly holding at least

a twenty-five percent (25%) ownership interest in you, must sign an Owner's Undertaking of Non-Monetary Obligations, in the form attached as Exhibit A-2, undertaking to be bound personally by specific non-monetary provisions in this Agreement. However, if you have no owners holding, directly or indirectly, at least a twenty-five percent (25%) ownership interest in you, we may specify who among your ownership group must sign our Guaranty.

## **F. Your Form and Structure**

As a corporation, limited liability company, or general, limited, or limited liability partnership (each, an “**Entity**”), you agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly exist in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will at our request recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in you, and all certificates and other documents representing ownership interests in you will at our request bear a legend (the wording of which we may prescribe) referring to this Agreement's restrictions;

(3) Your organizational documents, operating agreement, or partnership agreement, as applicable, will at our request contain a provision requiring any dissenting or non-voting interest-holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;

(4) Exhibit B to this Agreement completely and accurately describes all of your owners and their interests (direct or indirect) in you as of the Effective Date;

(5) Your (and your owners') execution and delivery of this Agreement and any related agreement with us (or our affiliates), and performance of your (and their) obligations under this Agreement and such other related agreements, (a) have not violated and will not violate any other agreement or commitment to which you (or they) are a party or by which you (or they) are otherwise bound, and (b) have not violated and will not violate the rights of, or duties owed to, any third party; and

(6) You may not use any Mark (in whole or in part) in, or as part of, your legal business name or email address (unless we have provided you that email address) or use any name that is the same as or similar to, or an acronym or abbreviation of, the 7 BREW name (although you may register the “assumed name” or “doing business as” name “7 BREW” in the jurisdictions where you are formed and qualify to do business).

You may not be a trust or other special-purpose vehicle without our prior written consent.

## **G. Managing Owner**

Upon signing this Agreement, you must designate an individual owner of yours to serve as your managing owner (the “**Managing Owner**”). Your initial Managing Owner, whom we have approved, is identified on Exhibit B. The Managing Owner always must meet the following qualifications and any other standards we set forth from time to time in the Operations Manual or otherwise communicate to you:

- (1) We must pre-approve, as we deem best, any proposed change in the individual designated as the Managing Owner.
- (2) The Managing Owner is responsible for the overall management of your Store. The Managing Owner must have sufficient authority to make business decisions for you that are essential to the Store’s effective and efficient operation. The Managing Owner must communicate directly with us regarding any Store-related matters (excluding matters relating to labor relations and employment practices). Your Managing Owner’s decisions will be final and will bind you, we may rely solely on the Managing Owner’s decisions without discussing the matter with another party, and we will not be liable for actions we take based on your Managing Owner’s decisions or actions.
- (3) If you want or need to change the individual designated as the Managing Owner, you must appoint a new individual owner (the “**Replacement Managing Owner**”) for that role—in order to protect our brand—within thirty (30) days after the former Managing Owner no longer occupies that position. The Replacement Managing Owner may attend our Initial Training. You are responsible for the Replacement Managing Owner’s compensation and TRE during all training. As used in this Agreement, “**TRE**” means travel-related expenses of our or your personnel, as applicable. In the case of our personnel, TRE includes coach or economy airfare, local transportation (including airport transfers), accommodations in a facility subject to our approval, meals, and a daily allowance (paid weekly) upon which we and you agree for reasonable miscellaneous expenses.

## **4. Site Selection, Lease, and Developing the Store**

### **A. Site Selection and Acceptance**

(1) You must find, obtain our written acceptance of, and secure a site for the Store following the procedures specified in the Development Rights Rider to which we and you (or your affiliate) are parties. We make no representations or warranties of any kind, express or implied, about a site’s suitability for a 7 BREW Store. Our recommendation or acceptance of a site indicates only that we believe the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for 7 BREW Stores. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or excluded from our criteria could change, altering a site’s potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site fails to meet your expectations.

(2) You may not relocate the Store to a new site without our prior written consent, which we may grant or deny as we deem best. We may condition relocation approval on (a) the new site being acceptable to us, (b) your paying us a Five-Thousand Dollar (\$5,000) relocation fee, (c) your reimbursing any costs we incur during the relocation process, (d) your confirming that this Agreement remains in effect and governs the Store's operation at the new site with no change in the Term, (e) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (f) your continuing to operate the Store at its original site until we authorize its closure, and (g) your taking within the timeframe we specify, and at your own expense, all action we require to de-brand and de-identify the Store's former premises so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

## **B. Lease Matters**

You confirm that the Store's lease (the "**Lease**") incorporates or will incorporate the terms of the Lease Rider attached to this Agreement as Exhibit C. We are not involved in the leasing process for your Store, and we make no representations or warranties of any kind, express or implied, regarding the Store's success or profitability or of the Lease's suitability for your business purposes.

## **C. Development of Store**

You must on or before the date specified in the Development Rights Rider to which we and you (or your affiliate) are parties (the "**Opening Deadline**"): (i) secure all financing and obtain all permits and licenses required to construct and operate the Store (we may require you to send us evidence confirming that you have obtained binding commitments for all financing needed to develop the Store); (ii) construct the Store and all required improvements to the site and decorate the Store in compliance with our approved plans and specifications; (iii) purchase or lease and install all required Operating Assets (defined below); (iv) purchase an opening inventory of required, authorized, and approved products, materials, and supplies; (v) complete all required training; and (vi) open your Store for business in accordance with all requirements of this Agreement.

You must develop the Store at your expense. You must follow our construction guidelines and mandatory specifications and layouts for a 7 BREW Store (collectively, "**Plans**"), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, signage, and Operating Assets. All other decisions regarding the Store's development are subject to our review and prior written approval. Our Plans might not reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations (collectively, "**Laws**"), including those arising under the Americans with Disabilities Act, or any Lease requirements or restrictions. You are solely responsible for complying with all Laws and must inform us of any changes to the Store's specifications that you believe are necessary to ensure such compliance. You (and not we) are responsible for the performance of architects, contractors, and subcontractors you hire to develop and maintain the Store and for ensuring that sufficient insurance coverage is in place during and after the construction process. We are not responsible for delays in or losses resulting from the Store's construction, equipping, or decoration, as we have no control over the landlord or architects, contractors, and subcontractors.



You must adapt the Plans for the Store (the “**Adapted Plans**”) and make sure they comply with all Laws and Lease requirements and restrictions. We have the right to pre-approve your proposed architect. We must pre-approve in writing (i) the Adapted Plans before the Store’s build-out begins and (ii) all revised or “as built” plans and specifications prepared during the Store’s construction and development. Our review of the Adapted Plans is limited to reviewing compliance with our Plans. Our review is not intended or designed to assess your compliance with Laws or Lease requirements and restrictions; compliance in those areas is your responsibility. You must develop the Store in accordance with the Adapted Plans we have approved. We own the Plans and all Adapted Plans. During the Store’s build-out, we may physically inspect the Store or require you to send us pictures and images (including recordings) of the Store’s interior and exterior so we can review your development of the Store in accordance with our Brand Standards.

You agree at your expense to construct, install all trade dress and Operating Assets in, and otherwise develop the Store according to our standards, specifications, and directions. The Store must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the Store (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time.

You agree to purchase or lease from time to time only approved brands, types, and models of Operating Assets according to our standards and specifications and, at our direction, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). “**Operating Assets**” means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System (defined in Section 7.E)) we periodically require for the Store.

#### **D. Opening**

Despite the Opening Deadline, you may not open the Store for business until:

- (1) we or our designee inspects and approves in writing the Store as having been developed in accordance with our specifications and standards. You must give us at least five (5) days’ prior written notice of the Store’s planned opening date and also notify us in writing when the Store is ready for inspection or review. If we or our designee does not inspect or review the Store within twenty-four (24) hours after you deliver notice that the Store is ready for inspection or review, then the Store is deemed approved to open. Inspection and approval are limited to considering your compliance with our standards and specifications; our approval is not a representation that the Store in fact complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Inspection and approval likewise are not intended or designed to assess compliance with Laws; compliance with Laws is your responsibility. We will not unreasonably withhold our approval of the Store;

- (2) your Store's management team has completed to our satisfaction the Initial Training described in Section 6.A;
- (3) the Store has sufficient trained employees to manage and operate the Store on a day-to-day basis in compliance with Brand Standards;
- (4) the Store's employees are food-safety certified;
- (5) you have satisfied all state and federal permitting, licensing, and other legal requirements for the Store's lawful operation and, upon our request, have sent us copies of all permits, licenses, and insurance policies required by this Agreement;
- (6) all amounts due to us, our affiliates, and principal suppliers have been paid; and
- (7) you are not in default under any agreement with us, our affiliates, or principal suppliers and have met our other opening requirements.

## **5. Fees**

### **A. Initial Franchise Fee**

If this Agreement is for your first 7 BREW Store, you must pay us a Thirty-Five Thousand Dollar (\$35,000) initial franchise fee (the “**Initial Franchise Fee**”) when you sign this Agreement. However, if this Agreement is for your second or subsequent 7 BREW Store, you must pay us a Twenty-Five Thousand Dollar (\$25,000) Initial Franchise Fee within five (5) days after the date on which you open the Store for business. The Initial Franchise Fee is not refundable under any circumstances.

### **B. Royalty**

You agree to pay us, on or before Friday of each calendar week (the “**Payment Day**”), a royalty (“**Royalty**”) equal to:

- (i) four and one-half percent (4.5%) of the Store's Gross Sales during the preceding calendar week if the Store's Gross Sales during such preceding calendar week were less than Twenty-Thousand Dollars (\$20,000);
- (ii) five and one-half percent (5.5%) of the Store's Gross Sales during the preceding calendar week if the Store's Gross Sales during such preceding calendar week were between Twenty-Thousand Dollars (\$20,000) and Twenty-Five Thousand Dollars (\$25,000); and
- (iii) seven percent (7%) of the Store's Gross Sales during the preceding calendar week if the Store's Gross Sales during such preceding calendar week were more than Twenty-Five Thousand Dollars (\$25,000).

Each calendar week currently begins on Monday and ends on Sunday, although upon notice to you we may change the first and last days of each calendar week for Royalty (and other payment) calculation purposes.

In this Agreement, “**Gross Sales**” means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, from selling products, services, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and (if barter is permitted by us) the value of products, services, and merchandise bartered in exchange for the Store’s products, services, or merchandise.

However, Gross Sales exclude:

- (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority;
- (ii) proceeds from insurance, excluding business interruption insurance; and
- (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities.

In addition, Gross Sales are reduced by the value of employee discounts and promotional or marketing discounts offered to the public not exceeding, in the aggregate, two percent (2%) of the Store’s weekly Gross Sales. Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value cards and similar items we approve for offer and sale at 7 BREW Stores is included in Gross Sales when the card or other item is used to pay for products and services. Your Store may not issue or redeem any coupons or gift/loyalty/stored-value or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.

We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

### **C. Technology Fee**

Upon thirty (30) days’ prior written notice to you, you agree to begin paying us a weekly technology fee (“**Tech Fees**”) in the amount we periodically specify, but not to exceed one-quarter percent (0.25%) of the Store’s weekly Gross Sales. The weekly Tech Fee is due and payable at the same time and in the same manner as the Royalty, unless we otherwise specify. 7 BREW Stores that we and our affiliates own will pay the Tech Fees on the same percentage basis as franchisees. We will use Tech Fees to fund the technology expenditures we deem best for the Franchise System (as well as affiliated 7 BREW Stores), including, without limitation, mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, Digital Marketing, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions.

We may allocate and spend Tech Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for the activities

described above. Despite payment of the Tech Fees to us, you must pay third-party vendors for the costs of and support services for your Store's Computer System. We have no obligation to account to you or other franchisees for our use of Tech Fees or to ensure that you or the Store benefits directly or pro rata based on your payments of Tech Fees.

#### **D. Payment Method and Timing**

You agree to authorize us to debit your business checking or other account automatically for the Royalty, Brand Fund contribution, Tech Fees, and other amounts due under this Agreement and any related agreement between us (or our affiliates) and you. We will debit your account on or after the Payment Day for the Royalty, Brand Fund contribution, Tech Fees, and other amounts due. Funds must be available in the account by the Payment Day for withdrawal by electronic transfer. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account. You may not close this account without first establishing, and notifying us of, a new account that we are authorized to debit as provided in this Section.

If you fail to report the Store's Gross Sales when required, we may debit your account for one-hundred-twenty-five percent (125%) of the Royalty, Brand Fund contribution, and Tech Fee we debited for the previous payment period. If the amount we debit from your account is less than the amount you actually owe us for the payment period (once we determine the Store's actual Gross Sales), we will debit your account for the balance due on the day we specify. If the amount we debit from your account is greater than the amount you actually owe us for the payment period (once we determine the Store's actual Gross Sales), we will credit the excess, without interest, against the amount we may debit from your account for the following payment period.

We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of Royalties, Brand Fund contributions, Tech Fees, and other amounts due to us under this Agreement. You may not subordinate to any other obligation your obligation to pay us Royalties, Brand Fund contributions, Tech Fees, or any other amounts due under this Agreement.

#### **E. Administrative Fee and Interest on Late Payments**

In addition to our other remedies, including, without limitation, the right to terminate this Agreement under Section 18, if you fail to pay (or make available for withdrawal from your account) when due any amounts you owe us or our affiliates relating to this Agreement or the Store, those amounts will bear interest, accruing as of their original due dates, at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the Law allows, whichever is less. In addition, you must pay us a One-Hundred Dollar (\$100) administrative fee for each payment not made to us or our affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to your failure to pay the amounts when due.

## **F. Application of Payments and Right of Set-Off**

Notwithstanding any designation you make, we may apply any of your payments (whether made by debit or otherwise) to any of your past due indebtedness to us or our affiliates relating to this Agreement or the Store. We may set off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

## **G. Annual Increase in Fixed Fees and Amounts**

We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under this Agreement based on changes in the Index (defined below) (“**Annual Increase**”). An Annual Increase to such fees, payments, and amounts may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made during the same month during each calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982–1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, if any fixed fee, payment, or amount due under this Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party), we also reserve the right to increase the fixed fee, fixed payment, or fixed amount beyond the Annual Increase to reflect increases in the third party’s charges to us.

## **6. Training, Guidance, and Assistance**

### **A. Initial Training**

We will furnish through virtual and distance learning and other electronic means and, at our option, at a designated training location of our choice (which may be our corporate headquarters, an operating 7 BREW Store, and/or your Store) an initial training program (“**Initial Training**”) on operating a 7 BREW Store. We will train your ownership group, Store managers, and hourly employees at no additional charge. Initial Training will run for the time we specify and focuses on our philosophy, understanding our products, Brand Standards, and the material aspects of operating a 7 BREW Store (excluding aspects relating to labor relations and employment practices). Before you open the Store to the public, your Store management team must complete Initial Training to our satisfaction and pass applicable operations and proficiency tests in order to be “certified.” Our training program may include a “train the trainer” module so that your senior-level personnel can learn how to train your other employees to follow Brand Standards. The Store must have at least two fully-trained managers on-site.

You are responsible for paying your Store managers’ and other employees’ wages, benefits, and TRE while they attend any on-site training. You are responsible for evaluating any information you believe you need to ensure your employees are accurately paid during training. You also are responsible for maintaining workers’ compensation insurance for your employees

during training and must send us proof of that insurance before the training program begins. Everyone attending training must be food-safety certified.

## **B. Retraining**

If your Store managers fail to complete Initial Training to our satisfaction, or we determine after an inspection that retraining is necessary because the Store is not operating according to Brand Standards, we may offer a retraining session. You are responsible for all employee compensation and TRE during retraining. The Store may commence and continue operation only if there are at least two fully-trained certified managers on staff who attend to be at the Store.

You may request additional or repeat training for your Store managers at the end of Initial Training if they do not feel sufficiently trained to operate a 7 BREW Store. We and you will jointly determine the duration of any additional training, which is subject to our personnel's availability. However, if you do not expressly inform us that your Store managers do not feel sufficiently trained to operate a 7 BREW Store, they will be deemed to have been trained sufficiently to operate a 7 BREW Store.

## **C. Opening Set-Up and Support**

We may (but have no obligation to) send an "opening team" to the Store (involving the number of people we determine), in connection with its opening to the public for business, to support the Store during its opening phase and to help you train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices). We will pay the wages and TRE of any opening team we choose to send. However, if in our opinion you and/or the Store needs, or if you request (and we agree to provide), special guidance, assistance, or training (excluding training relating to labor relations and employment practices) that is in addition to any support we choose to provide, you must pay our personnel's daily charges (including wages) and TRE. We may delay the Store's opening until all required training has been satisfactorily completed.

## **D. Ongoing and Supplemental Training/Convention**

We may require your Store's managers to attend and complete satisfactorily various training courses and programs offered periodically during the Term by us or third parties at the times and locations we designate. However, we will not require attendance at such training courses and programs (including any annual meeting of 7 BREW Store franchisees, as described below) for more than five (5) days total, or for more than three (3) consecutive days, during each calendar year. You are responsible for their compensation and TRE during their attendance. If you request any training courses and programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and our training personnel's TRE.

Besides attending and/or participating in the various training courses and programs described in the previous paragraph, at least one of your representatives (the Managing Owner or another designated representative we approve) may attend an annual meeting of all 7 BREW

Store franchisees for up to four (4) days at a location we designate. You must pay all TRE to attend and any meeting fee we charge.

### **E. Training for Store Employees**

Your Store managers must properly train all Store employees to perform the tasks required of their positions. We may develop and make available training tools and recommendations for you to use in training the Store's employees to comply with Brand Standards. We may update these training materials periodically to reflect changes in our training methods and procedures and changes in Brand Standards.

We may periodically and without prior notice review the Store's performance to determine if the Store meets Brand Standards. If we determine that the Store is not operating according to Brand Standards, we may, in addition to our other rights under this Agreement, require the Store's managers to re-attend, and complete to our satisfaction, Initial Training. You are responsible for all compensation and TRE of your personnel.

### **F. General Guidance and the Operations Manual**

We periodically will advise you or make recommendations regarding the Store's operation with respect to:

- (1) standards, specifications, operating procedures, and methods that 7 BREW Stores use;
- (2) purchasing required or recommended Operating Assets and other products, services, supplies, and materials;
- (3) supervisory-employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Store employees); and
- (4) accounting, advertising, and marketing.

We may guide you through our various operations and technical manuals, bulletins, and other materials (collectively, "**Operations Manual**"), by electronic media, by telephone consultation, and/or at our office or the Store. If you request and we agree to provide, or we determine that you need, additional or special guidance, assistance, or training, you agree to pay our then-applicable charges, including reasonable training fees and our personnel's daily charges and TRE. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing such training, conventions, advice, or assistance, all of which we may discontinue and modify at any time.

We will give you access to our Operations Manual, available in hardcopy and/or through the System Website (defined in Section 13.E). Any passwords or digital identifications necessary to access the Operations Manual are considered part of Confidential Information. The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules we

periodically issue for developing and operating a 7 BREW Store (“**Brand Standards**”) and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under this Agreement. You agree to keep current your copy of the Operations Manual (if any materials are delivered in hardcopy) and timely communicate all updates to your employees. You must monitor the System Website and our other communications periodically for updates to the Operations Manual or Brand Standards. You agree to keep secure all parts of the Operations Manual and to restrict access to any passwords for accessing the Operations Manual. If there is a dispute over its contents, our master version of the Operations Manual controls. You agree that the Operations Manual’s contents are confidential and not to disclose any part of the Operations Manual to any person other than Store employees and others needing access in order to perform their duties, but only if they agree to maintain its confidentiality by signing a form of confidentiality agreement. We have the right to pre-approve the form used (an acceptable sample of which is attached as Exhibit D). You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual without our permission.

While we have the right to pre-approve the form of confidentiality agreement you use with Store employees and others having access to our Confidential Information in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with Store employees or otherwise be responsible for your labor relations.

In addition, Brand Standards do not include any personnel policies or procedures, or any Store security-related policies or procedures, we choose to make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these optional policies and procedures might apply to your Store’s operation. You and we agree that we do not dictate or control labor or employment matters for franchisees and 7 BREW Store employees. You are solely responsible for obtaining, installing, and maintaining the security and safety procedures, measures, devices, and systems reasonably necessary to protect employees, the public, guests, and customers of your Store from foreseeable harm during and after business hours.

## **G. Delegation**

We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

## **7. Store Operation and Brand Standards**

### **A. Condition and Appearance of Store**

You may not use, or allow another to use, any part of the Store for any purpose other than operating a 7 BREW Store in compliance with this Agreement. You must place or display at the Store (interior and exterior), according to our guidelines, only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we periodically specify. You



agree to maintain the condition and appearance of the Store, the site, and the Operating Assets in accordance with Brand Standards. Without limiting that obligation, you must take the following actions during the Term at your own expense: (i) thorough cleaning, repainting, and redecorating of the Store's interior and exterior at intervals and within the timeframe we periodically specify and at our direction; (ii) interior and exterior repair of the Store and the site as needed within the timeframe we specify; and (iii) repair or replacement, at our direction, of damaged, worn-out, unsafe, non-functioning, or obsolete Operating Assets at intervals and within the timeframe we periodically specify (or, if we do not specify an interval for replacing an Operating Asset, as that Operating Asset must be replaced in order to offer and sell the products required to be sold by 7 BREW Stores).

