


FRANCHISE DISCLOSURE DOCUMENT

	<p>Summer Moon Franchising LLC a Texas limited liability company 1800 Elder Hill Road Driftwood, Texas 78619 Telephone: (512) 923-7764 franchise@summermoon.com www.summermoon.com</p>
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The franchise offered is for the establishment of one or more Summer Moon Coffee Shop franchised businesses (each a “Summer Moon Coffee Shop”) that offer and sell specialty oak-roasted coffees, teas, merchandise, baked goods, whole bean coffee, and other food products and beverages.

The total investment necessary to begin operation of a single Summer Moon Coffee Shop ranges from \$596,150 to \$986,500. This includes \$72,000 to \$86,500 that must be paid to us or our affiliates for initial franchise fees, initial training and grand opening support fees, development services fees, design coordination packet layout fees, design fees and the purchase of proprietary beverage products and services.

If you obtain development rights to develop, open and operate more than one Summer Moon Coffee Shop, pursuant to a development agreement, you must also pay a separate Development Area Rights Fee equal to \$10,000 times the total number of Summer Moon Coffee Shops required to be developed under the development agreement. The initial franchise fee is \$25,000 for each Summer Moon Coffee Shop developed under the development agreement. The total investment necessary to operate under a development agreement ranges from \$21,500 to \$63,000. This includes \$20,000 to \$60,000 that must be paid to us as the Development Area Rights Fee.

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 the 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shannon Callender at 1800 Elder Hill Road, Driftwood, Texas 78619, (512) 222-7563.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: April 24, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas 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.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.”
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

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

The Franchisor is Summer Moon Franchising LLC. To simplify the Disclosure Document, Summer Moon Franchising LLC is referred to as “Summer Moon,” “we,” “us,” or “our”. “You” means the person or legal entity who buys the franchise or development rights, the Franchisee or Developer. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the Franchise Agreement and/or Development Agreement (defined below) also will apply to, and be binding upon, certain of your owners (referred to as your “Principals”). We will require that one of your Principals speak for you (the “Controlling Principal”) and that the Controlling Principal and certain of your Principals that we designate personally guarantee, and be personally bound by, some or all of your obligations under the Franchise Agreement and the Development Agreement.

The Franchisor

We are a Texas limited liability company formed on March 4, 2020. Our principal place of business is 1800 Elder Hill Road, Driftwood, Texas 78619. We do business under our corporate name and under our product trade names “Summer Moon” and “Summer Moon Coffee Shop”. We do not do business or intend to do business under any other name. Our agents for service of process are listed in Exhibit A.

We do not directly own or operate any Summer Moon Coffee Shops as of the date of this Disclosure Document. We began offering franchises for the operation of Summer Moon Coffee Shops in May 2020. We have not offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

Except as stated below, we do not have any parents, predecessors or affiliates required to be disclosed in this Disclosure Document.

Our direct parent is SummerMoon Holdings, LLC, a Texas limited liability company formed on December 30, 2019 (“Holdings”). Holdings has not offered franchises in any line of business. Holdings shares our principal address.

Our immediate predecessor and affiliate is Coffee Unplugged, LLC, a Texas limited liability company formed on January 30, 2013 (“Coffee Unplugged”). Coffee Unplugged began offering and selling licenses for an earlier version of Summer Moon Coffee Shops in May 2015. As of the December 31, 2022, Coffee Unplugged had 6 licensees operating 21 licensed Summer Moon Coffee Shops in and around Austin, Dallas-Fort Worth, Houston and San Antonio, Texas, and Overland Park, Kansas, with additional licensed Summer Moon Coffee Shops in development in Lee’s Summit, Missouri and San Antonio, Texas. Coffee Unplugged is also the owner of the “Summer Moon Coffee Shop” trademark, related marks and operating system, which it has licensed to both Holdings and us as described in Item 13. Finally, Coffee Unplugged is also currently the sole approved supplier for certain of our Approved Food and Beverage Products and

Services (defined below), including Proprietary Food and Beverage Products and Services (defined below) such as 12 oz “retail size” bags of coffee, wholesale bulk coffee bean bundles, Moon Juice and cold brewed Nitro, and other related products and services such as uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies. Coffee Unplugged shares our principal address.