In addition to your obligations in clauses (i) through (iii) above, we periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Store and/or incur higher operating costs. You agree to implement any changes in mandatory Brand Standards within the time period we request as if they were part of this Agreement on the Effective Date. However, except for:

- (a) changes in the Computer System;
- (b) changes in signage and logo (i.e., Store exterior graphics);
- (c) changes provided in Section 16.C(2)(h) in connection with a transfer;
- (d) changes required by the Lease or applicable Law; and
- (e) your obligations in clauses (i) through (iii) in the first paragraph of this Section 7.A,

for all of which the timing and amounts are not limited during the Term, we will not obligate you to make any capital modifications during any year of the Term the costs of which during such year exceed Ten-Thousand Dollars (\$10,000), excluding taxes and delivery charges. You agree to incur these costs in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining portion of the Term). Within thirty (30) days after receiving written notice from us, you must prepare plans according to our standards and specifications and, if we require, using architects and contractors we designate or approve, and you must submit those plans to us for written approval. You agree to complete all work according to the plans we approve within the time period we reasonably specify and in accordance with this Agreement.

We also may from time to time ask you to participate in certain test programs for new products, services, and/or Operating Assets. If you agree to participate in such test programs, this could obligate you to incur additional operating costs for the Store. Unless we agree otherwise, we need not reimburse those costs. You agree to maintain and timely send us any records and reports we require related to the test programs. We may discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System.

## **B. Compliance with Applicable Laws and Good Business Practices**

You must secure and maintain all licenses, permits, and certificates required for the Store's operation and operate the Store in full compliance with all Laws, including government regulations relating to occupational hazards, advertising, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of federal and state income taxes, social-security taxes, and sales and service taxes. Your advertising and promotion must be completely factual. The Store must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You may not engage in any practice that could injure our business or the goodwill associated with the Marks, the Franchise System, and other 7 BREW Stores. You must notify us in writing immediately if (i) any legal charge is asserted against you or the Store (even if there is no formal proceeding), (ii) any action, suit, or proceeding is commenced against you or the Store, (iii) you receive any report, citation, or notice regarding the Store's failure to comply with any licensing, health, cleanliness, or safety Law or standard, or (iv) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against you, your owners, or the Store.

## **C. Compliance with Brand Standards**

You agree to comply with all Brand Standards, as we may periodically modify them, as if they were part of this Agreement. You may not offer, sell, or provide at or from the Store any products or services that are not authorized in the Operations Manual. You must offer, sell, and provide all products and services we prescribe from time to time. We may change such products and services from time to time and from market to market based on numerous considerations. Brand Standards may direct any aspect of the Store's operation and maintenance that is material to the goodwill associated with the Marks, the Franchise System, and 7 BREW Stores. While we maintain the right to issue and modify Brand Standards, you alone exercise day-to-day control over the Store's operation and remain solely responsible for compliance with Brand Standards, which may include any one or more of the following:

- (1) required and/or authorized beverages and food products; ingredients and recipes; food-handling and preparation procedures; required and/or authorized services; and unauthorized and prohibited food products, beverages, and services (which the Store is not allowed to offer and sell under any circumstances). We always have the right to approve or disapprove in advance all products and services to be used at or sold by the Store, and the Store must comply with our directions. We may withdraw our approval of previously-authorized products and services upon notice to you based on what we think is best for 7 BREW Stores;
- (2) storage and packaging procedures and techniques;
- (3) inventory requirements so the Store may operate at full capacity;
- (4) sales, marketing, advertising, and promotional programs and the materials and media used in those programs, including participating in and complying with the

requirements of any special advertising, marketing, and promotional programs we periodically specify;

- (5) adequate staffing levels to operate the Store in compliance with Brand Standards, appearance of Store personnel, and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Store employees are exclusively under your control at the Store. You must communicate clearly with Store employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of 7 BREW Stores, and our affiliates are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment from all Store employees that you (and not we or our affiliates) are their employer;
- (6) standards, procedures, and requirements for responding to customer complaints;
- (7) price advertising policies and maximum, minimum, or other pricing requirements for products and services the Store sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all 7 BREW Stores must participate, in each case to the maximum extent the Law allows;
- (8) use and display of the Marks at the Store and on containers, labels, forms, paper and plastic products, and other supplies;
- (9) quality-assurance, food-safety-audit, guest-satisfaction, “mystery-shop,” and similar programs, including your using and paying directly (or reimbursing us for) our designated third-party service providers;
- (10) minimum days and hours of operation, which may vary depending on the Store’s location;
- (11) use of various electronic and other payment systems;
- (12) use of mobile or digital ordering and Franchise System applications and other digital channels (“Apps”);
- (13) issuing and honoring/redeeming coupons, gift/loyalty/stored-value cards, and similar items and administering customer loyalty/affinity and similar programs. You must participate in, and comply with the requirements of, our gift/loyalty/stored-value card and other customer loyalty programs. We may draft from your bank account all monies paid to you for gift/loyalty/stored-value cards and similar customer loyalty initiatives and hold those monies until the

gift/loyalty/stored-value cards and similar customer loyalty initiatives are redeemed at your Store (or another 7 BREW Store). However, we may keep any prepaid amounts that are not used by customers to the extent allowed by Law;

- (14) standards, platforms, and procedures for (a) communications among you, us, and other franchisees, (b) accessing and using various aspects of the System Website (including an intranet), (c) using blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, file, audio, and video-sharing sites, and other similar social-networking media or tools (collectively, “**Social Media**”) that in any way reference the Marks or involve the Store, and (d) using the Marks as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with any website or other online presence (collectively, “**Digital Marketing**”) (except to the extent our standards or procedures are prohibited under Law);
- (15) communicating with the Store’s customers only through branded mobile Apps, branded email domains, online brand-reputation-management sites, or other channels we expressly designate and only for purposes related to the Store’s operation;
- (16) participation in one or more franchise advisory councils we establish for the Franchise System; and
- (17) any other aspects of operating and maintaining the Store that we determine are useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and 7 BREW Stores.

Brand Standards will not include any employment-related policies or procedures or dictate or regulate the employment terms and conditions for the Store’s employees. Any information we provide (in the Operations Manual or otherwise) concerning employment-related policies or procedures, or relating to employment terms and conditions for Store employees, is only a recommendation, and not a requirement, for your optional use.

As described in Section 7.A above, we have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the Store and incur higher operating costs. Those Brand Standards will constitute legally-binding obligations on you when we communicate them. Although we retain the right to establish and modify periodically the Brand Standards you have agreed to follow, you retain complete responsibility and authority for the Store’s management and operation and for implementing and maintaining Brand Standards at the Store.

You acknowledge the importance of operating the Store in full compliance with this Agreement and Brand Standards. You further acknowledge that your deviation from any contractual requirement, including any Brand Standard, is a violation of this Agreement and will trigger incalculable administrative and management costs for us to address the violation (separate and apart from any damages your violation might cause to the Franchise System, our business opportunities, or the goodwill associated with the Marks).

#### **D. Approved Products, Services, and Suppliers**

(1) We may periodically designate and approve Brand Standards, manufacturers, suppliers, and/or distributors for the Operating Assets, products, and services we periodically authorize 7 BREW Stores to use or sell. You must purchase or lease all Operating Assets, products, and services you use or sell at the Store only according to Brand Standards and, if we require, only from manufacturers, suppliers, or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all 7 BREW Stores on account of those suppliers' prospective or actual dealings with your Store and other 7 BREW Stores. That revenue may or may not be related to services we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and our affiliates may retain and use without restriction for any purposes we and our affiliates deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our and their costs.

(2) If you want to purchase or lease any Operating Assets, products, or services from a supplier or distributor we have not then approved (if we require you to buy or lease the asset, product, or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the quality and functionality of the item or service are equivalent to those of the item or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product-liability claims. You must pay upon request any actual expenses and TRE we incur to determine whether or not the items, services, suppliers, or distributors meet our requirements and specifications.

(3) We may condition our written approval of a supplier or distributor on requirements relating to product taste, quality, and safety; third-party lab testing; prices; consistency; warranty; supply-chain reliability and integrity; financial stability; customer relations; frequency, economy, and efficiency of delivery; concentration of purchases; standards of service (including prompt attention to complaints); and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items either directly to us or to any third party we designate for testing. If we approve a supplier or distributor you recommend, you agree that we may allow other 7 BREW Stores to purchase or lease the Operating Assets, products, or services from those suppliers or distributors without limitation and without compensation to you.

(4) Despite the foregoing, we may limit the number of approved suppliers and distributors with which you may deal, designate sources you must use, and refuse any of your requests for any reason, including, without limitation, because we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the 7 BREW Store network's best interests. It may be disadvantageous from a cost and service basis to have more than one supplier in a given market area, and we may consider the impact of any supplier approval on our and our franchisees' ability to obtain the

lowest distribution costs and best service. However, we make no guaranty, warranty, or promise that we will obtain the best pricing or most advantageous terms for 7 BREW Stores. We also do not guaranty the performance of suppliers and distributors to 7 BREW Stores. We are not responsible or liable if the products or services provided by a supplier or distributor fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

(5) We have the right (without liability) to consult with your suppliers about the status of your account with them and to advise your suppliers and others with whom you, we, our affiliates, and other franchisees deal that you are in default under any agreement with us or our affiliates (but only if we or our affiliate has notified you of such default).

### **E. Computer System**

(1) You agree to obtain and use the computer hardware and software, point-of-sale system, computer-related accessories and peripheral equipment, tablets, smart phones, on-line, digital, and App ordering systems, and on-line inventory ordering system we periodically specify (the “**Computer System**”). You must use the Computer System to access the System Website and to input and access information about your sales and operations. The Computer System must operate continuously. We will have continuous, unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any 7 BREW e-mail accounts we provide you.

(2) We may periodically modify the Computer System’s specifications and components. Our modification of Computer System specifications and/or other technological developments or events may require you to purchase, lease, or license new or modified computer components, software, and peripherals and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs to obtain the computer components, software, and peripherals comprising the Computer System (and additions and modifications) and required service or support. These costs are not covered by the Tech Fees that we may require you to pay us under Section 5.C above. Within sixty (60) days after we deliver notice to you, you must obtain the Computer System components we designate and ensure that your Computer System, as modified, is functioning properly.

(3) We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates’) and your respective rights and responsibilities with respect to, the software or technology.

(4) Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party’s computer system; (3) any and all

consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most current version of the Payment Card Industry Data Security Standards, and with all Laws (including privacy laws) governing the use, disclosure, and protection of Consumer Data (defined in Section 10) and the Computer System, and validating compliance with those standards and Laws as may be periodically required. The Computer System must permit twenty-four (24)-hours-per-day, seven (7)-days-per-week electronic communications between you and us, including access to the System Website (but excluding matters relating to labor relations and employment practices).

## **8. Marks**

### **A. Ownership and Goodwill of Marks**

Your right to use the Marks is derived only from this Agreement and is limited to your operating the Store according to this Agreement and all mandatory Brand Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor's) rights in the Marks. Any use of the Marks relating to the Store, and any goodwill that use establishes, are for our (and our licensor's) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark-use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the Store according to this Agreement. All provisions in this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we periodically authorize you to use. You may not at any time during or after the Term contest or assist any other person to contest the validity, or our (or our licensor's) ownership, of the Marks.

### **B. Limitations on Use of Marks**

You agree to use the Marks as the Store's sole identification, subject to the notices of independent ownership we periodically designate. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (iii) in selling any unauthorized products or services, (iv) in connection with any Digital Marketing, or in any user name, screen name, or profile in connection with any Social Media sites, without our consent or, if applicable, without complying with our Brand Standards communicated to you, or (v) in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the Store or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must give the notices of trademark and service mark registrations we periodically specify and obtain any fictitious- or assumed-name registrations that applicable Law requires.

You must include a clear disclaimer in all of the Store's employee-facing materials that you (and only you) are the employer of Store employees and that we, as the franchisor of 7 BREW Stores, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline,

adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment from all Store employees that you (and not we or our affiliates) are their employer.

### **C. Notification of Infringements and Claims**

You agree to notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions we and our, and our licensor's, attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation, Patent and Trademark Office or other proceeding, or enforcement action or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

### **D. Discontinuance of Use of Marks**

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or to replace supplies for the Store), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

### **E. Indemnification for Use of Marks**

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and Brand Standards communicated to you, and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

## **9. Confidential Information**

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable Law, relating to developing and operating 7 BREW Stores (the "**Confidential Information**"), which includes but is not limited to:

- (1) information in the Operations Manual and Brand Standards;



- (2) layouts, designs, and other Plans for 7 BREW Stores;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating 7 BREW Stores;
- (4) marketing research and promotional, marketing, and advertising programs for 7 BREW Stores;
- (5) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms;
- (6) strategic plans, including expansion strategies and targeted demographics;
- (7) knowledge of specifications for and suppliers of, and methods of ordering, the Store's physical structure and certain Operating Assets, products, services, materials, and supplies that 7 BREW Stores use and sell;
- (8) knowledge of the operating results and financial performance of 7 BREW Stores other than the Store;
- (9) customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- (10) all Data and other information generated by, or used or developed in, operating the Store, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- (11) any other information we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the Store during the Term according to Brand Standards and this Agreement's other terms and conditions. Using any Confidential Information in another business would constitute an unfair method of competition with us and our affiliates, suppliers, and franchisees. You acknowledge and agree that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you, your owners, and your employees agree, and you and they do agree:

- (1) not to use any Confidential Information in another business or capacity and at all times to keep Confidential Information absolutely confidential, both during and after the Term (afterward for as long as the information is not generally known in the coffee industry);
- (2) not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

- (3) to adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Store personnel and others needing to know the Confidential Information in order to operate the Store and using confidentiality and non-disclosure agreements with those having access to Confidential Information. (We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of 7 BREW Stores. Under no circumstances will we control the forms or terms of employment agreements you use with Store employees or otherwise be responsible for your labor relations or employment practices.); and
- (4) not to sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Consumer Data or related information or Data), except during the Term using methods we have approved.

“Confidential Information” does not include information, knowledge, or know-how that lawfully is or becomes generally known in the coffee industry or that you knew from previous business experience before we gave you access to it (directly or indirectly). If we include any matter in Confidential Information, anyone claiming it is not Confidential Information must prove that the exclusion in this paragraph applies.

## **10. Consumer Data**

You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of customers (“**Consumer Data**”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all Laws governing the use, protection, and disclosure of Consumer Data.

If there is a Data Security Incident at the Store, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the Data Security Incident in order to protect Consumer Data and the 7 BREW Store brand (including giving us or our designee access to your Computer System, whether remotely or at the Store). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts.

“**Data Security Incident**” means any act that initiates either internally or from outside the Store’s computers, point-of-sale terminals, and other technology or networked environment and violates the Law or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the Franchise System, 7 BREW Stores, or their Data or to view, copy, or use Consumer Data or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial or

service; unauthorized use of a system for processing or storage of Data; and changes to system hardware, firmware, or software characteristics without our knowledge, instruction, or consent.

If we determine that any Data Security Incident results from your failure to comply with this Agreement or any requirements for protecting the Computer System and Consumer Data, you must (a) indemnify us under Section 20.E and (b) compensate us for all other damages we incur as a result of your breach of this Agreement.

## **11. Innovations**

All ideas, concepts, techniques, or materials relating to a 7 BREW Store, whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors (“**Innovations**”), must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of and all related rights to that Innovation to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Store or otherwise without our prior written approval.

## **12. Exclusive Relationship**

### **A. Restrictions.**

We granted you the rights under this Agreement in consideration of and reliance upon your and your owners’ agreement to deal exclusively with us with respect to the products and services that 7 BREW Stores offer and sell. You therefore agree that, during the Term, neither you, your owners, nor any members of your or their Immediate Families (defined below) will:

- (1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (3) directly or indirectly loan any money or other thing of value, or guarantee any other person’s loan, to any Competitive Business or any owner, director, officer, manager, or employee of any Competitive Business, wherever located or operating;
- (4) divert or attempt to divert any actual or potential business or customer of the Store to a Competitive Business; or

- (5) solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the Store's operation.

The term "Competitive Business," as used in this Agreement, means any (a) business that derives more than twenty-five percent (25%) of its revenue from selling coffee, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a), other than a 7 BREW Store operated under a franchise agreement with us.

The term "**Immediate Family**" includes the named individual, his or her spouse or domestic partner, and all children of the named individual or his or her spouse or domestic partner. You agree to obtain similar covenants from your officers, directors, and other supervisory personnel, to the extent permitted by applicable Law, to the extent their competitive activities would adversely affect your Store or the 7 BREW brand. We may pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of 7 BREW Stores. Under no circumstances will we control the forms or terms of employment agreements you use with Store employees or otherwise be responsible for your labor relations or employment practices.

**B. Directives.**

If there is a dispute related to this Section 12 or Section 19.E, you and your owners direct any third party construing this Section or Section 19.E, including any court, arbitrator, mediator, master, or other party acting as trier-of-fact or law:

- (1) To presume conclusively that the restrictions set forth in this Section and in Section 19.E are reasonable and necessary in order to protect (a) our legitimate business interests, including the interests of our other franchisees, (b) the confidentiality of Confidential Information, (c) the integrity of the Franchise System, (d) our investment in the Franchise System, (e) the investment of our other franchisees in their franchised Stores, and (f) the goodwill associated with the Franchise System;
- (2) To presume conclusively that the restrictions set forth in this Section and in Section 19.E will not unduly burden your or your owners' ability to earn a livelihood;
- (3) To construe this Section and Section 19.E under the Laws governing distribution contracts between commercial entities in an arms-length transaction and not under Laws governing employment contracts; and
- (4) To presume conclusively that any violation of the terms of this Section or Section 19.E was accompanied by the misappropriation and inevitable disclosure of Confidential Information and constitutes a deceptive and unfair trade practice and unfair competition.

### 13. Advertising and Marketing

#### A. Brand Fund

(1) We have established a fund (“**Brand Fund**” or “**Fund**”) for advertising, marketing, research and development, public relations, Social-Media management, lead-generation, customer-relationship-management, and technology programs, materials, and activities, the purpose of which is to enhance, promote, and protect the 7 BREW Store brand and Franchise System. You agree to contribute to the Brand Fund the amounts we periodically specify, not to exceed two percent (2.0%) of the Store’s weekly Gross Sales. Your Brand Fund contribution is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify. 7 BREW Stores that we and our affiliates own will contribute to the Brand Fund on the same percentage basis as franchisees.

(2) We will direct all programs the Brand Fund finances, with sole control over all creative and business aspects of the Fund’s activities. The Brand Fund may pay for, among other things, preparing, producing, and placing video, audio, and written materials, Digital Marketing, and Social Media; developing, maintaining, and administering one or more System Websites; creating and administering national, regional, multi-regional, local, and multi-local marketing, advertising, and lead-generation programs (which may include spending Brand Fund contributions in specific geographic markets or directing Brand Fund contributions to individual or groups of franchisees to spend on marketing, advertising, and lead-generation programs in their own markets); using advertising, promotion, and marketing agencies and other advisors to provide assistance; establishing regional and national promotions and partnerships and hiring spokespersons to promote the 7 BREW Store brand; establishing on-line systems and other vehicles for centralized customer interaction; supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities; funding visits by our executives, other personnel, and third-party service providers to 7 BREW Stores to establish, enforce, and confirm compliance with the 7 BREW Store culture; and funding technology initiatives for 7 BREW Stores, including mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions. The Brand Fund periodically may give you sample advertising, marketing, promotional, and lead-generation formats and materials (collectively, “**Marketing Materials**”) at no cost. We may sell you multiple copies of Marketing Materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

(3) We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund’s administrative costs; TRE of our personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive, and any other costs or expenses we incur operating or

as a consequence of the Fund. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason.

(4) The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, invest any surplus for future use, and roll over unspent monies to the following year. We may use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within sixty (60) days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We may (but need not) have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.A.

(5) The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of 7 BREW Stores, and enhance, promote, and protect the 7 BREW Store brand and Franchise System. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all 7 BREW Stores, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by 7 BREW Stores operating in that geographic area or that any 7 BREW Store benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. The Brand Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System Website) prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 13.A, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

(6) We may at any time defer or reduce the Brand Fund contributions of any 7 BREW Store franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding twelve (12) month period.

## **B. Approval of Marketing and Other External Communications**

All advertising, promotion, marketing, and public relations activities you conduct and Marketing Materials you prepare must be legal and not misleading and conform to the policies

set forth in the Operations Manual or that we otherwise prescribe from time to time. To protect the goodwill that we and certain of our affiliates have accumulated in the “7 BREW” name and other Marks, before you intend to use them you must send us samples or proofs of (i) all Marketing Materials we have not prepared or already approved, and (ii) all Marketing Materials we have prepared or already approved which you propose to change in any way. However, you need not send us any Marketing Materials in which you have simply completed the missing Store-specific or pricing information based on templates we sent you. While we will not unreasonably withhold our approval, you may not use any Marketing Materials we have not approved or have disapproved. We reserve the right upon thirty (30) days’ prior written notice to require you to discontinue using any previously-approved Marketing Materials.

### **C. System Website**

We or our designees may establish a website or series of websites (with or without restricted access) for the 7 BREW Store network: (1) to advertise, market, identify, and promote 7 BREW Stores, the products and services they offer, and/or the 7 BREW Store franchise opportunity; (2) to help us operate the 7 BREW Store network; and/or (3) for any other purposes we deem appropriate for 7 BREW Stores or otherwise (collectively, the “**System Website**”). The System Website need not provide you with a separate interior webpage or “micro-site” referencing your Store. We will own all intellectual property and other rights in the System Website and all information it contains, including its domain name or URL, the log of “hits” by visitors, any personal or business data visitors supply, and all information relating to the Store’s customers (collectively, the “**Data**”).

We will control and may use Brand Fund contributions to develop, maintain, operate, update, and market the System Website. We have final approval rights over all information on the System Website. We may implement and periodically modify Brand Standards for the System Website.

We will allow you to participate in the System Website only while you are in substantial compliance with this Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under this Agreement or Brand Standards, we may, in addition to our other remedies, temporarily suspend your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon this Agreement’s expiration or termination.

All Marketing Materials you develop for the Store must comply with Brand Standards and contain notices of the System Website’s URL in the manner we periodically designate. You may not develop, maintain, or authorize any Digital Marketing or Social Media mentioning or describing the Store or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Digital Marketing and Social Media. Except for the System Website and approved Digital Marketing and Social Media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Digital Marketing, Social Media, or website.

Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to you.

#### **14. Records, Reports, and Financial Statements**

In order to ensure consistency and reliability with respect to your various financial reporting obligations to us, you must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting methods and chart of accounts) we prescribe from time to time. The records and information contained in any bookkeeping, accounting, and recordkeeping system we require will not include any records or information relating to the Store's employees, as you control exclusively your labor relations and employment practices. We will have independent, unlimited access and retrieval rights to the financial, sales, inventory, and other business-performance information and tools maintained on your Computer System (including Consumer Data but excluding employee records, as you control exclusively your labor relations and employment practices). To the extent we do not access this information directly from the Computer System, you must give us:

- (1) on or before the Payment Day, statistical reports showing the Store's total Gross Sales, product mix, SKU performance, customer count, and other information we request regarding you and the Store covering the previous weekly period;
- (2) within thirty (30) days after the end of each fiscal quarter, the Store's operating statements and financial statements (including a balance sheet and cash-flow and profit-and-loss statements) as of the end of that fiscal quarter;
- (3) within ninety (90) days after the end of each of your fiscal years, annual profit-and-loss and cash-flow statements, a balance sheet for the Store as of the end of the previous fiscal year, and a narrative written description of your year-end operating results; and
- (4) within thirty (30) days after our request, exact copies of federal and state income, sales tax, and other tax returns and any other forms, records, books, reports, and other information we periodically require relating to you or the Store (other than Store employee records, as you control exclusively your labor relations and employment practices).

We may periodically specify the form and content of the reports and financial statements described above. You must verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data from such reports and statements (and to identify the Store as the source of such reports and statements) for any business purpose we determine in our sole judgment, including the right to identify the Store and disclose its individual financial results in both a financial performance representation appearing in Item 19 of our franchise disclosure document and a supplemental financial performance representation.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location for at least five (5) years after the end of the fiscal year to which such records relate or for any longer timeframe the Law requires. If we reasonably determine that any report or financial statement you send us is willfully or recklessly, and materially, inaccurate, we may require you to prepare, at your own expense, audited financial statements annually during the



Term until we determine that your reports and statements accurately reflect the Store's business and operations.

## **15. Inspections and Audits**

### **A. Inspections**

(1) To determine whether you and the Store are complying with this Agreement, including all Brand Standards and food-safety standards, we and our designated representatives and vendors (including "mystery" shoppers) have the right from time to time during your regular business hours (a) without prior notice to you, to inspect and evaluate the Store, observe and record operations (including through electronic monitoring), remove samples of products and supplies, and interview and interact with the Store's supervisory employees and customers, and (b) with prior notice to you, to inspect all books and records relating to the Store and to access all electronic records on your Computer System (in all cases excluding records relating to labor relations and employment practices, as you control exclusively labor relations and employment practices for Store employees). You must cooperate with us and our representatives and vendors in those activities. We will give you a written summary of the evaluation.

Without limiting our other rights and remedies under this Agreement, you must promptly correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify after you receive notice of those deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected the deficiencies and otherwise are complying with this Agreement and all Brand Standards. If you fail to correct a deficiency at the Store or in its operation after these inspections, we may (short of taking over the Store's management) take the required action for you, without being guilty of or liable for trespass or tort, in which case you must immediately reimburse all of our costs.

(2) If we find any condition at the Store that we consider to be hazardous, unsafe, unhealthy, unsanitary, unclean, or in material disrepair, we have the following rights in addition to all other rights set forth in this Agreement:

(a) we may require you immediately to close and suspend operation of the Store or to take any other action we deem necessary whenever we have reason to believe that any products in the Store are contaminated or the Store presents imminent risk to public health and safety. You must notify us immediately of any suspected product contamination or other violation affecting public health or safety and promptly take any action we require. You alone are responsible for all losses, costs, or other expenses incurred in complying with this clause (a); and/or

(b) we may immediately remove or destroy at your expense any product that we believe to be hazardous or contaminated or to present imminent risk to public health or safety.

(3) Because we do not have the right to inspect your employment records, you agree to confirm for us periodically (in the manner specified in Brand Standards) that the Store's employees have all certifications required by Law.

## **B. Our Right to Audit**

We and our designated representatives may, at any time during your business hours and with prior notice to you, examine the Store's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records (other than your employment records, as you control exclusively your labor relations and employment practices). You must fully cooperate with our representatives and independent accountants conducting any inspection or audit. If any inspection or audit discloses an understatement of the Store's Gross Sales, you must pay us within ten (10) days after receiving the inspection or audit report the amounts due on the understatement, plus our administrative fee and interest from the date originally due until the date of payment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records, or other information as required or on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount you actually reported to us for the period examined, you must reimburse our costs for the examination, including, without limitation, legal fees, independent accountants' fees, and compensation and TRE for our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable Law.

## **16. Transfer**

### **A. Transfer by Us**

We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

### **B. Transfer by You and Definition of Transfer**

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners, and we have granted you the rights under this Agreement in reliance upon our perceptions of your and your owners' character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the Store's physical structure; (iii) any right to receive all or a portion of the profits, losses, or capital appreciation relating to the Store; (iv) all or substantially all of the Operating Assets; (v) any ownership interest in you; nor (vi) a controlling ownership interest in an Entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the Store's ownership, possession, or control, or all or substantially all of the Operating Assets, may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing our then-current form of franchise agreement and related documents, as we may require, although in the latter case we will amend

our then-current form of franchise agreement to include the same terms that you negotiated with us and that appear in any amendment to this Agreement). Any transfer without our prior written approval is a breach of this Agreement and has no effect, meaning you and your owners will continue to be obligated to us for all your obligations under this Agreement.

You also acknowledge that we or our assignee (which may include our affiliate) will have a right-of-first-refusal in the potential transfer scenarios described in Section 16.G below, including if title to the underlying real estate on which the Store's physical structure is located is to be sold along with the Store (but only if you or one or more of your owners, directly or through another entity, hold title to that underlying real estate).

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including the following events:

- (1) transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the Store;
- (2) a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;
- (3) any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner's voting rights or to control your (or an Entity with an ownership interest in you) or the Store's operations or affairs;
- (4) transfer in a divorce, insolvency, or Entity-dissolution proceeding or otherwise by operation of law;
- (5) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession;
- (6) sale of the underlying real estate on which the Store's physical structure is located if such sale is completed alongside a sale of the Store (but only if you or one or more of your owners, directly or through another entity, hold title to that underlying real estate and only for the purposes of the right-of-first-refusal described in Section 16.G(2)); or
- (7) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security or collateral, foreclosure upon or attachment or seizure of the Store (including its physical structure), or your transfer, surrender, or loss of the Store's possession, control, or management.

You may grant a security interest (including a purchase-money security interest) in the Store's assets (including its physical structure but not including this Agreement or the franchise rights) to a lender that finances your acquisition,

development, and/or operation of the Store without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice. This Agreement and the franchise rights granted to you by this Agreement may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment, or execution by your creditors or any financial institution. Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code.

### **C. Conditions for Approval of Transfer**

If you and your owners are in full compliance with this Agreement, then, subject to this Section 16's other provisions:

- (1) We will approve the transfer of a non-controlling ownership interest in you if the proposed transferee and its owners are of good moral character, have no ownership interest in and do not perform services for (and have no affiliates with an ownership interest in or performing services for) a Competitive Business, otherwise meet our then-applicable standards for non-controlling owners of 7 BREW Store franchisees, sign our then-current form of Guaranty and Assumption of Obligations or, if applicable, Owner's Undertaking of Non-Monetary Obligations, and pay us a One Thousand Dollar (\$1,000) transfer fee. The term "**controlling ownership interest**" is defined in Section 21.M.
- (2) If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the timeframe over which those transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, then we will not unreasonably withhold our approval of a proposed transfer meeting all of the following conditions:
  - a. on both the date you send us the transfer request and the transfer's proposed effective date: (i) the transferee and its direct and indirect owners have the necessary business experience, aptitude, and financial resources to operate the Store; (ii) the transferee otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for 7 BREW Stores to which they then are parties with us); and (iii) the transferee and its owners are not restricted by another agreement (whether or not with us) from purchasing the Store or the ownership interest in you or the Entity that owns a controlling ownership interest in you;

- b. on both the date you send us the transfer request and the transfer's proposed effective date, you have paid all required Royalties, Brand Fund contributions, Tech Fees, and other amounts owed to us and our affiliates relating to this Agreement and the Store, have submitted all required reports and statements, and are not in breach of any provision of this Agreement or another agreement with us or our affiliates relating to the Store;
- c. on both the date you send us the transfer request and the transfer's proposed effective date, neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;
- d. before or after the transfer's proposed effective date (as we determine), the transferee's management personnel, if different from your management personnel, satisfactorily complete our then-current Initial Training;
- e. the transferee has the right to occupy the Store's site for the expected franchise term;
- f. before the transfer's proposed effective date, the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or you and your owners (if the transfer is of a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you), if we so require, sign our then-current form of franchise agreement and related documents (including a Guaranty and Assumption of Obligations and, if applicable, Owner's Undertaking of Non-Monetary Obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, provided, however, that (i) the term of the new franchise agreement signed will equal the unexpired portion of the Term, (ii) the Royalty, Brand Fund contribution, and Tech Fee levels specified in this Agreement will be substituted into the then-current form of franchise agreement that is signed for the balance of the initial franchise term (i.e., the unexpired portion of the Term), (iii) the new franchise agreement will retain the same defined Area of Protection appearing in this Agreement, and (iv) if we previously agreed to amend this Agreement before you signed it, we will incorporate such amendments into the then-current form of franchise agreement that is signed by the transferee;
- g. before the transfer's proposed effective date, you or the transferee pays us a transfer fee equal to Ten-Thousand Dollars (\$10,000);
- h. before the transfer's proposed effective date, the transferee agrees to repair and/or replace Operating Assets and upgrade the Store (including its physical structure) in accordance with our then-current requirements and

specifications for new 7 BREW Stores within the timeframe we specify following the transfer's effective date;

- i. before the transfer's proposed effective date, you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;
- j. we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee's operation of the Store;
- k. if you or your owners finance any part of the purchase price, you and they agree before the transfer's proposed effective date that the transferee's obligations under promissory notes, agreements, or security interests reserved in the Operating Assets, the Store (including its physical structure), or ownership interests in you are subordinate to the transferee's (and its owners') obligation to pay Royalties, Brand Fund contributions, Tech Fees, and other amounts due to us and our affiliates and otherwise to comply with this Agreement;
- l. before the transfer's proposed effective date, you and your transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer's effective date, not to engage in any activity proscribed in Section 19.E below; and
- m. before the transfer's proposed effective date, you and your transferring owners agree not directly or indirectly at any time after the transfer or in any manner (except with other 7 BREW Stores you or they own or operate) to: (i) identify yourself or themselves in any business as a current or former 7 BREW Store or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a 7 BREW Store for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. Therefore, our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the Store, and to withhold our consent, as long as our decision is not unreasonable. We may review all information regarding the Store you give the proposed transferee, correct any

information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the Store.

Notwithstanding anything to the contrary in this Section 16, we need not consider a proposed transfer of a controlling or non-controlling ownership interest in you, or a proposed transfer of this Agreement, until you (or an owner) and the proposed transferee first send us a copy of the bona fide offer to purchase or otherwise acquire the particular interest from you (or the owner). For an offer to be considered “bona fide,” we may require it to include a copy of all proposed agreements between you (or your owner) and the proposed transferee related to the sale, assignment, or transfer.

#### **D. Transfer to a Wholly-Owned or Affiliated Entity**

Notwithstanding Section 16.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the Store (including its physical structure), to an Entity that will conduct no business other than the Store and, if applicable, other 7 BREW Stores and of which you or your then-existing owners own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all Store assets are owned, and the Store is operated, only by that single Entity. The Entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the Entity did not occur. Transfers of ownership interests in that Entity are subject to the restrictions in Section 16.C.

#### **E. Death or Disability**

##### **(1) Transfer Upon Death or Disability**

Upon the death or disability of one of your owners, that owner’s executor, administrator, conservator, guardian, or other personal representative (the “**Representative**”) must transfer the owner’s ownership interest in you (or an owner) to a third party, which may include an Immediate Family member. That transfer (including transfer by bequest or inheritance) must occur within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all terms and conditions in this Section 16. A failure to transfer such interest within this time period is a breach of this Agreement.

##### **(2) Operation upon Death or Disability**

If, upon the death or disability of your Managing Owner, the Store’s day-to-day operations are not being managed by a certified manager, then you or the Representative (as applicable) must within a reasonable time, not to exceed sixty (60) days from the date of death or disability, appoint a new manager to operate the Store. The new manager must at your expense satisfactorily complete the training we designate within the time period we specify.

#### **F. Effect of Consent to Transfer**

Our consent to any transfer is not a representation of the fairness of any contract terms between you (or your owner) and the transferee, a guarantee of the Store’s or transferee’s

prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance with this Agreement.

## **G. Our Right-of-First-Refusal**

(1) Right-of-First-Refusal for Transfer of Franchise Rights or Controlling Ownership Interest. If you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you at any time determines to sell or transfer for money or other consideration (which can be independently valued in dollars) the franchise rights granted by this Agreement and the Store (including its physical structure and/or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you (except to or among your current owners or in a transfer under Section 16.D, which are not subject to this Section 16.G(1)), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 16.C above, we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale or transfer's payment terms and the financing sources and terms of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Store (including its physical structure and/or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (a) we may substitute cash for any form of consideration proposed in the offer; (b) our credit will be deemed equal to the credit of any proposed buyer; (c) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (d) you and your owners must sign the general release described in Section 16.C(2)(i) above; and (e) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any Law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Store before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the Store's assets (including its physical structure), and not any of your ownership interests, on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).



Once you or your owners submit the offer and related information to us triggering the start of the thirty (30)-day decision period referenced above, the offer is irrevocable for that thirty (30)-day period. This means we have the full thirty (30) days to decide whether to exercise the right-of-first-refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right-of-first-refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

If we do not exercise our right-of-first-refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 16. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right-of-first-refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right-of-first-refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms.

We have the unrestricted right to assign this right-of-first-refusal to a third party (including an affiliate), which then will have the rights described in this Section 16.G(1). (All references in this Section 16.G(1) to "we" or "us" include our assignee if we have exercised our right to assign this right-of-first-refusal to a third party.) We waive our right-of-first-refusal for sales or transfers to Immediate Family members meeting the criteria in Section 16.C.

(2) Right-of-First-Refusal for Transfer of Store's Underlying Real Estate Alongside Transfer of Franchise Rights or Controlling Ownership Interest. In addition to our rights under clause (1) above, if you or one or more of your owners (directly or through another entity) hold title to the underlying real estate on which the Store's physical structure is located and desire to sell that real estate during the Term (or, if applicable, during a successor-franchise term) for money or other consideration (which can be independently valued in dollars) in conjunction with any sale or transfer with respect to which we have the rights described under clause (1) above, the title-holder agrees to obtain from a fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which we may require to include a copy of all proposed agreements related to the sale). The offer must include details of the proposed sale's payment terms and the financing sources and terms of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments). We may require the title-holder to send us copies of any materials or information it sends to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to the title-holder within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase

title to the underlying real estate for the price and on the terms and conditions contained in the offer, provided that: (i) we may substitute cash for any form of consideration proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed buyer; (iii) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify the title-holder of our election to purchase or, if later, the closing date proposed in the offer; and (iv) we must receive, and the title-holder agrees to make, all customary representations, warranties, and indemnities given by the seller of real estate.

If we do not exercise our right-of-first-refusal, the title-holder may complete the sale to the proposed buyer on the original offer's terms. If the title-holder does not complete the sale to the proposed buyer within sixty (60) days after we notify the title-holder that we do not intend to exercise our right-of-first-refusal, or if there is a material change in the sale's terms (which the title-holder agrees to tell us promptly), we will have an additional right-of-first-refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms.

We have the unrestricted right to assign this right-of-first-refusal to a third party (including an affiliate), which then will have the rights described in this Section 16.G(2). (All references in this Section 16.G(2) to "we" or "us" include our assignee if we have exercised our right to assign this right-of-first-refusal to a third party.)

The title-holder agrees to sign and deliver to us at the Effective Date, for public recordation and other legitimate business purposes, a joinder signature page to this Agreement and any other document we specify so that public notice may be given of the rights set forth in this Section 16.G(2) and we may provide any other information required by the laws of the state in which the Store's underlying real estate is located. We have the right to record such documents at our expense at any time on or after the Effective Date.

## **17. Expiration of Agreement**

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a first successor franchise to continue operating the Store as a 7 BREW Store for five (5) years under our then-current form of franchise agreement, but only if you:

- (1) have requested in writing and conducted with us a business review at least six (6) months, but not more than nine (9) months, before the end of the Term and then have formally notified us of your desire to acquire a successor franchise no less than three (3) months before the end of the Term;
- (2) have substantially complied with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Store, including operated the Store in substantial compliance with Brand Standards, during the Term, as noted in the business review we conduct;
- (3) continue complying substantially with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Store between the time you formally notify us of your desire to acquire a successor franchise and the end of the Term; and

- (4) retain the right to occupy the Store at its original site, have remodeled and upgraded the Store, and otherwise have brought the Store into full compliance with then-applicable specifications and standards for new 7 BREW Stores (regardless of cost) before this Agreement expires. We have no obligation to grant you a successor franchise if you wish to relocate the Store or no longer have the right to occupy the Store at its original site.

To acquire a successor franchise, you and your owners must: (i) sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Brand Fund contributions, and Tech Fees, but which, for the avoidance of doubt, will be modified to include any specifically-negotiated provisions to which we agreed with you before you signed this Agreement, will retain the same defined Area of Protection appearing in this Agreement, and will be modified to reflect that it is for a successor franchise; (ii) pay us a successor-franchise fee equal to Ten-Thousand Dollars (\$10,000); and (iii) sign a general release in the form we specify as to any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If you fail to sign and return the documents referenced above, together with the successor-franchise fee, within thirty (30) days after we deliver them to you, that will be deemed your irrevocable election not to acquire a successor franchise.

If you fail to notify us by the deadline specified in clause (a) above of your desire to acquire a successor franchise, or if you (and your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with us or our affiliates related to the Store, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 18. We may condition our grant of a successor franchise on your completing certain requirements on or before designated deadlines following commencement of the successor-franchise term.

If we grant you a first five (5)-year successor franchise, you will have the right to acquire a second (and final) successor franchise to continue operating the Store as a 7 BREW Store, the term of which will commence immediately upon expiration of the first successor-franchise term and expire five (5) years from that date, if you also have complied as of the end of the first successor-franchise term with the same conditions for a successor-franchise grant as those described in this Section 17 with respect to the first successor-franchise grant. Otherwise, you will have no right to acquire a second (and final) successor franchise. In connection with your acquisition of a second successor franchise, you must sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Brand Fund contributions, and Tech Fees, but which, for the avoidance of doubt, will be modified to include any specifically-negotiated provisions to which we agreed with you before you signed this Agreement, will retain the same defined Area of Protection appearing in this Agreement, and will be modified to reflect that it is for a second (and final) successor franchise (i.e., that no further successor franchises will be granted).

## **18. Termination of Agreement**

### **A. Termination by You**

You may terminate this Agreement if we materially breach any of our obligations under this Agreement and fail to correct that breach within thirty (30) days after you deliver to us written notice of the breach; provided, however, if we cannot reasonably correct the breach within those thirty (30) days but give you within the thirty (30) days evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Your termination of this Agreement other than according to this Section 18.A will be deemed a termination without cause and your breach of this Agreement.