Coffee Unplugged’s predecessor is SummerMoon Coffee Roasters, a Texas sole proprietorship formed in November 2004 by our Board Member Dustin Karnes. SummerMoon Coffee Roasters assets were merged into Coffee Unplugged in January 2013. SummerMoon Coffee Roasters shares our principal address.

Neither Holdings, Coffee Unplugged nor SummerMoon Coffee Roasters directly own or operate any Summer Moon Coffee Shops as of the date of this Disclosure Document, but sole purpose operating entities affiliated with one or more of them own and operate a total of 9 company-affiliated Summer Moon Coffee Shops in and around Austin and Houston, as of the date of this Disclosure Document.

Except as noted above, neither Holdings, Coffee Unplugged nor SummerMoon Coffee Roasters has offered franchises in any line of business.

The Franchise Offered

We offer franchises for the right to locate, own and operate one or more Summer Moon Coffee Shops that offer and sell Summer Moon branded specialty oak-roasted coffees, teas, merchandise, baked goods, whole bean coffee, and other food products and beverages and related menu items (“Approved Food and Beverage Products and Services”) from a fixed, physical location in a specific geographic area. Certain of the Approved Food and Beverage Products and Services used, offered and sold in the Summer Moon Coffee Shops are proprietary to us as further described in Item 8 (collectively, “Proprietary Food and Beverage Products and Services”).

Summer Moon Coffee Shops will typically be located in retail strip malls or in-line shopping centers, and non-traditional locations, in high traffic urban and suburban areas, preferably near large residential communities, office buildings and other commercial areas, and typically need approximately 1,800 to 2,200 square feet.

Summer Moon Coffee Shops are characterized by a system (the “System”) which includes development guidelines, opening guidelines, operational guidelines, initial and ongoing training programs, business methods, designs, arrangements and Brand Standards for developing and operating Summer Moon Coffee Shops, including those pertaining to site selection, conversion, construction, exterior and interior building design, signage and layouts, furniture, fixtures, equipment, specifications for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered to Customers, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information and technology systems, all of which we may improve, further develop or otherwise modify from time to time.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “Summer Moon” and others we may authorize for use by Summer Moon Coffee Shops (the “Marks”). We expect to continue to improve and further develop the System and provide new information and techniques to all franchisees. You must operate your Summer Moon Coffee Shop according to the System.

We offer franchise agreements (“Franchise Agreements”) which grant the right to construct, own and operate one Summer Moon Coffee Shop at a designated site (the “Summer Moon Coffee Shop Address”) within a designated area (the “Summer Moon Coffee Shop Territory”) for an initial term of 10 years. Our form of Franchise Agreement is attached to this Disclosure Document as Exhibit B. You must sign our Franchise Compliance Certification when you sign your Franchise Agreement. A copy of our Franchise Compliance Certification is attached as Exhibit J.

We may also offer you a development agreement (the “Development Agreement”), which grants you the right to enter into multiple Franchise Agreements to construct, own and operate multiple Summer Moon Coffee Shops within a particular geographic area (the “Summer Moon Coffee Shop Development Area”). Our form of Development Agreement is attached to this Disclosure Document as Exhibit C. You must enter into a separate Franchise Agreement for each Summer Moon Coffee Shop you establish under the terms of a development schedule attached to the Development Agreement (the “Development Schedule”). The number of Summer Moon Coffee Shops to be developed under each Development Agreement varies depending on factors such as the size, income and population density of the Summer Moon Coffee Shop Development Area, which will be determined before you sign your Development Agreement. You must sign the form of Franchise Agreement attached as Exhibit B for the first Summer Moon Coffee Shop described in the Development Schedule when you sign the Development Agreement. You must sign the then-current form of Franchise Agreement for each additional Summer Moon Coffee Shop described in the Development Schedule.