### **B. Termination by Us**

We may at our option terminate this Agreement, effective immediately upon delivery of written notice of termination to you, upon the occurrence of any one of the following events:

- (1) you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the Store, including, without limitation, by intentionally or through your gross negligence understating the Store's Gross Sales for any period;
- (2) you fail to develop, open, and begin operating the Store in compliance with this Agreement, including all Brand Standards (including with a fully-trained staff), on or before the Opening Deadline;
- (3) you (a) abandon the Store, meaning you have deserted, walked away from, or closed the Store under circumstances leading us to conclude that you have no intent to return to the Store, regardless of how many days have passed since the apparent abandonment, or (b) fail actively and continuously to operate the Store for at least seven (7) consecutive business days (except where closure is due to fire, riot, flood, terrorist acts, force majeure (as defined in Section 21.B) or natural disaster and you notify us within seven (7) days after the particular occurrence to obtain our written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before we will require you to re-open);
- (4) you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you makes a purported transfer in violation of Section 16;
- (5) you (or any of your direct or indirect owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony;
- (6) you (or any of your direct or indirect owners) engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the owner's) association with the Store (or the owner's association with you) could, in our reasonable

opinion, have a material adverse effect on the goodwill associated with the Marks;

- (7) a lender forecloses on its lien on a substantial and material portion of the Store's assets;
- (8) an entry of judgment against you involving aggregate liability of Twenty-Five Thousand Dollars (\$25,000) or more in excess of your insurance coverage, and the judgment remains unpaid for ten (10) days or more following its entry;
- (9) you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;
- (10) you violate any material Law relating to the Store's development, operation, or marketing and do not (a) begin to correct the noncompliance or violation immediately after delivery of written notice (regardless of by whom sent to you) or (b) completely correct the noncompliance or violation within the time period prescribed by Law, unless, in the case of both (a) and (b), you are in good faith contesting your liability for the violation through appropriate proceedings or, in the case of (b) only, you provide reasonable evidence to us and the relevant authority of your continued efforts to correct the violation within a reasonable time period;
- (11) you fail to report the Store's Gross Sales or to pay us or any of our affiliates any amounts when due and do not correct the failure within five (5) days after delivery of written notice;
- (12) you underreport the Store's Gross Sales by five percent (5%) or more during any reporting period;
- (13) you disable the Store's Computer System, close the Store's business checking or other account from which we debit required payments without complying with Section 5.D, or otherwise intentionally prevent us from debiting required payments;
- (14) you fail to maintain the insurance we require for the Store or to send us satisfactory evidence of such insurance coverage within the required time, or significantly modify your insurance coverage without our written approval, and do not correct the failure within five (5) days after delivery of written notice;
- (15) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due on the Store's operation, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;
- (16) you (or any of your direct or indirect owners) (a) fail on three (3) or more separate occasions within any twelve (12)-consecutive-month period to comply with this Agreement (including any Brand Standard), whether or not you correct the

failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A), or (b) fail on two (2) or more separate occasions within any six (6)-consecutive-month period to comply with the same obligation under this Agreement (including any Brand Standard), whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A);

- (17) you fail to pay amounts you owe to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement relating to the Store's operation or ownership, and do not correct the failure within five (5) days after delivery of written notice;
- (18) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Store is attached, seized, or levied upon, unless the attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Store is not vacated within sixty (60) days following its entry;
- (19) your or any of your owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law;
- (20) you lose the right to occupy the Store's premises due to your Lease default (even if you have not yet vacated the Store's premises);
- (21) the Store is damaged to such an extent that you cannot operate the Store at its existing location and you fail both to relocate the Store to a substitute site we accept and to begin operating the Store at that substitute site within twelve (12) months from the first date on which you could not operate the Store at its existing location;
- (22) you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you relating to the Store, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice; or
- (23) you cause or contribute to a Data Security Incident or fail to comply with any requirements to protect Consumer Data; or

### **C. Assumption of Store's Management**

(i) If you abandon or fail actively to operate the Store for any period, and/or (ii) under the circumstances described in Section 18.D, we or our designee has the right (but not the

obligation) to enter the site and assume the Store's management for any time period we deem appropriate. The manager will exercise control over the working conditions of the Store's employees only to the extent such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our products, services, or brand.

If we assume the Store's management, all revenue from the Store's operation during our management period will (except as provided below) be kept in a separate account, and all Store expenses will be charged to that account. In addition to the fees and payments owed under this Agreement on account of the Store's operation, we may charge you a reasonable management fee, not to exceed ten percent (10%) of the Store's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Store's management. We or our designee will have a duty to use only reasonable efforts and, if we or our designee is not grossly negligent and does not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or reduced profits, or obligations the Store incurs, or to any of your creditors for any supplies, products, or other assets or services the Store purchases, while we or our designee manages it. We may require you to sign our then-current form of management agreement, which will govern the terms of our management of the Store.

If we or our designee assumes the Store's management due to your abandonment or failure actively to operate the Store, we or our designee may retain all, and need not pay you or otherwise account to you for any, Gross Sales generated while we or our designee manages the Store

#### **D. Other Remedies upon Default**

Upon your failure to remedy any noncompliance with any provision of this Agreement, including any Brand Standard, or another default specified in any written notice issued to you under Section 18.B within the time period (if any) we specify in our notice, we have the right, until the failure has been corrected to our satisfaction, to take any one or more of the following actions:

- (1) suspend your right to participate in one or more advertising, marketing, or promotional programs that we or the Brand Fund provides;
- (2) suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);
- (3) refuse to provide any operational support this Agreement requires; and/or
- (4) assume the Store's management, as described in Section 18.C, for the time we deem necessary in order to correct the default, for all of which costs you must reimburse us (in addition to the amounts you must pay us under Section 18.C).

Exercising any of these rights will not constitute an actual or constructive termination of this Agreement or be our sole and exclusive remedy for your default. We may at any time after the applicable cure period under the written notice has lapsed (if any) terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you

must continue paying all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above is not our waiver of any breach of this Agreement. If we rescind any suspension of your rights, you are not entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

## **19. Rights and Obligations upon Termination or Expiration of This Agreement**

### **A. Payment of Amounts Owed**

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine the amounts due to us, the Royalties, Brand Fund contributions, Tech Fees, late fees and interest, and other amounts owed to us (and our affiliates) that are then unpaid. If we terminate this Agreement on any ground specified under Section 18.B, or if you terminate this Agreement without cause, before the Term's scheduled expiration date, you also will be liable to us for all of our damages caused by your breach of contract (to the extent allowed by Law).

### **B. De-Identification**

Upon termination or expiration of this Agreement, you must de-identify the Store in compliance with this Section 19.B and as we reasonably require. De-identification includes, but is not limited to, taking the following actions:

- (1) beginning immediately upon the effective date of termination or expiration, you and your owners may not directly or indirectly at any time afterward or in any manner (except in connection with other 7 BREW Stores you or they own and operate): (a) identify yourself or themselves in any business as a current or former 7 BREW Store or as one of our current or former franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a 7 BREW Store for any purpose; or (c) use for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.
- (2) immediately upon the effective date of termination or expiration, you must take the action required to cancel all fictitious or assumed-name or equivalent registrations relating to your use of any Mark;
- (3) you must at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within twenty (20) days after the De-identification Date (defined below), all signs, Marketing Materials, forms, and other materials containing any Mark. If you fail to do so voluntarily when we require, we and our representatives may enter the Store at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;



- (4) you must at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within thirty (30) days after the De-identification Date, all materials that are proprietary to the 7 BREW Store brand. If you fail to do so voluntarily when we require, we and our representatives may enter the Store at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;
- (5) you must at your own expense within twenty (20) days after the De-identification Date make the alterations we specify to distinguish the Store clearly from its former appearance and from other 7 BREW Stores in order to prevent public confusion. If you fail to do so voluntarily when we require, we and our representatives may enter the Store at our convenience and take this action without liability to you, your landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the Store;
- (6) you must within fifteen (15) days after the De-identification Date notify the telephone company and all telephone directory publishers (both web-based and print) of the termination or expiration of your right to use any telephone or other numbers and telephone directory listings associated with any Mark; authorize, and not interfere with, the transfer of those numbers and directory listings to us or at our direction; and/or instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and
- (7) you must immediately cease using or operating any Digital Marketing and Social Media related to the Store or the Marks, take all action required to disable Digital Marketing and Social Media accounts, and cancel all rights in and to any accounts for such Digital Marketing and Social Media (unless we request you to assign them to us).

The “**De-identification Date**” means the date upon which this Agreement terminates or expires in accordance with its provisions and our notices to you in compliance with this Agreement.

### **C. Confidential Information**

Upon termination or expiration of this Agreement, you and your owners must immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials to which we gave you access. You may not sell, trade, or otherwise profit in any way from any Consumer Data or other Confidential Information at any time after expiration or termination of this Agreement.

#### **D. Notification to Customers**

Upon termination or expiration of this Agreement, we have the right to contact (at our expense) previous, current, and prospective customers to inform them that a 7 BREW Store no longer will operate at the Store's location. We also have the right to inform them of other nearby 7 BREW Stores. Exercising these rights will not constitute interference with your contractual or business relationships with those customers.

#### **E. Covenant Not to Compete**

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you and your owners agree that neither you, they, nor any member of your or their Immediate Families will:

- (1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in any Competitive Business located or operating:
  - a. at the Store's site; or
  - b. within three (3) miles of the former Store site; or
  - c. within three (3) miles of the physical location of another 7 BREW Store in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E,

provided that this restriction does not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or
- (2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business located or operating:
  - a. at the Store's site; or
  - b. within three (3) miles of the former Store site; or
  - c. within three (3) miles of the physical location of another 7 BREW Store in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E.

You, each owner, and your and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's termination or expiration. However, if a restricted person does not begin to comply with these

competitive restrictions immediately, the two (2)-year restrictive period for that non-compliant person will not start to run until the date on which that person begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2)-year restrictive period for a restricted person will be suspended whenever that restricted person breaches this Section and will resume when that person resumes compliance. The restrictive period also will be tolled automatically during the pendency of a proceeding in which either party challenges or seeks to enforce these competitive restrictions. These restrictions also apply after a permitted transfer under Section 16 above. You (and your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, our enforcing the covenants made in this Section 19.E will not deprive you (and them) of personal goodwill or the ability to earn a living. The terms of Section 12.B of this Agreement also apply to the competitive restrictions described in this Section 19.E.

#### **F. Continuing Obligations**

All of our and your (and your owners') obligations expressly surviving expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination and until they are satisfied in full.

### **20. Relationship of the Parties; Indemnification**

#### **A. Independent Contractors**

This Agreement does not create a fiduciary relationship between you and us (or any affiliate of ours). You have no authority, express or implied, to act as an agent for us or our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Store and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person resulting directly or indirectly from the Store's operation.

We and you are entering this Agreement with the intent and expectation that we and you are and will be independent contractors. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we (and our affiliates) will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We (and our affiliates) are not the employer or joint employer of the Store's employees. Your Managing Owner is solely responsible for managing and operating the Store and supervising the Store's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Store personnel, and others as the Store's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the Store and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

We (and our affiliates) will not exercise direct or indirect control over the working conditions of Store personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of our products, services, or brand. We (and our

affiliates) do not share or codetermine the employment terms and conditions of the Store's employees and do not affect matters relating to the employment relationship between you and the Store's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you must notify Store personnel that you are their employer and that we, as the franchisor of 7 BREW Stores, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment from all Store employees that you (and not we or our affiliates) are their employer.

### **B. No Liability for Acts of Other Party**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with you is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising from the Store's operation or the business you conduct under this Agreement.

### **C. Taxes**

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the Store, due to the business you conduct (except for our own income taxes). You must pay those taxes and reimburse us for any taxes we must pay to any taxing authority on account of either your Store's operation or payments you make to us (except for our own income taxes).

### **D. Insurance**

During the Term, you must maintain in force at your sole expense insurance coverage for the Store in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all of your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the state in which the Store is located and be rated A-, VII or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Store. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal and notice to us of any non-payment. You must periodically, including before the Store opens for business, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums. We may require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage

for the Store at your expense if you fail to do so, in which case you must promptly reimburse our costs. We also have the right to defend claims in our sole discretion.

#### **E. Indemnification**

To the fullest extent permitted by Law, you must indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) against, and reimburse any one or more of the Indemnified Parties for, all Losses (defined below) incurred as a result of:

- (1) a claim threatened or asserted;
- (2) an inquiry made formally or informally; or
- (3) a legal action, investigation, or other proceeding brought

by a third party and directly or indirectly arising out of:

- (i) the Store’s construction, design, or operation;
- (ii) the business you conduct under this Agreement;
- (iii) your noncompliance or alleged noncompliance with any Law, including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to the Store’s employees;
- (iv) a Data Security Incident; or
- (v) your breach of this Agreement.

You also agree to defend the Indemnified Parties (unless an Indemnified Party chooses to defend at your expense as provided in the following paragraph) against any and all such claims, inquiries, actions, investigations, and proceedings, including those alleging the Indemnified Party’s negligence, gross negligence, willful misconduct, and willful wrongful omissions. However, you have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party’s negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement.

For purposes of this indemnification and hold harmless obligation, “**Losses**” includes all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, whether or not litigation, arbitration, or alternative dispute resolution actually

is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or any action, investigation, or proceeding brought (instead of having you defend it with your counsel, as provided in the preceding paragraph), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible (except as provided in the last sentence of the preceding paragraph).

Your obligations under this Section will continue in full force and effect after and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section. A failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.

## **21. Enforcement**

### **A. Severability**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable. If, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future Law in a final, unappealable ruling issued by any court, arbitrator, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of or otherwise affect any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant restricting competitive activity is deemed unenforceable due to its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be reformed to the extent necessary to be reasonable and enforceable, and then enforced to the fullest extent permissible, under the Laws and public policies applied in the jurisdiction whose Laws determine the covenant's validity.

If any applicable and binding Law requires more notice than this Agreement requires of the termination of this Agreement or of our refusal to grant a successor franchise, or if under any applicable and binding Law any provision of this Agreement, including any Brand Standard, is invalid, unenforceable, or unlawful, the notice and/or other action required by the Law will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision entirely. You agree to be bound by any promise or covenant imposing the maximum duty the Law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

### **B. Waiver of Obligations and Force Majeure**

We and you may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind us unless in writing, signed by one of our officers, and specifically identified as an amendment to this Agreement. No modification,

waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated, which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights we or you have, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand your strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice varying from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other 7 BREW Stores; the existence of franchise agreements for other 7 BREW Stores containing provisions differing from those contained in this Agreement; or our acceptance of any payments from you after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (i) acts of God; (ii) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (iii) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (iv) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Brand Fund contributions, Tech Fees, and other amounts due afterward once operations recommence. Under no circumstances do any financing delays, difficulties, or shortages excuse your failure to perform or delay in performing your obligations under this Agreement.

### **C. Costs and Attorneys' Fees**

If we incur costs and expenses (internal or external) to enforce our rights or your obligations under this Agreement because you have failed to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree to reimburse all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has completely ended (including appeals and settlements).

#### **D. You May Not Withhold Payments**

You may not withhold payment of any amounts owed to us or our affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. You specifically waive any right you have at Law or in equity to offset any monies you owe us or our affiliates or to fail or refuse to perform any of your obligations under this Agreement.

#### **E. Rights of Parties Are Cumulative**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy that we or you are entitled by Law to enforce.

#### **F. Arbitration**

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

- (1) this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Store or any provision of any such agreements;
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Store, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or
- (4) any Brand Standard,

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 21.C above), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 21.I, we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of



multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 21.H below.

We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 21.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section or Section 21.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21.F, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.F).

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

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

### **G. Governing Law**

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

- (1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to the Store;
- (2) our relationship with you;

- (3) the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate) relating to the Store; or
- (4) any Brand Standard,

will be governed by the Laws of the State of Arkansas, without regard to its conflict of Laws rules. However, the provisions of any Arkansas legislation regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply to the matters in clauses (1) through (4) above under any circumstances unless their jurisdictional requirements and definitional elements are met independently without reference to this Section 21.G, and no exemption to their application exists.

#### **H. Consent to Jurisdiction**

Subject to the arbitration obligations in Section 21.F, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us, our affiliates, or our or their respective owners, officers, directors, agents, or employees, relating to this Agreement or the Store must be brought exclusively in the state or federal court of general jurisdiction located closest to where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection you or they might have to either jurisdiction or venue. Despite the foregoing, we may bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Store is located.

#### **I. Waiver of Punitive and Exemplary Damages**

EXCEPT FOR YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 20.E AND CLAIMS BASED ON YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

#### **J. Waiver of Jury Trial**

SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 21.F, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) ACKNOWLEDGE THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

## **K. Binding Effect**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors-in-interest. Subject to our right to modify the Operations Manual and Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.

## **L. Limitations of Claims**

EXCEPT FOR:

(1) CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US FOR ROYALTY FEES, BRAND FUND CONTRIBUTIONS, TECH FEES, AND ANY OTHER AMOUNTS THAT WOULD ACCRUE FOR AN OPERATING STORE UNDER THIS AGREEMENT; AND

(2) OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT,

ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

## **M. Construction**

The preambles and exhibits are part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement and together with the Operations Manual and Brand Standards, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to this Agreement's subject matter. There are no other oral or written representations, warranties, understandings, or agreements between us and you relating to this Agreement's subject matter. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative. Any policies we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and do not bind us. Except as provided in Sections 20.E and 21.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

We and you have negotiated this Agreement's terms and agree that neither may claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any express written term or provision of this Agreement.

Headings of sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. “**Affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. “**Control**” means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of the rights under this Agreement and/or the Store, whether as partners or joint venturers, their representations, warranties, obligations, and liabilities to us will be joint and several. “**Owner**” means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the Store or any interest in you), including any person who has a direct or indirect interest in you (or your owner or a transferee), this Agreement, or the Store or any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a “**controlling ownership interest**” in you or one of your owners (if an Entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a “controlling ownership interest” is involved must be determined both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). “**Person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days.

The term “**Store**” includes all assets of the 7 BREW Store you operate under this Agreement, including its physical structure and revenue and income. “**Include**,” “**including**,” and words of similar import will be interpreted to mean “including, but not limited to” and “including, without limitation,” and the terms following such words will be interpreted as examples, and not an exhaustive list, of the appropriate subject matter.

This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original, facsimile, or electronically-transmitted counterpart of this Agreement. A faxed copy of an originally-signed signature page, a scanned copy of an originally-signed signature page that is sent as a .pdf by email, or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

## **N. The Exercise of Our Business Judgment**

Because complete and detailed uniformity under many varying conditions might not be possible or practical, we specifically reserve the right and privilege, as we deem best according to our business judgment, to vary Brand Standards or other aspects of the Franchise System for

any franchisee. You have no right to require us to grant you a similar variation or accommodation.

We have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, 7 BREW Store franchisees generally, or the Franchise System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest.

## 22. Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any Anti-Terrorism Law. “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States and all other present and future Laws, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 18 above.

## 23. Notices and Payments

All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive them in accordance with this Section 23. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices we send you or your owners, at the Store's address. Payments and certain information and reports you must send us under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when we actually receive them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us: Brew Culture Franchise, LLC  
313 Rollston Avenue  
Fayetteville, Arkansas 72701  
Attn: President

Notices to you and your owners:

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**24. Electronic Mail**

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize e-mail transmission to you during the Term by us and our employees, vendors, and affiliates (“**Official Senders**”). You further agree that: (a) Official Senders are authorized to send e-mails to your Managing Owner and other supervisory employees whom you occasionally authorize to communicate with us; (b) you will cause your officers, directors, and supervisory employees to consent to Official Senders’ transmission of e-mails to them; (c) you will require such persons not to opt out of or otherwise ask to no longer receive e-mails from Official Senders while such persons work for or are associated with you; and (d) you will not opt out of or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Section 24 will not apply to the provision of formal notices by either party under this Agreement under Section 23 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

**25. No Waiver or Disclaimer of Reliance in Certain States**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

**BREW CULTURE FRANCHISE, LLC,**  
a Wyoming limited liability company

**FRANCHISEE**

By:\_\_\_\_\_

\_\_\_\_\_  
[Name]

Name: John Davidson

By:\_\_\_\_\_

Title: Manager

Name: \_\_\_\_\_

Date:\_\_\_\_\_, 20\_\_\*\*

Title:\_\_\_\_\_

\*\*Effective Date

Date:\_\_\_\_\_, 20\_\_

**EXHIBIT A-1**  
**TO THE BREW CULTURE FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ an individual and resident of the State of \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Agreement**”) on this date by **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company (“**Franchisor**”), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that \_\_\_\_\_ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications 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 (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 21, 22, and 23 of the Agreement, including the arbitration provision; provided, however, Franchisor agrees that none of the undersigned will be liable to Franchisor for future fees recoverable by Franchisor as post-termination damages constituting lost future income or lost business opportunities.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or another person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether



currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

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

**GUARANTOR(S)**

**PERCENTAGE OF OWNERSHIP IN  
FRANCHISEE**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

**EXHIBIT A-2**  
**TO THE BREW CULTURE FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

**OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS**

**THIS OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS** is given this \_\_\_\_\_, 20\_\_, by \_\_\_\_\_ an individual and resident of the State of \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company ("**Franchisor**"), with \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**"), each of the undersigned unconditionally agrees (a) to be personally bound by, and personally liable for his or her own breach of, Sections 3.E, 3.F, 6.F, 7.B, 7.E, 8, 9, 10, 11, 12, 13.C, 16, 17, 19 (except for Section 19.A), 20.B, 22, 23, and 24 of the Agreement, and (b) to be personally bound by Sections 2, 21.A, 21.B, 21.F, 21.G, 21.H, 21.I, 21.J, 21.K, 21.L, and 21.M of the Agreement. Notwithstanding the foregoing, the undersigned's liability for a breach of the sections identified herein shall be limited to the amount of Fifty Thousand and No/100 Dollars (\$50,000), plus those fees, costs, and expenses related to such breach, including Franchisor's legal fees; provided, however, such Fifty Thousand and No/100 Dollar (\$50,000) limitation shall not apply in the event the undersigned's breach is the reckless disregard for or willful misuse of Franchisor's trade secrets or intellectual property. None of the undersigned will be responsible for any of Franchisee's payment obligations under the Agreement.

The undersigned consents and agrees that this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or another person and will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial performance or the compromise or release of any claims, none of which will in any way modify or amend this Undertaking, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners. This Undertaking will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Undertaking, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Undertaking, notice of non-performance of any obligations hereby assumed, protest and notice of default to any party with respect to the nonperformance of any obligations hereby assumed, and any other notices and

legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Undertaking. The undersigned expressly acknowledges that the obligations under this Undertaking survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Undertaking in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Undertaking, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Undertaking or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Undertaking and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. **FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

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

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
[Signature]

Date:\_\_\_\_\_

\_\_\_\_\_  
[Name]

\_\_\_\_\_  
[Signature]

Date:\_\_\_\_\_

**EXHIBIT B**  
**TO THE BREW CULTURE FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

**FRANCHISEE AND ITS OWNERS AND STORE ADDRESS**

**Effective Date: This Exhibit B is current and complete**  
**as of \_\_\_\_\_, 20\_\_**

1. Franchisee was incorporated or formed on \_\_\_\_\_, 20\_\_, under the laws of the State of \_\_\_\_\_. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and (if applicable) \_\_\_\_\_. The following is a list of Franchisee's directors or managers (if applicable) and officers as of the effective date shown above:

<b><u>Name</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners.** The following list includes the full name of each individual or entity that is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest. If one or more of Franchisee's owners are entities, please identify each such entity as well as the direct and indirect owners of such entity (attach additional pages if necessary to reflect the complete ownership chain).

<b><u>Owner's Name</u></b>	<b><u>Description of Interest</u></b>
_____	_____
_____	_____
_____	_____
_____	_____

3. **Managing Owner.** Franchisee's Managing Owner is \_\_\_\_\_. His or her contact information for notice is \_\_\_\_\_.

4. **Store Address.** The Store's address is \_\_\_\_\_  
\_\_\_\_\_.

5. **Area of Protection.** The Store's Area of Protection is defined as a radius from the walls of the Store's building equal to:

**[CHECK AND INITIAL APPLICABLE BOX]**

☐ Two (2) miles; or

☐ One and one-half (1½) miles.

**BREW CULTURE FRANCHISE, LLC,**  
a Wyoming limited liability company

By:\_\_\_\_\_

Name: John Davidson

Title: Manager

Date:\_\_\_\_\_, 20\_\_

**FRANCHISEE**

\_\_\_\_\_  
[Name]

By:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_, 20\_\_

**EXHIBIT C**  
**TO THE BREW CULTURE FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

**LEASE RIDER**

**LEASE PROVISIONS FOR 7 BREW STORE FRANCHISES**

The following provisions must be inserted into the lease for the Store you will operate under the “7 BREW” brand (the “**Lease**”). You may add this language via a rider or addendum to your Lease as long as the rider or addendum is signed by both the tenant and the landlord. Please send us a copy of the signed Lease and any riders or addenda.

**REQUIRED LANGUAGE:**

A. During the Term of the franchise agreement (the “**Franchise Agreement**”) between Tenant and **BREW CULTURE FRANCHISE, LLC** (“**Franchisor**”), Tenant will use the premises only to operate a 7 BREW Store.

B. Landlord will send to Franchisor copies of all default notices, and all notices of Landlord’s intent to terminate the Lease (or any rights of Tenant under the Lease) or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such copies must be sent to:

Brew Culture Franchise, LLC  
313 Rollston Avenue  
Fayetteville, Arkansas 72701  
Attn: Legal Department

C. Tenant may assign or sublet the Lease to Franchisor or its affiliates upon expiration or termination of the Franchise Agreement, and Landlord will not withhold its consent to this assignment or sublet. Landlord will not impose or assess any assignment or subletting fee or similar payment or accelerate rental payments under the Lease in connection with the assignment or sublet.

D. Franchisor or its affiliates may enter the premises to make any modifications or alterations necessary to protect the Franchise System and the Marks or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Landlord.

E. Tenant will not assign or sublease the premises, renew or extend the term of the Lease, or modify the Lease in any manner without Franchisor’s prior written approval.

F. Upon the occurrence of any of the following:

- (1) a default by Tenant under the Lease (whether or not Landlord intends to terminate the Lease due to that default), the Franchise Agreement, or any document or instrument securing or relating to the Franchise Agreement, or
- (2) the termination of the Franchise Agreement before its term expires by Franchisor or by Tenant for any reason other than an uncured default by Franchisor,

Franchisor will have the right (but no obligation), exercisable upon delivery of written notice to Tenant and Landlord, to compel an assignment or sublet of the Lease, and all of Tenant's rights under the Lease, to Franchisor or to an assignee or sublessee of Franchisor's choice, at Franchisor's option. If Franchisor (or its assignee or sublessee) exercises the rights under this paragraph (F), Tenant will have no further right, title, or interest under the Lease or to the leased premises but will remain solely liable to Landlord for all rents, charges, and other obligations under the Lease accruing before the date upon which Franchisor (or its assignee or sublessee) assumes possession of the leased premises.

In addition, upon the occurrence of either (1) or (2) above, Franchisor (or its assignee) will have the right, at its cost and expense, to possess the leased premises for a period not to exceed sixty (60) days from the first day of its possession, and to operate the 7 BREW Store at the leased premises during such timeframe, without having to formally assume the Lease, to cure any of the Tenant's defaults under the Lease before the date of its possession, or to compensate Landlord for any damages it incurred on account of the termination of the Lease due to Tenant's defaults, provided, however, Franchisor (or its assignee) agrees to pay rent due under the Lease during the period it actually possesses the leased premises and to perform the other terms, covenants, obligations, and conditions of the Lease that arise while it possesses the leased premises.

At any time within or at the conclusion of the sixty (60) day period during which Franchisor has the right to possess the premises, Franchisor may notify Landlord of its election to formally assume the terms, covenants, obligations, and conditions of the Lease for the remainder of the Lease term, together with any applicable renewal options. In such event, Franchisor (or its assignee) and Landlord will enter into an agreement to document such assumption. Franchisor (or its assignee) is not a party to, and will have no liability under, the Lease (except for its performance obligations during the timeframe it possesses the demised premises), unless and until said Lease is formally assigned to, and formally assumed by, Franchisor (or its assignee) as herein provided. As a condition of the formal assignment of the Lease to Franchisor (or its assignee), Landlord may require Franchisor (or its assignee) to cure any of the Tenant's monetary defaults under the Lease before the Lease was terminated.

G. Franchisor is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Landlord nor Tenant may alter or limit any of those provisions without Franchisor's prior written approval.



**EXHIBIT D**  
**TO THE BREW CULTURE FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

**SAMPLE FORM OF CONFIDENTIALITY AGREEMENT**

In consideration of my employment or contract with and/or interest in \_\_\_\_\_ (the “**Franchisee**”) and the salary, honorariums, wages, and/or fees paid to me, I acknowledge that **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company having its principal place of business at 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“**Franchisor**”), has imposed the following conditions on the Franchisee, any owner of the Franchisee, and the Franchisee’s officers, directors, and senior personnel. As a condition of performing services for or having an interest in Franchisee, I agree to accept the following conditions without limitation:

1. Without obtaining Franchisor’s prior written consent (which consent Franchisor may withhold in its sole discretion), I will (i) not disclose, publish, or divulge to any other person, firm, or corporation, through any means, any of Franchisor’s Confidential Information either during or after my employment by or association with Franchisee, (ii) not use the Confidential Information for any purposes other than as related to my employment or association with Franchisee, and (iii) not make copies or translations of any documents, data, or compilations containing any or all of the Confidential Information, commingle any portion of the documents, data, or compilations, or otherwise use the documents, data, or compilations containing Confidential Information for my own purpose or benefit. I also agree to surrender any material containing any of Franchisor’s Confidential Information upon request or upon termination of my employment or association with Franchisee. I understand that the Operations Manual is provided by Franchisor to Franchisee for a limited purpose, remains Franchisor’s property, and may not be reproduced, in whole or in part, without Franchisor’s prior written consent.

For purposes of this Agreement, “**Confidential Information**” means certain information, processes, methods, techniques, procedures, and knowledge, including know-how (which includes information that is secret and substantial), manuals, and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by Franchisor relating directly or indirectly to the development or operation of a 7 BREW Store. With respect to the definition of know-how, “**secret**” means that the know-how as a body or in its precise configuration is not generally known or easily accessible, and “**substantial**” means information that is important and useful to Franchisee in developing and operating Franchisee’s Store. Without limiting the foregoing, Confidential Information includes, but is not limited to:

- (1) information in the Operations Manual and Brand Standards;
- (2) layouts, designs, and other plans and specifications for 7 BREW Stores;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating 7 BREW Stores;

- (4) marketing research and promotional, marketing, and advertising programs for 7 BREW Stores;
- (5) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms;
- (6) knowledge of specifications for and suppliers of, and methods of ordering, the Store's physical structure, certain Operating Assets, products, services, materials, and supplies that 7 BREW Stores use and sell;
- (7) knowledge of the operating results and financial performance of 7 BREW Stores other than Franchisee's Store;
- (8) customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- (9) all Data and all other information generated by, or used or developed in, the Store's operation, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- (10) any other information Franchisor reasonably designates as confidential or proprietary.

2. If there is a dispute or question arising out of the interpretation of this Agreement or any of its terms, the laws of the State of [ ] will govern. *[Insert franchisee's home state.]*

3. I acknowledge receipt of a copy of this Agreement and that I have read and understand this Agreement. This Agreement may not be modified except in writing with the prior approval of an officer of each of Franchisee and Franchisor.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone/Email: \_\_\_\_\_

Check the following that apply:

☐ Owner

☐ Officer

☐ Director

☐ Senior Personnel

☐ Other (please specify)

**EXHIBIT B**

**DEVELOPMENT RIGHTS RIDER  
TO FRANCHISE AGREEMENT**

**DEVELOPMENT RIGHTS RIDER TO  
BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “Rider”) is made between **BREW CULTURE FRANCHISE, LLC** (“we,” “us,” or “our”) and \_\_\_\_\_ (“you” or “your”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you are signing concurrently with signing this Rider (the “First Franchise Agreement”) for your construction, development, and operation of your first traditional 7 BREW Store (defined below) at a location to be specified within the Territory (defined below). We and you are signing this Rider because you want the right to construct, develop, and operate additional traditional 7 BREW Stores within the Territory (besides the Store covered by the First Franchise Agreement) over a certain time period, and we are willing to grant you those development rights if you comply with this Rider.

2. **Grant of Development Rights.**

(a) Subject to your strict compliance with this Rider, we grant you (and your “Approved Affiliates,” a term defined in Section 3(a) below) the exclusive right to construct, develop, and operate—according to the mandatory development schedule described in Exhibit A to this Rider (the “Schedule”)—<insert number ( )> “traditional” 7 BREW Stores (including the traditional 7 BREW Store covered by the First Franchise Agreement) at locations that are within a two (2)-mile radius of each of the coordinate locations shown on the table attached to this Rider as Exhibit B (each coordinate location and the two (2)-mile radius surrounding it are referred to collectively as the “Territory”).<sup>1</sup> Each traditional 7 BREW Store you construct and develop must be within the Territory.

A “traditional” 7 BREW Store (“Traditional 7 BREW Store”) is defined to mean a freestanding or other facility that has at least one drive-thru window. Any 7 BREW Store that does not, or would not, have at least one drive-thru window is considered to be a “Non-Traditional 7 BREW Store.” You have no right under this Rider to construct, develop, and operate Non-Traditional 7 BREW Stores. Your exclusive right under this Rider to construct, develop, and operate 7 BREW Stores physically located within the Territory relates solely to Traditional 7 BREW Stores.

All references in this Rider to a 7 BREW Store without any other descriptor (i.e., without “Traditional” or “Non-Traditional” preceding it) mean any type of 7 BREW Store, regardless of its classification as a “Traditional” or “Non-Traditional” 7 BREW Store.

If we permit you or your Approved Affiliate to construct, develop, and operate a Non-Traditional 7 BREW Store physically located in the Territory—although we have no obligation to do so—it will not count toward your compliance with the Schedule. Only Traditional 7 BREW Stores count toward your compliance with the Schedule.

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<sup>1</sup> NTD: This two (2)-mile radius of protected territory will be in place for MSAs ranked 40 and above. For MSAs ranked below 40, the protected territory will be one and one-half (1.5) miles.

(b) We (and our affiliates) reserve the unrestricted right to construct, develop, and operate, and to allow other franchisees or licensees to construct, develop, and operate, Non-Traditional 7 BREW Stores physically located in the Territory. Our, our affiliate's, or another franchisee's or licensee's construction, development, and operation of a Non-Traditional 7 BREW Store physically located within the Territory will not count toward your compliance with the Schedule.

(c) Your location exclusivity in the Territory for Traditional 7 BREW Stores is the only restriction on our (and our affiliates') activities within the Territory during this Rider's term. We and our affiliates have the right to engage, and to grant others the right to engage, in any other activities of any nature whatsoever within the Territory, including, without limitation, all of the activities in which we reserve the right to engage in the First Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a) construct, develop, and operate, and to grant others the right to construct, develop, and operate, Traditional 7 BREW Stores physically located in the Territory (except within the Area of Protection surrounding each of your Traditional 7 BREW Stores) and (b) continue to engage, and to grant others the right to engage, in any other activities we (and our affiliates) desire within the Territory.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER, AND YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION, AS PROVIDED IN THIS RIDER, IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE AND FAIL TO CURE SUCH NON-COMPLIANCE WITHIN NINETY (90) DAYS AFTER RECEIVING WRITTEN NOTICE FROM US. WE MAY ENFORCE THIS RIDER STRICTLY.

### 3. **Development Obligations.**

(a) **Approved Affiliates.** To maintain your rights under this Rider, you (and/or Approved Affiliates) must by the deadlines specified in the Schedule construct, develop, and have open and operating within the Territory the agreed-upon minimum number of Traditional 7 BREW Stores. If your owners establish a new legal entity to operate one or more of the Traditional 7 BREW Stores to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to develop and operate the proposed Traditional 7 BREW Store as an Approved Affiliate. We may refuse any such request if you and/or your owners do not (a) own and control at least seventy-five percent (75%) of the new entity's ownership interests and (b) have the authority to exercise voting and management control of the Store proposed to be owned by the new entity.

(b) **Form of Franchise Agreement.** You (and/or your Approved Affiliates) will operate each Traditional 7 BREW Store under a separate franchise agreement with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your Approved Affiliate and its owners) must sign for each Traditional 7 BREW Store constructed and developed pursuant to this Rider will be our

then-current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement, provided, however, that:

(i) the initial franchise fee will be Twenty-Five Thousand Dollars (\$25,000) for the second and each subsequent Traditional 7 BREW Store to be developed pursuant to this Rider; and

(ii) the terms specified in our then-current form of franchise agreement will be modified for each new Traditional 7 BREW Store to include the same terms that you negotiated with us and that appear in any amendment to the First Franchise Agreement, unless you (and your Approved Affiliates) are not then in substantial compliance (subject to any applicable opportunity to cure) with this Rider, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and your Approved Affiliates) for 7 BREW Stores. If you (and your Approved Affiliates) are not then in substantial compliance with this Rider, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and your Approved Affiliates) for 7 BREW Stores, and you fail to cure such failure within any applicable opportunity to cure, then the terms of our then-current form of franchise agreement will not be modified as provided above to include our and your negotiated terms, and the terms of the franchise agreement we require you to sign may differ substantially and materially from any or all terms contained in the First Franchise Agreement.

Despite any contrary provision contained in the newly-signed franchise agreements, your (and your Approved Affiliates') additional Traditional 7 BREW Stores within the Territory must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Traditional 7 BREW Store opened pursuant to this Rider must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

(c) Changes in Investment Requirements. The estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and future Traditional 7 BREW Stores likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you before you signed this Rider. You must open all of the Traditional 7 BREW Stores in compliance with the Schedule, provided, however, that we are not obligated to execute any franchise agreement contemplated by this Rider if you have not complied with each and every condition in this Rider or otherwise do not meet our then-current requirements.

4. **Subfranchising and Sublicensing Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to develop and operate 7 BREW Stores. Only you (and/or Approved Affiliates) have the right to construct, develop, open, and operate Traditional 7 BREW Stores pursuant to this Rider. This Rider also does not give you (or your Approved Affiliates) any independent right to use the 7 BREW trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you fully comply with its terms.

5. **Development Fee.** As consideration for the development rights we grant you under this Rider, you must pay us—when you sign this Rider—a total of [REDACTED] Thousand Dollars (\$[REDACTED]) (the “Development Fee”). The Development Fee consists of (a) the Thirty-Five Thousand Dollar (\$35,000) initial franchise fee due under the First Franchise Agreement, plus (b) Ten Thousand Dollars (\$10,000) for each additional Traditional 7 BREW Store you have committed to construct, develop, and operate in the Territory during this Rider’s term. This Rider will not be effective, and you will have no development rights, until we receive the Development Fee.

The Development Fee is:

- (i) consideration for the rights we grant you in this Rider and for reserving the Territory for you to the exclusion of others (except as provided in this Rider with respect to Non-Traditional 7 BREW Stores) while you are in compliance with this Rider;
- (ii) fully earned by us when we and you sign this Rider; and
- (iii) not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider.

6. **Grant of Franchises and Site Selection and Acquisition.**

(a) You must send us a separate application for each Traditional 7 BREW Store that you (or your Approved Affiliate) wish to develop in the Territory. You must locate, evaluate, select, and secure the Store’s site. We will not search for or select the site for you. In granting you development rights under this Rider, we are relying on your knowledge of the real estate market in the Territory and your ability to locate and access sites.

(b) We will give you our then-current criteria for Traditional 7 BREW Store sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, ingress and egress, size, and other physical and commercial characteristics) to help you select and identify each Traditional 7 BREW Store site. We will review potential Traditional 7 BREW Store sites that you identify within the Territory but have no obligation to visit the Territory to inspect physically the sites you propose for your potential Stores. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials (including, without limitation, photographs and digital recordings) we request. You must give us all information and materials we request to assess each proposed Traditional 7 BREW Store site.

We will not unreasonably withhold acceptance of a site if, in our and our affiliates’ experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for Traditional 7 BREW Stores. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen, while acceptable to us, is not recommended due to its incompatibility with certain factors bearing on a site’s suitability as a location for a Traditional 7 BREW Store. We agree to use reasonable efforts to review and accept (or not to accept) each site you propose within thirty (30) days after we receive all requested information and materials. If we do not accept the site in writing within

thirty (30) days, the site will be deemed rejected. You may not proceed with a site that we have not accepted.

(c) If we accept the proposed site but you (or your Approved Affiliate) have not yet signed a franchise agreement for that Traditional 7 BREW Store, you agree—concurrently with signing the lease for or otherwise securing the right to possess the site—to sign (or have your Approved Affiliate sign) a separate franchise agreement (and related documents) for that Store. If you (or your Approved Affiliate) fail to do so, or cannot obtain lawful possession of the acceptable proposed site, we may withdraw our acceptance of the proposed site and exercise any of our other rights under this Rider. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations), its terms and conditions will control the construction, development, and operation of the Traditional 7 BREW Store (except that the required opening date is governed exclusively by the Schedule in this Rider, as provided in Section 3 above).

(d) We will not be involved in reviewing, negotiating, approving, or accepting any lease you sign for the Traditional 7 BREW Stores you construct and develop under this Rider. You alone are exclusively responsible for all lease matters. The only requirement we impose upon you is that the site's lease must incorporate the terms of our then-current Lease Rider for Traditional 7 BREW Stores.

(e) In addition to our rights with respect to proposed Traditional 7 BREW Store sites, we have the right to delay your development and/or opening of additional Traditional 7 BREW Stores within the Territory for the time period we deem best if we believe in our sole judgment, when you submit your application for another Traditional 7 BREW Store or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Store, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Traditional 7 BREW Store in full compliance with our standards and specifications. We have the right to delay additional development and/or a Traditional 7 BREW Store's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

Furthermore, if we delay your (or your Approved Affiliate's) progress in satisfying your development obligations under the Schedule due to our failure to accept a proposed Traditional 7 BREW Store site (which is acceptable based on the criteria described above) in accordance with this Section 6, you provide written notice to us and give us at least ten (10) days to cure such delay, but we fail to cure such delay within that ten (10)-day period, then we agree that you have the right following the delay to adjust the Schedule unilaterally to add the number of days we delayed your progress to the opening deadline for each additional Traditional 7 BREW Store to be constructed and developed by you (or your Approved Affiliate) under the Schedule. (In other words, if we delayed your progress by sixty (60) days after you provided us written notice and an opportunity to cure (having failed to cure the delay within ten (10) days), you have the right unilaterally to add sixty (60) days to each date in the Schedule that occurs after our failure to cure our delay, and such updated dates will serve as the "Schedule" afterward.)



7. **Term.** This Rider's term begins on the date we sign it and ends on the date when (a) you (or your Approved Affiliate) open for business the final Traditional 7 BREW Store to be developed under the Schedule, or (b) this Rider otherwise is terminated, but in any event this Rider's term will end no later than *[Insert Last Date on Schedule]*, subject to extensions permitted by Section 6(e) of this Rider.

8. **Termination.** We have the right at any time to terminate this Rider and your rights under this Rider to construct and develop Traditional 7 BREW Stores within the Territory, such termination to be effective upon our delivery to you of written notice of termination:

(a) if you fail to satisfy any development obligation under the Schedule and do not cure such failure within ninety (90) days after receiving written notice from us;

(b) if you fail to satisfy any other obligation under this Rider, which default you have no right to cure;

(c) if the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a 7 BREW Store, is terminated by us in compliance with its terms or by you (or your Approved Affiliate) without cause; or

(d) if we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a 7 BREW Store, and you (or your Approved Affiliate) fail to cure that default within the required timeframe.

No portion of the Development Fee is refundable upon termination of this Rider or under any other circumstances. If we terminate this Rider because you fail to satisfy your development obligations under the Schedule, we will keep the Development Fee (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Schedule.

Termination of this Rider under clauses (a), (b), (c), or (d) above is not deemed to be the termination of any franchise rights (even though this Rider is attached to the First Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. Termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment.** Your development rights under this Rider are not assignable at all without our prior written consent. A transfer of the development rights would be deemed to occur (and would be prohibited without our prior written consent) if there is an assignment of the First Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the First Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the First Franchise Agreement.

10. **Rider to Control**. Except as provided in this Rider, the First Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the First Franchise Agreement and this Rider, this Rider's terms will control.

Dated this \_\_\_\_\_, \_\_\_\_.