Under the Development Agreement, you must satisfy certain conditions before you will have the right to sign Franchise Agreements for each Summer Moon Coffee Shop, including operational, financial and legal conditions.

Operational conditions require that you and your affiliates are in compliance with all agreements between you or your affiliates and us and our affiliates. You must be conducting the operation of your existing Summer Moon Coffee Shop(s), if any, and be capable of conducting the operation of the proposed additional Summer Moon Coffee Shop (a) in accordance with the terms and conditions of the Development Agreement, (b) in accordance with the provisions of the respective Franchise Agreements, and (c) in accordance with the standards, specifications, and procedures set forth and described in the Brand Standards Manual, as such Brand Standards Manual may be amended from time to time, or otherwise in writing.

Financial conditions require that you and your Controlling Principals satisfy our then-current financial criteria for developers and Controlling Principals of Summer Moon Coffee Shops with respect to the operation of your existing Summer Moon Coffee Shops, if any, and the proposed Summer Moon Coffee Shop. You and your affiliates cannot be in default, and must not have been in default during the prior 7 years, of your monetary obligations owed to us or our affiliates under

the Development Agreement, any Franchise Agreement or other agreement between you or your affiliates and us or any of our affiliates.

Legal conditions require that you have submitted to us, in a timely manner, all information and documents which we request before and as a basis for the issuance of individual franchises or under any right granted to you by the Development Agreement or by any Franchise Agreement. You must also take such additional actions as we may request from time to time. You and your Controlling Principals must have been and must then currently be faithfully performing all terms and conditions of your Development Agreement, each of your existing Franchise Agreements and any other agreement among us, you or any of your respective affiliates.

We typically require you to sign a confidentiality agreement with us before we begin material discussions with you regarding the franchise offering. Our form of confidentiality agreement is attached as Exhibit D. We may also require you to complete a franchise application and provide us with certain information and documentation regarding you and your Controlling Principals. Our form of franchise application is attached as Exhibit E.

Prospective Summer Moon Coffee Shop franchisees are typically newly formed entities or individuals wanting to own and operate a franchised coffee shop. Prospective Summer Moon Coffee Shop franchisees typically have some prior experience in the restaurant or food service business sector.

Summer Moon Coffee Shop franchisees may offer the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and other related approved products and services to any potential Customer that enters into their Summer Moon Coffee Shop.

Market and Competition

The market for specialty coffee, tea and other beverage products is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses as well as in some instances national and local supermarkets and other retailers. These restaurants and beverage shops compete on the basis of factors such as price, service, store location and food quality. These businesses are not seasonal in nature, but are often affected by other factors as well, such as changes in consumer taste, economic conditions, population and travel patterns.

Industry Specific Laws

The restaurant and foodservice industry is heavily regulated in the United States by federal, state, and local governments.

The Affordable Care Act of 2010 and regulations issued by the U.S. Food and Drug Administration (the so-called “menu labeling rule”) require covered retail foodservice establishments, including those that are part of a chain of 20 or more units, to disclose to consumers, on menu boards, online ordering platforms, and otherwise, certain nutritional information regarding menu items.

Other laws have particular applicability to restaurants and other retail foodservice establishments, including food safety and health and sanitation laws and liquor license laws, liquor liability, and dram shop laws (if alcoholic beverages are offered or sold on the premises). Many states and municipalities also require specific licensure or training in sanitation and safety laws before permitting a restaurant to serve the public.

Recently, some cities have enacted laws that impose specific burdens targeted on restaurants and other retail foodservice establishments that serve foods or beverages that are high in sugar and/or salt. Such cities may require restaurants operating in their jurisdiction to pay additional taxes on the sale of sugar sweetened beverages and/or may require restaurants or other retail foodservice establishments to warn consumers of high-sodium menu items.

Some states and cities also require that restaurants and other retail food establishments provide information to consumers about food allergens.

To operate the Summer Moon Coffee Shop, you will need to determine and understand the laws that apply in your geographic area and then implement compliance procedures, as needed, to ensure your Summer Moon Coffee Shop's full compliance with applicable laws and regulations.

Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupation, Health and Safety Act, also apply to restaurants and other retail foodservice establishments. Your development and operation of the Summer Moon Coffee Shop will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and tip credits and other employee matters. It is likely that a significant number of your Summer Moon Coffee Shop's food service and preparation personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect your labor costs.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We recommend that you check with your state and local agencies to determine which laws apply to the operation of a Summer Moon Coffee Shop in your area. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2
BUSINESS EXPERIENCE

We do not have any officers. Except as noted below, the following persons are employed or associated with our parent Holdings and/or Coffee Unplugged:

Board Member: Dustin Karnes

Dustin has served as a Board Member of our parent Holdings since January 2020 and President and as CEO of Coffee Unplugged since January 2013.

Board Member: Justin Terry

Justin has served as a Board Member of our parent Holdings since January 2020 and as a Board Member of Coffee Unplugged since January 2013.

Board Member: Lorin Radtke

Lorin has served as a Board Member of our parent Holdings from February 2022 through July 2022, and from March 2023 to the present. Since June 2016, Lorin has served as co-founder of M Seven 8 in Austin, Texas. Since May 2021, Lorin has also served as a Board Member of Assured Guaranty in Hamilton, Bermuda. Since September 2021, Lorin has also served as a Board Member of Lord, Abbett and Co., LLC in Jersey City, New Jersey.

Chief Roastmaster and Coffee Buyer: Bruce Karnes

Bruce has served as Chief Roastmaster and Coffee Buyer of Coffee Unplugged since January 2013.

Chief Financial Officer: Tom Deveney

Tom has served as Chief Financial Officer of our parent Holdings since October 2021. From July 2019 to October 2021, Tom served as Mergers and Acquisitions Director at SGH Strategic Investment Partners in Austin, Texas. From August 2011 to July 2019, Tom served various positions, including Vice President at Mastodon Ventures, Inc. in Austin, Texas.

Director of Development: Sarah McKown

Sarah has served as Director of Real Estate Development since August 2022. From January 2018 to August 2022, Sarah served as Senior Project Manager, New Store Development at Torchy's Tacos, in Austin, Texas. From January 2008 to December 2017, Sarah served as Senior Project Manager at DCF Austin, in Austin, Texas.

Shannon Callender: Senior Franchise Manager

Shannon has served as Franchise Coordinator of our parent Holdings since October 2021, and became the Senior Franchise Manager in April of 2023. From April 2018 to February 2022, Shannon served as the Business Process Manager of Summit Stoneworks in Buda, Texas.

Rodney Montague: Training Excellence Manager

Rodney has served as Training Excellence Manager for Summer Moon Coffee since January 2021. From August 2018 to January 2021, Rodney served as Assistant General Manager at the Summer Moon – Westlake Summer Moon Coffee Shop. He served as a Summer Moon Barista from October 2017 to August 2018 in the Austin, Texas area.

**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

Initial Franchise Fee

The initial franchise fee is \$25,000 for each Summer Moon Coffee Shop. The initial franchise fee is paid when you sign the Franchise Agreement and is not refundable under any circumstances. During our 2022 fiscal year, we sold one franchise for no initial franchise fee.

Initial Training and Grand Opening Support Fee

We charge a \$20,000 Initial Training and Grand Opening Support Fee for your first Summer Moon Coffee Shop. The Initial Training and Grand Opening Support Fee covers the initial training of your first Controlling Principal, your first General Manager and one other designated and approved trainee before you open your first Summer Moon Coffee Shop, but if you send more persons to be trained or require additional training beyond our standard initial training program we may charge you additional training fees (currently only our out-of-pocket expenses, if any). You must pay the

Initial Training and Grand Opening Support Fee before your personnel attend initial training for your first Summer Moon Coffee Shop.