<b>BREW CULTURE FRANCHISE, LLC</b>	<b>FRANCHISEE</b>
By: _____	By: _____
Name: John Davidson	Name: _____
Title: Manager	Title: _____
Date: _____	Date: _____

**EXHIBIT A**  
**TO DEVELOPMENT RIGHTS RIDER**

**SCHEDULE**

You agree to construct, develop, and open \_\_\_\_\_ (\_\_) Traditional 7 BREW Stores in the Territory, including the Traditional 7 BREW Store that is the subject of the First Franchise Agreement, according to the following Schedule:

<b>Traditional 7 BREW Store Number</b>	<b>Traditional 7 BREW Store to be Open and Operating in Territory by (Deadline)</b>

<b>BREW CULTURE FRANCHISE, LLC</b>	<b>FRANCHISEE</b>
By:_____	By:_____
Name: John Davidson	Name: _____
Title: Manager	Title: _____
Date:_____	Date:_____

**EXHIBIT B**  
**TO DEVELOPMENT RIGHTS RIDER**

**TABLE OF TERRITORY COORDINATES**

Each coordinate point included within the following table, along with a two (2)-mile radius surrounding each coordinate point, shall collectively comprise the “Territory” for purposes of this Rider. There are intentionally more coordinate points included within this table than the number of Traditional 7 BREW Stores that you must construct and develop in order to enable you to have a sufficient number of coordinate points from which to choose for your construction and development of the required \_\_\_\_\_ (\_\_) Traditional 7 BREW Stores pursuant to this Rider. The table shall consist of the following coordinate points:

<b><u>Point Number</u></b>	<b><u>Pin</u></b>	<b><u>General Location</u></b>	<b><u>Latitude Coordinate</u></b>	<b><u>Longitude Coordinate</u></b>
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<b>BREW CULTURE FRANCHISE, LLC</b>	<b>FRANCHISEE</b>
By: _____	By: _____
Name: John Davidson	Name: _____
Title: Manager	Title: _____
Date: _____	Date: _____

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**Brew Culture Franchise, LLC  
(A Limited Liability Company)**

**Financial Statements  
and Independent Auditor's Report**

**March 9, 2021 (inception) to December 26, 2021**

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**Brew Culture Franchise, LLC**  
**(A Limited Liability Company)**

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## *Independent Auditor's Report*

To the Member  
Brew Culture Franchise, LLC

### ***Opinion***

We have audited the financial statements of Brew Culture Franchise, LLC (the "Company"), which comprise the balance sheet as of December 26, 2021, and the related statements of operations and member's equity, and cash flows for the period from March 9, 2021 (inception) to December 26, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brew Culture Franchise, LLC as of December 26, 2021, and the results of its operations and its cash flows for the period from March 9, 2021 (inception) to December 26, 2021 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



Melville, New York  
July 21, 2022

**Brew Culture Franchise, LLC**  
**(A Limited Liability Company)**

**Balance Sheet**  
**December 26, 2021**

Assets

Current assets	
Cash	\$ 9,242,453
Accounts receivable	173,866
Prepaid expenses and other current assets	<u>218</u>
Total current assets	9,416,537
Other assets:	
Advances to Parent	<u>3,976,432</u>
Total other assets:	<u>3,976,432</u>
Total assets	<u><u>\$ 13,392,969</u></u>

Liabilities and Member's equity

Current liabilities	
Accounts payable and accrued expenses	\$ 58,306
Current portion of deferred franchise fees	<u>1,130,672</u>
Total current liabilities	1,188,978
Deferred franchise fees, net of current portion	<u>11,797,132</u>
Total liabilities	12,986,110
Member's Equity	
Total member's equity	406,859
Total liabilities and member's equity	<u><u>\$ 13,392,969</u></u>

See Notes to Financial Statements.

**Brew Culture Franchise, LLC**  
**(A Limited Liability Company)**

**Statement of Operations and Member's Equity**  
**March 9, 2021 (inception) to December 26, 2021**

Revenues:	
Franchise fees	\$ 17,196
Royalty revenue	683,520
Brand fund contributions	<u>71,462</u>
Total revenue	<u>772,178</u>
Expenses:	
Operating expenses	<u>565,319</u>
Total expense	<u>565,319</u>
Net income	<u>206,859</u>
Member's equity, beginning	-
Capital contribution	<u>200,000</u>
Member's equity, end	<u><u>\$ 406,859</u></u>

See Notes to Financial Statements.

**Brew Culture Franchise, LLC**  
**(A Limited Liability Company)**

**Statement of Cash Flows**  
**March 9, 2021 (inception) to December 26, 2021**

Cash flows from operating activities	
Net income	\$206,859
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in operating assets and liabilities:	
Accounts receivable	(173,866)
Prepaid expenses and other current assets	(218)
Accounts payable and accrued expenses	58,306
Deferred franchise fees	12,927,804
Net cash provided by operating activities	<u>13,018,886</u>
 Cash flows used in investing activities	
Advances to Parent	<u>(3,976,433)</u>
Net cash used in financing activities	<u>(3,976,433)</u>
 Cash flows provided by financing activities	
Capital contribution	<u>\$200,000</u>
Net cash provided by financing activities	<u>200,000</u>
 Net increase in cash	9,242,453
Cash, beginning	<u>-</u>
Cash, end	<u><u>\$9,242,453</u></u>

See Notes to Financial Statements.

**Brew Culture Franchise, LLC  
(A Limited Liability Company)**

**Notes to Financial Statements  
December 26, 2021**

**Note 1- Description of Business and Summary of Significant Accounting Policies**

**Nature of Operations**

Brew Culture Franchise, LLC (the "Company") was formed on February 21, 2021 in the State of Wyoming and is governed by its Operating Agreement. The Company was funded with a \$200,000 capital contribution on March 9, 2021 by Brew Culture, LLC, the Parent, for purposes of filing its initial franchise disclosure document and selling 7 Brew Drive Thru Coffee franchises.

The Company is a limited liability company ("LLC") which will continue in existence subject to the terms and conditions of its Operating Agreement. The obligations of the member are limited to its capital contributions.

The Company is primarily engaged in the business activity of receipt of royalties, brand fund contributions and fees from U.S. franchisees operating stands under the trade name "7 Brew Drive-Thru Coffee®". The stands feature drive-thru and carry-out service. The system features a variety of premium espresso-based coffee, chillers, teas, infused energy drinks, sodas, and more. The Company's offices are located in Fayetteville, Arkansas. As of December 26, 2021, one franchised stand was in operation domestically. As of December 26, 2021, Brew Culture, LLC owned and operated 14 stands.

**Basis of Presentation**

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Fiscal Year**

The Company reports on a 52-53 week year basis which ends on the last Sunday in December. The 2021 period commenced on March 9, 2021 (inception) and ended on December 26, 2021.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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.

**Revenue Recognition**

The Company executes franchise or license agreements that set the terms of its arrangement with each franchisee or licensee. The franchise and certain license agreements require the franchisee or licensee to pay initial, non-refundable fees of \$35,000 and continuing royalty fees and brand fund contributions based upon a percentage of sales, as defined in the agreements.

Direct costs of sales and servicing of franchise and license agreements are charged to operating expenses as incurred. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection, training, systems implementation and design of a quality control program. The Company recognizes initial fees that are directly related to costs such as training fees when the associated costs are incurred. Development fees are recognized over the life of the agreement which is 15 years. License fees are recognized over the term of the agreement of 15 years.

**Franchise Licensing Fees**

Licensing revenues include initial territory fees, training fees, stand opening fees and ongoing sales-based royalty fees from licensed locations. Generally, the licenses granted to develop, open and operate each stand in a specified territory are the predominant goods or services transferred to the licensee in the

**Brew Culture Franchise, LLC**  
**(A Limited Liability Company)**

**Notes to Financial Statements**  
**December 26, 2021**

Company's contracts, and represent distinct performance obligations. Ancillary promised services, such as training and assistance during the initial opening of a stand, are typically separated from the licenses and considered as a distinct performance obligation. The Company determines the transaction price for each contract, which is comprised of the initial territory fee and an estimate of the total stand opening fees expected to be entitled. The calculation of total opening fees included in the transaction price requires judgment, as it is based on an estimate of the number of stands the Company expects the licensee to open. The transaction price is then allocated equally to each stand expected to open. The training and related fees are recognized over the period that the service is provided to the franchisee. The performance obligations are satisfied over time, starting when a stand opens, through the end of the term of the license. Because the Company is transferring licenses to access intellectual property during a contractual term, revenue is recognized on a straight-line basis over the license term. Generally, payment for the initial territory fee is received upon execution of the licensing agreement and payment for the stand opening fees are received either in advance of or upon opening the related stand. These payments are initially deferred and recognized as revenue as the performance obligations are satisfied, which occurs over a long-term period. License and development fees recognized in 2021 that are being recognized over time was \$146. During the year ended December 26, 2021, training fees recognized was \$17,196.

**Royalty Revenue**

Revenue from sales-based royalties is recognized as the related sales occur.

**Brand Fund Contributions**

Revenue from brand fund contributions is recognized as the related sales occur.

As of December 26, 2021, information about the number of franchised stands is as follows:

Future stands under development agreements	1,115
Stands operated by the Parent	14
Stands operated by third-party franchises	1

**Cash**

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits; however, the Company has not experienced any losses in these accounts. The Company believes it is not exposed to any significant credit risk. The Company had no cash equivalents at December 26, 2021.

**Accounts Receivable**

Accounts receivable, net of allowance for doubtful accounts, consists primarily of accrued royalty fee receivables, collected weekly in arrears, franchise fees, and other service fees due from the Company's franchisees. The Company reviews its franchisee accounts on a periodic basis and records a reserve for specific amounts the Company feels may not be collected. Amounts are written off at the point when collection attempts on the accounts have been exhausted. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as current overall economic conditions, industry-specific economic conditions, historical franchisee performance and anticipated franchisee performance. Past due status is determined based upon contractual terms. While management believes the Company's processes effectively address its exposure to doubtful accounts, changes in economic, industry or specific franchisee conditions may require an adjustment to the allowance recorded by the Company. As of December 26, 2021, management has determined that no allowance for doubtful accounts is necessary. Accounts receivable are recorded at the invoiced amount and do not bear interest.

**Deferred Franchise Fees**

Deferred franchise fees consist primarily of initial franchise fees received for which the Company has not substantially performed or satisfied all material services or conditions related to the sale of the franchise.

**Brew Culture Franchise, LLC  
(A Limited Liability Company)**

**Notes to Financial Statements  
December 26, 2021**

**Advertising**

The Company expenses the cost of advertising and promotion as incurred. The Company did not incur any advertising costs during the period ended December 26, 2021.

**Income taxes**

Under the provisions of the Internal Revenue Code and applicable state laws, the Company is not directly subject to income taxes since the Company's profits and losses are allocated to, and are reported on, the individual member's tax returns. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements. The Company applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Company has not filed a tax return since inception and does not believe its financial statements include any material uncertain tax positions. There have been no penalties or interest incurred by the Company during the period ended December 26, 2021.

**Subsequent Events**

The Company has evaluated subsequent events from the balance sheet date through July 21, 2022, which is the date the financial statements were available to be issued.

**Note 2 — Related Party Transactions**

The Company from time-to-time share resources and certain expenses with Brew Culture, LLC. For example, certain members of management or other personnel of the affiliated organizations may perform services for the Company and the Company's management and personnel may perform services for these affiliates. Management believes its practices are prudent and the expenses recognized by the Company on the accompanying statement of operations represent valid expenditures associated with the Company's operating activities.

Advances to the Parent are unsecured, do not bear interest and have no stated maturity. For financial statements purposes, these advances are treated as a long-term asset as they are not expected to be repaid within a year from the date of these financial statements.

Stands owned and operated by the Parent are considered franchise locations. The Company charges the Parent royalty fees and the Parent is required to contribute to the Company's brand fund, as defined in the franchise agreement. During the period from March 9, 2021 (inception) to December 26, 2021, the Company recognized royalty fees of approximately \$676,491 and brand fund contributions of \$70,433 from the Parent. As of December 26, 2021, outstanding accounts receivable from the Parent was \$110,807.

**Note 3 — Commitments and Contingencies**

**Legal Matters**

The Company is subject to legal proceedings, claims, and liabilities, such as employment-related claims and other cases, which arise in the ordinary course of business and are generally covered by insurance. There are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

**COVID-19**

We are subject to continued risks and uncertainties as a result of the outbreak of, and local, state and federal governmental responses to, the COVID-19 pandemic which was declared a National Public Health Emergency in March 2020. We cannot predict how long the COVID-19 pandemic will last, whether vaccines will be effective at eliminating or slowing the spread of the virus or variants, whether it will reoccur or whether variants will spike,

**Brew Culture Franchise, LLC  
(A Limited Liability Company)**

**Notes to Financial Statements  
December 26, 2021**

what additional restrictions may be enacted, to what extent we can maintain sales volumes during or following any resumption of mandated social distancing protocols or vaccination or mask mandates and what long-lasting effects the COVID-19 pandemic may have on the restaurant industry as a whole. The ongoing effects of the COVID-19 pandemic, including, but not limited to, labor-related impacts, supply chain disruption and consumer behavior, will determine the continued significance of the impact of the COVID-19 pandemic to our operating results and financial position.

**Note 4 — Member's Equity**

On March 9, 2021, the Company was established and the Parent made a \$200,000 capital contribution to the Company.

**Note 5 — Subsequent Events**

Subsequent to December 26, 2021, the Company entered into agreements to develop an additional 898 stands and three additional franchised stands commenced operation.





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**EXHIBIT D**

**LIST OF FRANCHISEES / DEPARTED FRANCHISEES**

## EXHIBIT D

### LIST OF FRANCHISEES AS OF DECEMBER 31, 2022

Franchisee*	Location	City	State	Contact Information
High Octane Operations, LLC	3231 South McKenize Street	Foley	AL	<a href="mailto:HighOctaneOperations7binquiry@gmail.com">HighOctaneOperations7binquiry@gmail.com</a>
Alpine Brew Investment, LLC	2904 Stallings Lane	Jonesboro	AR	<a href="mailto:Alpinebrew7binquiry@gmail.com">Alpinebrew7binquiry@gmail.com</a>
Brew Crew 2, LLC	11100 North Rodney Parham Street	Little Rock	AR	<a href="mailto:BrewCrew27binquiry@gmail.com">BrewCrew27binquiry@gmail.com</a>
Manshire Coffee LLC	322 Wier Rd	Russellville	AR	<a href="mailto:ManshireCoffee7binquiry@gmail.com">ManshireCoffee7binquiry@gmail.com</a>
Brew Horizons, LLC	1809 South Harbour City Blvd	Melbourne	FL	<a href="mailto:BrewHorizons7binquiry@gmail.com">BrewHorizons7binquiry@gmail.com</a>
7 Brew Iowa, LLC	1020 East 1st Street	Ankeny	IA	<a href="mailto:7BrewIowa7binquiry@gmail.com">7BrewIowa7binquiry@gmail.com</a>
Brew Team KY, LLC	3545 East 10 <sup>th</sup> Street	Jeffersonville	IN	<a href="mailto:Brewteamky7binquiry@gmail.com">Brewteamky7binquiry@gmail.com</a>
Mean Bean Development, LLC	1115 SW Wannamaker Rd	Topeka	KS	<a href="mailto:MeanBean7Binquiry@gmail.com">MeanBean7Binquiry@gmail.com</a>
7 B Kansas, LLC	3031 East Central Avenue	Wichita	KS	<a href="mailto:7BKansas7binquiry@gmail.com">7BKansas7binquiry@gmail.com</a>
P2Brew, LLC	2208 76 County Rd	Branson	MO	<a href="mailto:P2Brew7binquiry@gmail.com">P2Brew7binquiry@gmail.com</a>
Brew Crew, LLC	5997 Mid Rivers Mall Dr.	Cottleville	MO	<a href="mailto:BrewCrew7binquiry@gmail.com">BrewCrew7binquiry@gmail.com</a>
Brew Crew, LLC	2220 South MO 291 Highway	Independence	MO	<a href="mailto:BrewCrew7binquiry@gmail.com">BrewCrew7binquiry@gmail.com</a>
Brew Crew, LLC	1807 Missouri Blvd	Jefferson City	MO	<a href="mailto:BrewCrew7binquiry@gmail.com">BrewCrew7binquiry@gmail.com</a>
Brew Crew, LLC	3347 S Rangeline Rd	Joplin	MO	<a href="mailto:BrewCrew7binquiry@gmail.com">BrewCrew7binquiry@gmail.com</a>
Brew Crew, LLC	2317 N Glenstone Ave	Springfield	MO	<a href="mailto:BrewCrew7binquiry@gmail.com">BrewCrew7binquiry@gmail.com</a>
High Plains Brew, LLC	5655 O Street	Lincoln	NE	<a href="mailto:HighPlainsBrew@gmail.com">HighPlainsBrew@gmail.com</a>
7 Venture, LLC	1164 West New Orleans	Broken Arrow	OK	<a href="mailto:7ventures7binquiry@gmail.com">7ventures7binquiry@gmail.com</a>
7 Venture, LLC	1077 East Downing Street	Tahlequah	OK	<a href="mailto:7ventures7binquiry@gmail.com">7ventures7binquiry@gmail.com</a>
7 BC, LLC	217 North Thompson Rd	Murfreesboro	TN	<a href="mailto:7bc7binquiry@gmail.com">7bc7binquiry@gmail.com</a>
Brew Team, LLC	1336 East Stone Drive	Johnson City	TN	<a href="mailto:BrewteamTN7binquiry@gmail.com">BrewteamTN7binquiry@gmail.com</a>
High Octane Joe's, LLC	1780 Hwy 157	Mansfield	TX	<a href="mailto:HighOctaneJoe's7binquiry@gmail.com">HighOctaneJoe's7binquiry@gmail.com</a>
Longview-Tyler, 7 Brew LLC	101 Cambridge Rd	Tyler	TX	<a href="mailto:Longview-Tyler7brew7binquiry@gmail.com">Longview-Tyler7brew7binquiry@gmail.com</a>
High Octane Joe's, LLC	2831 South TX-161	Grand Prairie	TX	<a href="mailto:HighOctaneJoe's7binquiry@gmail.com">HighOctaneJoe's7binquiry@gmail.com</a>
Longview-Tyler, 7 Brew, LLC	3611 McCann Rd	Longview	TX	<a href="mailto:Longview-Tyler7brew7binquiry@gmail.com">Longview-Tyler7brew7binquiry@gmail.com</a>

***Signed But Not Yet Open as of December 31, 2022***

<b>Franchisee*</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Contact Information</b>
Southern Brew, LLC	2206 Moody Pkwy	Moody	AL	<a href="mailto:Southernbrew7binquiry@gmail.com">Southernbrew7binquiry@gmail.com</a>
Alpine Brew Investments, LLC	2904 Stallings Lane	Jonesboro	AR	<a href="mailto:Alpinebrew7binquiry@gmail.com">Alpinebrew7binquiry@gmail.com</a>
Encore7Brew LLC	9304 West Thomas Rd	Phoenix	AZ	<a href="mailto:Encore7brew7binquiry@gmail.com">Encore7brew7binquiry@gmail.com</a>
P2 Brew #2	921 East Tuscon Marketplace RD	Tuscon	AZ	<a href="mailto:P2brew7binquiry@gmail.com">P2brew7binquiry@gmail.com</a>
7 Mountain, LLC	1922 East Platte Rd	Colorado Springs	CO	<a href="mailto:7Mountain7binquiry@gmail.com">7Mountain7binquiry@gmail.com</a>
ERC Brew, LLC	Runway I-35 South	Denver	CO	<a href="mailto:ERCBrew7binquiry@gmail.com">ERCBrew7binquiry@gmail.com</a>
7 Crew, LLC	1410 North Avenue	Grand Junction	CO	<a href="mailto:7crew7binquiry@gmail.com">7crew7binquiry@gmail.com</a>
Wabeek, LLC	3001 South 23 <sup>rd</sup>	Greeley	CO	<a href="mailto:Wabeek7binquiry@gmail.com">Wabeek7binquiry@gmail.com</a>
Rocket Brew, LLC	2198 West Board Street	Athens	GA	<a href="mailto:RocketBrew7binquiry@gmail.com">RocketBrew7binquiry@gmail.com</a>
Rocket Brew, LLC	3720 Highway 20	Atlanta	GA	<a href="mailto:RocketBrew7binquiry@gmail.com">RocketBrew7binquiry@gmail.com</a>
Lion Heart Brew, LLC	13185 South US 19	Thomasville	GA	<a href="mailto:Lionheartbrew7binquiry@gmail.com">Lionheartbrew7binquiry@gmail.com</a>
Sticks and Stones, LLC	5211 Cleveland Street	Caldwell	ID	<a href="mailto:Sticksandstones7binquiry@gmail.com">Sticksandstones7binquiry@gmail.com</a>
NLD 7 Brew, LLC	1201 West Morton Street	Jacksonville	IL	<a href="mailto:NLD7brew7binquiry@gmail.com">NLD7brew7binquiry@gmail.com</a>
EBS Investments, LLC	11007 Metcalf Street	Overland Park	KS	<a href="mailto:Ebsinvestments7binquiry@gmail.com">Ebsinvestments7binquiry@gmail.com</a>
Flavored Ops Brew Krewe, LLC	5117 Essen Lane	Baton Rouge	LA	Flavored OPS <a href="mailto:BK7binquiry@gmail.com">BK7binquiry@gmail.com</a>
7 B Tri-Cities Asheville, LLC	1330 Highway 321	Boone	NC	<a href="mailto:7btricitie7binquiry@gmail.com">7btricitie7binquiry@gmail.com</a>
7 B New Mexico, LLC	2002 SE Unser Street	Rio Rancho	NM	<a href="mailto:7BNewMexico7binquiry@gmail.com">7BNewMexico7binquiry@gmail.com</a>
7 Motley Brew, LLC	17565 East Bagley Rd	Middleburg Heights	OH	<a href="mailto:7motleybrew7binquiry@gmail.com">7motleybrew7binquiry@gmail.com</a>
7 Venture, LLC	1164 West New Orleans	Broken Arrow	OK	<a href="mailto:7ventures7binquiry@gmail.com">7ventures7binquiry@gmail.com</a>
7 Crew, LLC	3655 NW 39th	Oklahoma City	OK	<a href="mailto:7crew7binquiry@gmail.com">7crew7binquiry@gmail.com</a>
Coffee Talk, LLC	3038 Washington RD	Augusta	SC	<a href="mailto:CoffeeTalk7binquiry@gmail.com">CoffeeTalk7binquiry@gmail.com</a>
K&M Coffee Development, LLC	1043 East North Street	Rapid City	SD	<a href="mailto:K&amp;Mdevelopment7binquiry@gmail.com">K&amp;Mdevelopment7binquiry@gmail.com</a>

Franchisee*	Address	City	State	Contact Information
7 B Tennessee, LLC	955 North Riverside	Clarksville	TN	<a href="mailto:7BTennessee7binquiry@gmail.com">7BTennessee7binquiry@gmail.com</a>
High Octane Operations, LLC	1004 Murfreesboro RD	Franklin	TN	<a href="mailto:Highoctaneoperations7binquiry@gmail.com">Highoctaneoperations7binquiry@gmail.com</a>
7 B Memphis, LLC	1615 Union Avenue	Memphis	TN	<a href="mailto:7BMemphis7binquiry@gmail.com">7BMemphis7binquiry@gmail.com</a>
Blended Grinds, LLC	Teasley Lane	Denton	TX	<a href="mailto:Blendedgrinds7binquiry@gmail.com">Blendedgrinds7binquiry@gmail.com</a>
7 Crew, LLC	1415 University	Lubbock	TX	<a href="mailto:7crew7binquiry@gmail.com">7crew7binquiry@gmail.com</a>
Tejas Brewistas, LLC	1101 South Jackson Rd	Pharr	TX	<a href="mailto:Tejasbrewistas7binquiry@gmail.com">Tejasbrewistas7binquiry@gmail.com</a>
Drive Thru Drinks, LLC	604 South Saginaw Blvd	Saginaw	TX	<a href="mailto:DriveThruDrinks7binquiry@gmail.com">DriveThruDrinks7binquiry@gmail.com</a>
Texas Coffee Partners, LLC	2901 Pat Booker Rd	Universal City	TX	<a href="mailto:Texascoffeepartners7binquiry@gmail.com">Texascoffeepartners7binquiry@gmail.com</a>
Coffee Creamer Ventures, LLC	115000 Midlothian Pkwy	Richmond	VA	<a href="mailto:Creamercoffeeventures7binquiry@gmail.com">Creamercoffeeventures7binquiry@gmail.com</a>
Brew Team, VA LLC	4143 Franklin Rd	Roanoke	VA	<a href="mailto:BrewteamVa7binquiry@gmail.com">BrewteamVa7binquiry@gmail.com</a>
Seven Cities Coffee, LLC	4278 Holland Rd	Virginia Beach	VA	<a href="mailto:SevenCitiesCoffee7binquiry@gmail.com">SevenCitiesCoffee7binquiry@gmail.com</a>
TAC Holdings, LLC	1010 South Moreland Blvd	Brookfield	WI	<a href="mailto:Tacholding7binquiry@gmail.com">Tacholding7binquiry@gmail.com</a>
Brew 4 you, LLC	2405 North Clairmont Street	Eau Claire	WI	<a href="mailto:Brew4you7binquiry@gmail.com">Brew4you7binquiry@gmail.com</a>
Brew Team, WV LLC	13091 Grand Central Avenue	Vienna	WV	<a href="mailto:BrewteamWV7binquiry@gmail.com">BrewteamWV7binquiry@gmail.com</a>

\*All franchisees are multi-unit area developers

**LIST OF FORMER FRANCHISEES  
AS OF DECEMBER 31, 2022**

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

<b>Franchisee*</b>	<b>Location</b>	<b>City</b>	<b>State</b>	<b>Contact Information</b>
Mitchell Massey 7B TX Holdings, LLC	224 SE 2 <sup>nd</sup> Street, Suite 200	Bentonville	AR	(479) 601-1516 <a href="mailto:mmassey@cis2s.com">mmassey@cis2s.com</a>

## **EXHIBIT E**

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**EXHIBIT F**

**LIST OF STATE FRANCHISE ADMINISTRATORS/  
AGENTS FOR SERVICE OF PROCESS**

## **STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

### **CALIFORNIA**

Website: [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

Email: [ask.DFPI@dfpi.ca.gov](mailto:ask.DFPI@dfpi.ca.gov)

Commissioner of Department of Financial  
Protection & Innovation  
Department of Financial Protection &  
Innovation  
Toll Free: 1 (866) 275-2677

#### ***Los Angeles***

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
(213) 576-7500

#### ***Sacramento***

2101 Arena Boulevard  
Sacramento, California 95834  
(866) 275-2677

#### ***San Diego***

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 525-4233

#### ***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94104-4428  
(415) 972-8559

### **HAWAII**

(for service of process)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

(for other matters)

Commissioner of Securities  
Department of Commerce  
and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2722

### **ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

## **INDIANA**

(for service of process)

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

(state agency)

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

## **MARYLAND**

(for service of process)

Maryland Securities Commissioner  
at the Office of Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

(state agency)

Office of the Attorney General-  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

## **MICHIGAN**

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 335-7567

## **MINNESOTA**

Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1500

## **NEW YORK**

(for service of process)

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492

(Administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8236

## **NORTH DAKOTA**

(for service of process)

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-4712

(state agency)

North Dakota Securities Department  
600 East Boulevard Avenue, Suite 414  
Bismarck, North Dakota 58505  
(701) 328-2910

## **OREGON**

Oregon Division of Financial Regulation  
350 Winter Street NE, Suite 410  
Salem, Oregon 97301  
(503) 378-4140

## **RHODE ISLAND**

Securities Division  
Department of Business Regulations  
1511 Pontiac Avenue  
John O. Pastore Complex-Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9500

## **SOUTH DAKOTA**

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

## **VIRGINIA**

(for service of process)

Clerk, State Corporation Commission  
1300 East Main Street  
First Floor  
Richmond, Virginia 23219  
(804) 371-9733

(for other matters)

State Corporation Commission  
Division of Securities and Retail Franchising  
Tyler Building, 9th Floor  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9051

## **WASHINGTON**

(for service of process)

Director Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501  
(360) 902-8760

(for other matters)

Department of Financial Institutions  
Securities Division  
P. O. Box 9033  
Olympia, Washington 98501-9033  
(360) 902-8760

## **WISCONSIN**

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-2139

(state administrator)

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-9555

## **EXHIBIT G**

### **STATE-SPECIFIC ADDENDA AND FRANCHISE AGREEMENT RIDERS**

#### **NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
BREW CULTURE FRANCHISE, LLC**

The following are additional disclosures for the Franchise Disclosure Document of BREW CULTURE FRANCHISE, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

**CALIFORNIA**

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.

2. 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.

3. OUR WEBSITE, [www.7brew.com](http://www.7brew.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

Neither we, nor any person 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. Sections 78a et seq., suspending or expelling such person from membership in that association or exchange.

5. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, then the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires application of the laws of the State of Arkansas. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed (currently Fayetteville, Arkansas), with the costs being borne equally by the parties (and with each party also bearing all of its own travel and related expenses during the arbitration). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer the franchise. 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 thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

## **ILLINOIS**

1. The following statements are added at the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any



franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

## **MARYLAND**

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

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The “Summary” section of Item 17(v), entitled Choice of forum, is amended to read as follows:

Subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

4. The “Summary” section of Item 17(w), entitled Choice of law, is amended to read as follows:

Arkansas law governs except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

## **MINNESOTA**

1. The following sentence is added to the “Remarks” column of the “Administrative Fee” line-item in Item 6:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 604.113, which puts a cap of \$30 on an NSF check.

2. The following paragraphs are added at the end of the chart in Item 17:

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

## **NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F 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 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, 21<sup>ST</sup> 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.

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

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular:

- (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

- (b) obtained a discharge of its debts under the bankruptcy code; or
- (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

## **NORTH DAKOTA**

1. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Rider until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the full initial franchise fee on the day you open the 7 BREW Store for business. You must pay us the full development fee, if applicable, on the day you open the first 7 BREW Store for business.

2. The “Summary” sections of Items 17(c) and 17(m) are amended by adding the following:

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

3. The “Summary” section of Item 17(i) is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

4. The “Summary” section of Item 17(r) is amended by adding the following:

Covenants not to compete such as those mentioned above generally are considered unenforceable in North Dakota. However, we will seek to enforce them to the extent enforceable.

5. The “Summary” section of Item 17(v) is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, but subject to your arbitration obligations, you may bring an action in North Dakota.

6. The “Summary” section of Item 17(w) is amended by adding the following:

Except for federal law, North Dakota law applies.

## **RHODE ISLAND**

1. The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

Subject to arbitration requirements, litigation generally must be (with limited exception) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Fayetteville, Arkansas), except that, to the extent required by the Rhode Island Franchise Investment Act, you may bring an action in Rhode Island.

2. The following language is added to the end of the “Summary” section of Item 17(w), entitled Choice of law:

Except for federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, Arkansas law governs.

## **VIRGINIA**

1. The following language is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

Pursuant 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 do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision might not be enforceable.

## **WASHINGTON**

1. The following language is added as the last paragraph of Items 5 and 7:

Due to our short operating history, the State of Washington has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under a Franchise Agreement and, when applicable, the development fee due to us under a Development Rights Rider to the Franchise Agreement until we have fulfilled all our initial obligations to you and you have commenced doing business. You must pay us the initial franchise fee due with respect to a particular 7 BREW Store on the day you open that 7 BREW Store for business. When applicable, we will defer the payment of the development fee due under a Development Rights Rider to the Franchise Agreement on a prorated basis (i.e., per 7 BREW Store) until such time as each 7 BREW Store to which the prorated portion of the development fee relates opens for business. That prorated portion must be paid to us on the day that 7 BREW Store opens for business.

2. The following paragraphs are added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. Children of the franchisee or its owners who are not signatories to the Franchise Agreement will not be bound by the non-competition covenants unless they have access to the franchisor's confidential information or have derived direct benefits from the Franchise Agreement.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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



**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Franchise Agreement occurred, and the 7 BREW Store you will operate under the Franchise Agreement will be located, in Illinois, or (b) you are a resident of Illinois.

2. **GOVERNING LAW.** Section 21.G of the Franchise Agreement is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs this Agreement.

3. **CONSENT TO JURISDICTION.** Section 21.H of the Franchise Agreement is deleted and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** The following language is added at the end of Sections 21.I and 21.J of the Franchise Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 25 of the Franchise Agreement:

25. **ILLINOIS FRANCHISE DISCLOSURE ACT**

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

Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

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

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland; or (b) the 7 BREW Store you will operate under the Franchise Agreement will be located in Maryland.

2. **ACKNOWLEDGMENTS.** The following language is added to the end of Section 2 of the Franchise Agreement:

All representations requiring you 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.

3. **RELEASES.** The following language is added at the end of Sections 4.A, 16.A, 16.C(2)(i), 16.G, 17, and 19.F(3) of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, such general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **GOVERNING LAW** The following language is added to the end of Section 21.G of the Franchise Agreement:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **CONSENT TO JURISDICTION.** The following language is added at the end of Section 21.H of the Franchise Agreement:

Notwithstanding the foregoing, and subject to your arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

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

**BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the 7 BREW Store you will operate under the Franchise Agreement will be located in Minnesota, or (b) any of the franchise offer or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following language is added at the end of Sections 4.A, 16.A, 16.C(2)(i), 16.G, 17, and 19.F(3) of the Franchise Agreement:

However, any release required as a condition of renewal, sale, and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

3. **TERMINATION.** The following language is added at the end of Section 18.B of the Franchise Agreement:

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

4. **GOVERNING LAW.** The following language is added at the end of Section 21.G of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

5. **CONSENT TO JURISDICTION.** The following language is added at the end of Section 21.H of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

6. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Sections 21.I and 21.J of the Franchise Agreement are deleted in their entirety.

7. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

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

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]  
  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]  
  
\_\_\_\_\_  
[Print Name]  
  
\_\_\_\_\_  
[Signature]  
  
\_\_\_\_\_  
[Print Name]

**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of New York and the 7 BREW Store you will operate under the Franchise Agreement will be located in New York, or (b) any of the franchise offer or sales activity occurred in New York.

2. **RELEASES.** The following language is added to the end of Sections 4.A, 16.A, 16.C(2)(i), 16.G, 17, and 19.F(3) of the Franchise Agreement:

Notwithstanding the foregoing, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY US.** The following language is added to the end of Section 16.A of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **TERMINATION BY YOU.** The following language is added to the end of Section 18.A of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of Sections 21.G and 21.H of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

To the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

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

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota, and the 7 BREW Store you will operate under the Franchise Agreement will be located in North Dakota, or (b) any of the franchise offer or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following language is added at the end of Sections 4.A, 16.A, 16.C(2)(i), 16.G, 17, and 19.F(3) of the Franchise Agreement:

Any release executed will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.

3. **FEES.** Section 5 of the Franchise Agreement is amended by adding the following:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due under this Agreement and, when applicable, the development fee due to us under a Development Rights Rider until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the full initial franchise fee on the day you open the Store for business. You must pay us the full development fee, if applicable, on the day you open your first 7 BREW Store for business.

4. **COVENANT NOT TO COMPETE.** Section 19.E of the Franchise Agreement is amended by adding the following:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.

5. **ARBITRATION.** The third sentence of Section 21.F of the Franchise Agreement is amended to read as follows:

All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration

demand is filed, provided, however, that to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree.

6. **GOVERNING LAW**. The following language is added at the end of Section 21.G of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

7. **CONSENT TO JURISDICTION**. The following language is added at the end of Section 21.H of the Franchise Agreement:

However, to the extent required by applicable law, but subject to your arbitration obligations, you may bring an action in North Dakota.

8. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL**. If and then only to the extent required by the North Dakota Franchise Investment Law, Sections 21.I and 21.J of the Franchise Agreement are deleted in their entirety.

9. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 21.L of the Franchise Agreement:

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

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

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

---

[Signature]

---

[Print Name]

---

[Signature]

---

[Print Name]

**RIDER TO THE BREW CULTURE FRANCHISE, LLC  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the 7 BREW Store you will operate under the Franchise Agreement will be located in Rhode Island, or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION.** The following language is added at the end of Sections 21.G and 21.H of the Franchise Agreement:

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.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

---

[Signature]

---

[Print Name]

---

[Signature]

---

[Print Name]

**WASHINGTON ADDENDUM TO THE  
FRANCHISE AGREEMENT, FRANCHISEE REPRESENTATIONS,  
AND RELATED AGREEMENTS**

**THIS ADDENDUM** is made and entered into by and between **BREW CULTURE FRANCHISE, LLC**, a Wyoming limited liability company whose principal business address is 313 Rollston Avenue, Fayetteville, Arkansas 72701 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington, or (b) the 7 BREW Store you will operate under the Franchise Agreement will be located or operated in Washington, or (c) any of the franchise offer or sales activity occurred in Washington.

2. **FEES.** The following language is added at the end of Section 5.A of the Franchise Agreement:

Due to our short operating history, the State of Washington has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement and, when applicable, the development fee due to us under a Development Rights Rider to this Agreement until we have fulfilled all our initial obligations to you and you have commenced doing business. You must pay us the initial franchise fee due under this Agreement on the day you open the 7 BREW Store for business. When applicable, we will defer the payment of the development fee due under a Development Rights Rider to this Agreement on a prorated basis (i.e., per 7 BREW Store) until such time as each 7 BREW Store to which the prorated portion of the development fee relates opens for business. That prorated portion must be paid to us on the day that 7 BREW Store opens for business.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if

litigation is not precluded by the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. Children of the franchisee or its owners who are not signatories to the Franchise Agreement will not be bound by the non-competition covenants unless they have access to the franchisor's confidential information or have derived direct benefits from the Franchise Agreement.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

**BREW CULTURE FRANCHISE,  
LLC**, a Wyoming limited liability  
company

By: \_\_\_\_\_  
Name: John Davidson  
Title: Manager  
Date: \_\_\_\_\_

**FRANCHISEE**

**(IF CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP):**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**(IF INDIVIDUALS):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



**EXHIBIT H**

**SAMPLE GENERAL RELEASE**

H-1

## **BREW CULTURE FRANCHISE, LLC**

### **GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

Brew Culture Franchise, LLC (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ *[insert name of franchisee entity]* (“you” or “your”), currently are parties to a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”) for the operation of a 7 BREW Store at \_\_\_\_\_. You have asked us to \_\_\_\_\_ *[insert relevant detail]*. We currently have no obligation under your Franchise Agreement or otherwise to do so, or we have the right under the Franchise Agreement to condition our approval on your and your owners signing a release of claims. We are willing to \_\_\_\_\_ *[repeat relevant detail]* if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below in partial consideration for our consent to your request.

Consistent with the previous introduction, you, on behalf of yourself and your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our past, present, and future parent companies, subsidiaries, affiliates, investors, investment funds, and other related entities, and each of our and their respective past, present, and future officers, directors, owners, principals, employees, agents, executors, administrators, representatives, successors, and assigns (collectively, the “7 BREW Parties”) from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, “Claims”), that you and any other Releasing Party now have, ever had, or, but for this Consent, hereafter would or could have against any 7 BREW Party (1) arising out of or related in any way to the 7 BREW Parties’ performance of or alleged failure to perform their obligations under the Franchise Agreement before the date of your signature below, (2) arising out of or related in any way to our offer and grant to you of your 7 BREW Store franchise, or (3) otherwise arising out of or related in any way to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the 7 BREW Parties.

The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. You and the other Releasing Parties acknowledge that you and they may after the date of the signatures below discover facts different from, or in addition to, those facts currently known to you and them, or which you and they now believe to be true, with respect to the Claims released by this document. You and the other Releasing Parties nevertheless agree that the release set forth in this document has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common law principle which may provide that a general release does not extend to claims which are not known to exist at the time of execution.

You, on behalf of yourself and the other Releasing Parties, further covenant not to sue any 7 BREW Party on any Claim released by this document and represent that you have not assigned any Claim released by this document to any individual or entity that is not bound by this document.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

**This Release of Claims does not apply to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).**

*[The following is special language for CA-based franchisees—remove for all other states]*

**Each party granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:**

**“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”**

**Each party granting a release and its authorized signatories hereto recognize that he, she, or it may have some claim, demand, or cause of action against the released parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Addendum. Each party granting a release and its authorized signatories hereby waive and relinquish every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.**

**BREW CULTURE FRANCHISE, LLC**

\_\_\_\_\_  
*[Name of Franchisee]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
*[Name of Owner]*

\_\_\_\_\_  
[Signature and Date]

## **EXHIBIT I**

### **FRANCHISEE REPRESENTATIONS**

**(This Franchisee Representations document will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

**BREW CULTURE FRANCHISE, LLC**  
**FRANCHISEE REPRESENTATIONS**

**DO NOT SIGN THIS FRANCHISEE REPRESENTATIONS IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**Important Instructions:** Brew Culture Franchise, LLC (“we,” “us,” or “our”) and you are ready to sign a Franchise Agreement for the development and operation of a 7 BREW Store (the “Store”) and a Development Rights Rider for the development and operation of multiple 7 BREW Stores. This document’s purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents, and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

**Initial the spaces after the statements to confirm your understanding and the accuracy of the statements.**

Name of Prospective Franchisee: \_\_\_\_\_  
(the “Franchisee”)

Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has independently investigated us; our affiliates; the 7 BREW Store system; the risks, burdens, and nature of the business that Franchisee will conduct under the Franchise Agreement; the Store; the shopping or strip center or other location for the Store (if already selected); and the Store’s market area.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee’s ability and efforts, the viability of the Store’s location, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

3. Each of the undersigned understands that we previously might have signed, and in the future we have the right to sign, franchise agreements with provisions different from the provisions of the Store's Franchise Agreement.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

4. If we unilaterally made material changes in Franchisee's final, ready-to-be-signed copies of the Franchise Agreement, Development Rights Rider, and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven calendar days before signing them and has had ample opportunity to consult with his, her, or its attorneys, accountants, and other advisors concerning those documents.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

5. Franchisee has received a franchise disclosure document ("FDD") as required by federal law at least 14 calendar days before signing the Franchise Agreement and Development Rights Rider, or paying any consideration to us or our affiliate in connection with this franchise, and has had ample opportunity to consult with his, her, or its attorneys, accountants, and other advisors concerning the FDD.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

6. Except as provided in Item 19 of our FDD, we and our affiliates and agents have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Store or any other business, except: (None, unless something is filled-in here or provided on additional sheets).

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**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7. Each of the undersigned understands that:

7.1 Except as provided in Item 19 of our FDD, we do not authorize our affiliates, or our or their respective officers, directors, employees, or agents, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any 7 BREW Store.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular 7 BREW Store.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

7.3 We have specifically instructed our affiliates, and our and their respective officers, directors, employees, and agents, that except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular 7 BREW Store.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

8. Before signing the Franchise Agreement, Development Rights Rider, or any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the particular agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisees; and (c) to investigate all statements and information made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the 7 BREW Store system, the Store, and any other subject.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

9. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, Store, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as may be provided in a Development Rights Rider with us, no “exclusive,” “expansion,” “protected,” “non-encroachable,” or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning the shopping or strip center or other site at which the Store is located, the contiguous or any other market area of the Store, or any other existing or potential 7 BREW Store or geographic territory.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

10. Each of the undersigned understands that nothing stated or promised that is not specifically set forth in the Franchise Agreement, Development Rights Rider, or FDD can be relied upon by the undersigned or Franchisee.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

11. Each of the undersigned understands that we and our affiliates may sell or transfer our assets, our trademarks, and/or the 7 BREW Store system outright to a third party; may go public; may engage in a private placement of some or all of our and our affiliates’ securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake

a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

12. The only state(s) in which each of the undersigned is a resident is (are): \_\_\_\_\_

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

13. Each of the undersigned understands the importance of the Store's location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the Store's location, the market area and all other facts relevant to the selection of a site for a 7 BREW Store, and the lease or purchase documents for such location.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

14. Each of the undersigned understands that neither our acceptance or selection of any location, nor our negotiation or acceptance of any lease or purchase contract, implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease or purchase contract is on favorable terms. It often is the case that such documents contain very tough terms.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

15. Each of the undersigned understands that site selection is a difficult and risky proposition. We and our affiliates have not given (and will not give) any representation, warranty, promise, guaranty, prediction, projection, or other statement or information relied upon (or to be relied upon) by the undersigned or Franchisee regarding a location's prospects for success, nearby tenants, or other attributes, even if we reviewed the lease or purchase contract. Franchisee will have any lease or purchase contract reviewed by its, his, or her own attorney and other advisors.



**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

16. Each of the undersigned understands that the estimated initial investment ranges disclosed in Item 7 of our FDD are for 7 BREW Stores of a certain size, at certain types of locations, and having certain characteristics we consider to be fairly standard for 7 BREW Stores. Franchisee's actual investment to develop its 7 BREW Store could be incrementally or materially higher than the estimated initial investment ranges disclosed in Item 7 if Franchisee chooses to develop a Store that otherwise is atypical when compared with standard 7 BREW Stores.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

17. The covenants and restrictions concerning competition contained in the Franchise Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

18. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

19. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, Development Rights Rider, this document, the Store, any lease, sublease, or purchase contract for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

20. Neither we or our affiliates, nor any of our or our affiliates' employees or agents, have provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

21. We may communicate directly with Franchisee's trade suppliers at any time during the Store's operation and obtain from them any sales and purchasing information relating to their dealings with Franchisee.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

22. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Franchise Agreement and Development Rights Rider. The statements made in this document and the Franchise Agreement and Development Rights Rider are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

23. Each of the undersigned acknowledges that Franchisee is entering the franchise relationship with the intent and expectation that we and Franchisee are and will be independent contractors. Neither we nor Franchisee is—and neither we nor Franchisee intends to be—a partner, joint venturer, associate, or employee of the other in any way. We (and our affiliates) will not exercise direct or indirect control over the Store’s personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, services, or the 7 BREW brand. We (and our affiliates) will not share or codetermine the employment terms and conditions of the Store’s employees or affect matters relating to the employment relationship between Franchisee and the Store’s employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the Store’s employees.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

24. The President of the United States of America has issued Executive Order 13224 (the “Executive Order”) prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

**\*Insert initials into the following blank to confirm this statement: \_\_\_\_**

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**FRANCHISEE:**

[\_\_\_\_\_]

By: \_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Owners/executives of the Franchisee legal entity must sign below individually**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name Printed)

\_\_\_\_\_  
(Name Printed)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**EXHIBIT J**

**MANUFACTURING AGREEMENT**

## **MANUFACTURING AGREEMENT**

This **MANUFACTURING AGREEMENT** (this “**Agreement**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2023 (the “**Effective Date**”) by and between \_\_\_\_\_ (hereinafter “**Owner**”), and **CTAR, INC.**, an Arkansas corporation (hereinafter “**Manufacturer**”) (collectively, the “**Parties**” and individually as a “**Party**”).

### **BACKGROUND**

Owner desires to purchase and Manufacturer desires to build a pre-fabricated restaurant unit (the “**Unit**”) as more particularly described herein. In consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

### **ARTICLE 1** **CONTRACT DOCUMENTS**

The “**Contract Documents**” consist of this Agreement and the specifications for the Unit shown on **Exhibit A** (the “**Specifications**”) attached hereto and incorporated herein by this reference, and the installation guide attached as **Exhibit B** (the “**Installation Guide**”) attached hereto and incorporated herein by this reference.

### **ARTICLE 2** **SCOPE OF WORK**

Manufacturer shall manufacture the Unit in conformance with the Specifications at Manufacturer’s plant located at 14437 US-62, Garfield, Arkansas 72732 (the “**Manufacturing Site**”) on or before \_\_\_\_\_ (the “**Completion Date**”). Any and all delays caused by Acts of God, fires, floods, earthquakes, tornados, hurricanes, snow storms, strikes, supply chain shortages, pandemic, delays by Owner and any other causes beyond the reasonable control of Manufacturer shall suspend the time Manufacturer is required to complete the Unit by a commercially reasonable period of time. Manufacturer shall promptly notify Owner of any such delay in writing.

### **ARTICLE 3** **PURCHASE PRICE AND PAYMENT**

The price for the Unit shall be \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00) (the “**Purchase Price**”). Owner shall pay the Purchase Price as follows:

- (i) Upon the signing of this Agreement, a down payment in the amount of \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_.00); and
- (ii) The remaining balance of the Purchase Price, in cash, on or before the Completion Date.

#### **ARTICLE 4**

#### **TERMINATION**

(a) Owner may terminate this Agreement immediately:

(i) If Manufacturer fails to perform or meet any material term or condition hereof, and has failed to cure such failure within thirty (30) days after the provision of written notice of such failure by Owner; provided, however, for any failure to perform that cannot be cured within such 30-day period it is agreed that Manufacturer shall not be in default hereunder so long as Manufacturer commences cure within such 30-day period and thereafter diligently pursues the same to completion within a reasonable period of time; or

(ii) If Manufacturer becomes insolvent, a receiver is appointed to the possession of all or substantially all of Manufacturer's property, Manufacturer makes a general assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or Manufacturer is the subject of an involuntary petition in bankruptcy and such involuntary petition is not dismissed within sixty (60) days of filing.

(b) Manufacturer may terminate this Agreement immediately:

(i) If Owner fails to pay any amounts due under this Agreement and such failure continues for a period of ten (10) days after such payment is due;

(ii) If Owner fails to perform or meet any material term or condition hereof, and has failed to cure such failure within thirty (30) days after written notice of such failure by Manufacturer; provided, however, for any failure to perform that cannot be cured within such 30-day period it is agreed that Owner shall not be in default hereunder so long as Owner commences cure within such 30-day period and thereafter diligently pursues the same to completion within a reasonable period of time; or

(iii) If Owner becomes insolvent, a receiver is appointed to the possession of all or substantially all of Owner's property, Owner makes a general assignment for the benefit of creditors or files a voluntary petition in bankruptcy, or Owner is the subject of an involuntary petition in bankruptcy and such involuntary petition is not dismissed within sixty (60) days of filing.

#### **ARTICLE 5**

#### **OWNERSHIP OF SPECIFICATIONS**

(a) Proprietary Rights.

Manufacturer owns, or has the right to use and sublicense, the confidential and trade-secret Unit Specifications. Additionally, Manufacturer has the right to use and sublicense, certain trademarks and goodwill associated with the "**7 Brew Drive-Thru Coffee**" brand (collectively, the "**Marks**"), as used in the Specifications. Without the prior written consent of Manufacturer or its affiliate Brew Culture Franchise (defined below), Owner shall not (1) use the Marks or Specifications in combination with any other trademarks, service marks, logos, trade names, company or business names, or other symbols, terms, or indicia of origin; (2) use or disclose the

Marks or Specifications for any purpose outside the scope of this Agreement; or (3) allow its agents, contractors or installers to copy or recreate the Marks or Specifications in any manner.

Owner acknowledges that Manufacturer and its affiliates are the sole and exclusive owner of all right, title, and interest in and to the Specifications including, without limitation, all copyrights, trademarks, patents, trade secrets, and other intellectual property rights related thereto. Any registrations or applications related to the Specifications including, without limitation, any trademark applications or patent applications, shall be filed at the option and expense of Manufacturer and its affiliates, prosecuted and maintained by Manufacturer and its affiliates at their option and expense, and any resulting patents or registrations shall be maintained, renewed, or extended at their option and expense. Nothing contained herein shall create, nor shall be construed as, an assignment to Owner of any right, title, or interest in or to the Specifications; it being acknowledged that all right, title, and interest in and to the Specifications are expressly reserved by Manufacturer and its affiliates. Owner agrees that it will do nothing inconsistent with Manufacturer and its affiliates' ownership of, or rights in, the Specifications, and that all use of the Specifications by Owner shall inure to the benefit of, and be on behalf of, Manufacturer and its affiliates.

(b) **Infringement.** Owner shall notify Manufacturer promptly in writing of any actual or suspected infringement or unauthorized use of the Specifications by any third party that may come to its attention. Manufacturer and its affiliates shall have the exclusive right, but not the obligation, to institute any interference, opposition, or cancellation proceeding or suit, or to take any other action, at its expense, joining the Owner as a party if necessary or desirable, on account of any such infringement or unauthorized use, and to keep all recoveries which may be provided by an award, settlement, or judgment resulting from such action. Should Manufacturer and its affiliates decide to enforce their rights in the Specifications, Owner shall reasonably cooperate with them at no cost or expense to Owner.

## **ARTICLE 6**

### **REPRESENTATIONS AND WARRANTIES**

(a) Manufacturer hereby represents to Owner that:

(i) Manufacturer has the full legal right, power, and authority to enter into this Agreement.

(ii) This Agreement is the legal, valid, and binding obligation of Manufacturer, enforceable against Manufacturer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application, or by general principles of equity.

(iii) Manufacturer is not subject to, nor is it aware of, any pending or threatened order, injunction, enforcement action, or other proceeding by any local, state, or federal governmental agency regarding the manufacturing processes, storage conditions, or purity of any products produced by Manufacturer.

(iv) The signing and delivery of this Agreement by Manufacturer and the performance by Manufacturer of all of Manufacturer's obligations under this Agreement will not

breach any agreement to which Manufacturer is a party, or give any person the right to accelerate any obligation of Manufacturer; violate any law, judgment, or order to which Manufacturer is subject; or require the consent, authorization, or approval of any person, including but not limited to any governmental body.

(v) Manufacturer represents, warrants and covenants to and with Owner that it will have and maintain, at all times during the construction of the Unit, Worker's Compensation insurance, Commercial Comprehensive General Liability insurance with completed operations coverage, and Builder's Risk and/or casualty insurance for the full replacement cost of the Unit to insure Manufacturer and Owner during the progress of construction on the Unit. Owner shall be an additional loss payee with respect to any such policies of insurance applicable to the Unit.

(b) Owner hereby represents to Manufacturer that:

(i) Owner has the full legal right, power, and authority to enter into this Agreement.

(ii) This Agreement is the legal, valid, and binding obligation of Owner, enforceable against Owner in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or other similar laws of general application or by general principles of equity.

(iii) The signing and delivery of this Agreement by Owner and the performance by Owner of all of Owner's obligations under this Agreement will not breach any agreement to which Owner is a party, or give any person the right to accelerate any obligation of Owner; violate any law, judgment, or order to which Owner is subject; or require the consent, authorization, or approval of any person, including but not limited to any governmental body.

(iv) Owner acknowledges that it has entered into agreements with an affiliate of Manufacturer named Brew Culture Franchise, LLC, a Wyoming limited liability company ("**Brew Culture Franchise**"), relating to the operation of a "**7 Brew Drive-Thru Coffee**" store. The Unit purchased hereunder shall be used in connection with the operation of such "**7 Brew Drive-Thru Coffee**" store and in strict compliance with such agreements by and between Owner and Brew Culture Franchise. Owner further agrees that Owner has been provided a list of certain additional manufacturers that are capable of constructing a unit that is identical to the Unit purchased hereunder and that Owner has reviewed its responsibilities (including, for the avoidance of doubt, timelines regarding the opening of any "**7 Brew Drive-Thru Coffee**" store to be opened by Owner) with Brew Culture Franchise and independently chosen Manufacturer to construct the Unit and independently ensured that the Completion Date will enable Owner to satisfy any of its obligations to Brew Culture Franchise under any such agreements that exist by and between Owner and Brew Culture Franchise.

(c) The Unit will be constructed with high quality materials and in a good and workmanlike manner, and the Unit shall be built and constructed under the direct supervision of Manufacturer. Manufacturer hereby provides a warranty that the Unit shall be free from material defects and shall be constructed in a good and workmanlike manner (the "**Warranty**"). Such Warranty shall exist for one (1) year following the Completion Date (the "**Warranty Period**") but



shall expressly exclude any defects resulting from the installation of the Unit by Owner or Owner's agent. If Owner believes there exists a defect in the Unit, Manufacturer shall have the right to inspect the Unit and determine whether it believes any such defect exists in accordance with Owner's statements and belief. If such a defect exists, Manufacturer will remedy such breach of the Warranty by repairing or replacing such defective portion of the Unit at Manufacturer's sole cost and expense. Manufacturer's remedial obligations will be performed promptly and in a period consistent with Owner's reasonable requirements, time being of the essence. If Manufacturer fails or refuses to perform such repair or replacement promptly and in accordance with Owner's reasonable requirements, Owner may cause such defect to be repaired or replaced and Manufacturer shall reimburse Owner for the reasonable costs and expenses incurred by Owner related thereto.

(d) EXCEPT AS OTHERWISE EXPLICITLY SET FORTH IN THIS AGREEMENT, OWNER ACKNOWLEDGES THAT THE UNIT SOLD HEREUNDER IS PURCHASED BY THE OWNER IN ITS "AS IS, WHERE IS" CONDITION AT THE MANUFACTURING SITE AND MANUFACTURER IS NOT PROVIDING ANY WARRANTY FOR THE UNIT INCLUDING, BUT NOT LIMITED TO, AN IMPLIED WARRANTY THAT THE UNIT IS OF MERCHANTABLE QUALITY OR THAT THE UNIT CAN BE USED FOR ANY PARTICULAR PURPOSE.

#### **ARTICLE 7** **TRANSFER OF OWNERSHIP; SHIPMENT; INSTALLATION**

Until title to the Unit passes to Owner, the risk of loss with respect to the Unit will remain with Manufacturer. Ownership and title to the Unit will pass to Owner when the Unit leaves Manufacturer's Site.

Owner shall be responsible for any and all freight, shipment, and insurance charges associated with shipment of the Unit to be delivered under this Agreement; provided, however, Manufacturer's personnel will load the Unit onto the freight carrier's vehicle at the Manufacturing Site. Shipment of the Unit under this Agreement shall be F.O.B. Shipping Point. The "**Shipping Point**" shall be the Manufacturing Site. Title and risk of loss for the Unit shall pass from Manufacturer to Owner F.O.B. Shipping Point.

Owner shall coordinate, supply and pay for, at its sole cost, expense and liability, all equipment and labor required for the unloading, transportation, delivery, and installation of the Unit and any related equipment, fixtures, plumbing, electrical, heating or air systems, and other items related to operation of Owner's business (collectively, the "**Installation Services**"). Owner, or its employees, agents or representatives, shall install the Unit at Owner's location in accordance with the Installation Guide.

If Owner is not able to transport the Unit within thirty (30) days of the Completion Date, Manufacturer shall store the Unit at the Manufacturing Site, or another safe and secure facility reasonably acceptable to Manufacturer, for a fee of One Thousand and No/100 Dollars (\$1,000.00) per day (the "**Storage Fee**"). The Storage Fee will be paid for a maximum of ten (10) days. At the end of such ten (10) day period, Manufacturer shall have the right, at its election, to sell the Unit to another party and either refund Owner the Purchase Price or apply the Purchase Price paid by

Owner to another Unit that is available for shipment to Owner within thirty (30) days of the Completion Date. Owner shall pay all Storage Fee amounts due hereunder to Manufacturer in addition to the Purchase Price by wire transfer of immediately available funds to an account designated by Manufacturer.

## **ARTICLE 8**

### **INDEMNIFICATION**

(a) Owner agrees to defend, indemnify and hold harmless Manufacturer, its subsidiaries, parents and affiliates and their officers, directors, shareholders, agents, servants and employees from and against any and all third party claims, losses, liabilities, damages, expenses and costs, including reasonable attorney's fees and court costs (collectively "**Claims**" or individually a "**Claim**") arising out of (i) any grossly negligent act or omission, willful misconduct or fraud of Owner or its agents, (ii) Owner's breach of any of its representations, warranties or obligations contained in this Agreement, (iii) the alteration or modification of the Unit by the Owner or its employees, agents or representatives, (iv) the shipping or transportation of the Unit, (v) the installation of the Unit by Owner or its employees, agents or representatives, and (vi) the use of the Unit.

(b) Manufacturer agrees to defend, indemnify, and hold harmless Owner, along with its officers, directors, agents, and employees from and against any and all claims resulting from or relating to any breach by Manufacturer of any non-fulfillment of any obligation that this Agreement requires Manufacturer to perform or otherwise arising out of Manufacturer's gross negligence or willful misconduct.

(c) **LIMITATION ON DAMAGES:** IN NO EVENT SHALL THE PARTIES BE LIABLE TO EACH OTHER, OR TO THEIR RESPECTIVE OFFICERS, EMPLOYEES OR REPRESENTATIVES, OR TO ANY THIRD PARTY, FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF OWNER, OWNER'S OFFICERS, EMPLOYEES, REPRESENTATIVES OR INSUREERS, OR OF ANY THIRD PARTY, OF WHATSOEVER NATURE (INCLUDING, BUT NOT LIMITED TO, LOST BUSINESS, LOST PROFITS, DAMAGE TO GOODWILL OR REPUTATION AND/OR DEGRADATION IN VALUE OF BRANDS, TRADEMARKS, TRADENAMES, SERVICES NAMES OR SERVICE MARKS, OR INJURY TO PERSONS) WHETHER ARISING OUT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, FAILURE TO WARN OR STRICT LIABILITY), CONTRIBUTION, INDEMNITY, SUBROGATION OR OTHERWISE.

## **ARTICLE 9**

### **GENERAL PROVISIONS**

(a) **Entire Agreement.**

This Agreement and its attachments represent the entire understanding and agreement between the Parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations, if any, made by and between the Parties.

(b) **Amendments.**

The provisions of this Agreement may not be amended, supplemented, waived or changed orally, but only by a written document signed by the Party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Agreement.

(c) **Binding Effect.**

All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the Parties and their respective legal representatives, heirs, successors and permitted assigns.

(d) **Notices.**

All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing (including fax and telegraphic communication) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, Telecommunicated, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to Manufacturer:

CTAR, INC.  
313 Rollston Avenue  
Fayetteville, Arkansas 72701

If to Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Or to such other address as any Party may designate by notice complying with the terms of this Section. Each such notice shall be deemed delivered (a) on the date delivered if by personal delivery, (b) on the date telecommunicated if by telegraph, (c) on the date of transmission with confirmed answer back if by telex or telefax, and (d) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

(e) **Headings.**

The headings contained in this Agreement are for convenience of reference only, and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

(f) **Severability.**

If any part of this Agreement or any other agreement entered into pursuant hereto is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible.

(g) **Jurisdiction and Venue.**

The Parties agree and acknowledge that a substantial portion of negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Washington County, Arkansas, without regard to principles of conflicts of laws, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the Parties irrevocably and unconditionally: (i) agree that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought in the courts of record for the State of Arkansas in Washington County or the Federal District Court of the United States, Western District of Arkansas; and (ii) agree that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Arkansas.

(h) **Counterparts.**

This Agreement may be executed in one or more counterparts, each of, which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**[Signatures appear on following page]**

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

**OWNER:**

[\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**MANUFACTURER:**

**CTAR, INC.**, an Arkansas corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**SPECIFICATIONS**

**EXHIBIT B**  
**INSTALLATION GUIDE**

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**



### **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:

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	March 29, 2023
Indiana	March 29, 2023
Maryland	Pending (Exempt)
Michigan	March 27, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	March 29, 2023
Virginia	Pending
Washington	Pending
Wisconsin	March 29, 2023

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

## 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 Brew Culture Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan law requires that Brew Culture Franchise, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we 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 Brew Culture Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit G.

The franchisor is Brew Culture Franchise, LLC, located at 313 Rollston Avenue, Fayetteville, Arkansas 72701, (479) 358-9274.

Issuance date: March 27, 2023

The franchise sellers for this offering are Andrew G. Ritger, Jr. and John Davidson at Brew Culture Franchise, LLC, located at 313 Rollston Avenue, Fayetteville, Arkansas 72701, (479) 358-9274.

We authorize the respective state agents identified on Exhibit F to receive service of process for us in the particular states. I received a disclosure document from Brew Culture Franchise, LLC issued as of March 27, 2023, that included the following Exhibits:

- A. Franchise Agreement
- B. Development Rights Rider to Franchise Agreement
- C. Financial Statements
- D. List of Franchisees / Departed Franchisees
- E. Operations Manual Table of Contents
- F. List of State Agencies/Agents for Service of Process
- G. State-Specific Addenda and Franchise Agreement Riders
- H. Sample General Release
- I. Franchisee Representations
- J. Manufacturing Agreement

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Date

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Prospective Franchisee [Print Name]

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Prospective Franchisee [Signature]

***(Date, sign, and return to us at our address above or by emailing a scanned copy of the signed and dated Receipt to [drew.ritger@7brew.com](mailto:drew.ritger@7brew.com).***

## 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.

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- J. Manufacturing Agreement

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Date

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Prospective Franchisee [Print Name]

---

Prospective Franchisee [Signature]

***(Date, Sign, and Keep for Your Own Records)***