The Initial Training and Grand Opening Support Fee also covers the cost for up to 3 of our operations representatives to travel to your first Summer Moon Coffee Shop for on-site pre-opening and opening training, supervision and assistance for at least 5 consecutive days in the aggregate immediately before your scheduled opening date and after your first Summer Moon Coffee Shop opens for business. Post-opening support is available as well based on the General Services Administration per diem rates in your geography plus a salary and administrative fee of \$200 per day per person attending from the Franchisor's team.

If your Summer Moon Coffee Shop is your second or other additional Summer Moon Coffee Shop, we expect you to provide your own initial training and opening support team for your Summer Moon Coffee Shop, but if you request some lesser level of initial training and/or opening support (or, if we deem some lesser level of initial training and/or opening support necessary), we will charge you a reduced Initial Training and Grand Opening Support Fee based on the cost for our time, travel, accommodation and other related labor costs associated with such lesser level of initial training and/or opening support provided, not to exceed 62.5% of the then-current initial training and/or grand opening support fee for such Summer Moon Coffee Shop.

Development Services Fee

We also charge an up-front Development Services Fee of \$12,000 for each Summer Moon Coffee Shop. This fee is used to cover pre-opening support such as onboarding to our Basecamp platform, maintenance of franchise-related files within our Google Drive, buildout budget review, weekly or bi-weekly calls as available/necessary once your General Contractor is selected to assist Summer Moon Coffee Shop construction monitoring and support, site selection support and required travel, Summer Moon Coffee Shop design review and approval (including signage and drive thru approvals), vendor usage verification, initial onboarding to the Olo system and addition to the Olo online ordering dashboard, merchandising order approval, as well as other ongoing administrative and general project management before the opening your Summer Moon Coffee Shop.

None of the above fees or payments are refundable once paid.

Development Agreement

If you sign the Development Agreement, you must pay a separate Development Area Rights Fee equal to \$10,000 multiplied by the total number of Summer Moon Coffee Shops to be developed under the Development Agreement.

You must sign the Franchise Agreement for your first Summer Moon Coffee Shop at the same time you sign the Development Agreement, and you must pay the Development Area Rights Fee and the initial franchise fee for your first Summer Moon Coffee Shop at that time.

The Development Area Rights Fee is not refundable once paid.

Design Coordination Packet Layout Fee and Design Fee

You must pay us a Design Coordination Packet Layout Fee of \$6,000, which we use to pay our third party design coordination vendor. See Item 8. You pay us \$3,000 within 30 days of signing the Franchise Agreement and the remaining \$3,000 within 30 days of your receipt of the Design Coordination Packet. In addition, our third party vendor offers furniture purchasing services at an optional rate of \$150/hour, which we may collect and pay to the vendor.

You must also pay us a Design Fee of \$1,500, which we use to pay our third party design vendor. See Item 8. You pay us the Design Fee within 30 days of your receipt of the Design Coordination Packet.

The Design Coordination Packet Layout Fee and the Design Fee are not refundable once paid.

Initial Product Purchases

Before you open your Summer Moon Coffee Shop, you must also purchase certain Proprietary Beverage Products and Services from Coffee Unplugged in the approximate amount of \$7,500 to \$8,000 (reflecting one week of purchases). See Item 8 for additional details. You must also purchase from Coffee Unplugged uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies, among other items, in the approximate amount of \$15,000. See Item 8 for additional details.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (1)	6% of Gross Sales	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period with respect to your Gross Sales for the preceding Accounting Period.	<p>“Accounting Period” means each calendar month or such other period as we designate. We may change the Accounting Period to weekly on 30 days’ written notice to you. You must adopt our fiscal year.</p> <p>“Gross Sales” means the aggregate of all revenue and income from whatever source derived, whether or not collected by you and whether it is in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to your Summer Moon Coffee Shop including, without limitation, (a) income from the sale of any Approved Food and Beverage</p>

Type of Fee	Amount	Due Date	Remarks
			<p>Products and Services, Proprietary Food and Beverage Products and Services and related products and services sold to Customers; (b) income from any other types of products sold or services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds, cancellation fees and discounts made in good faith to a Customer; (ii) any sales, goods and services and equivalent taxes which are collected by you for or on behalf of any governmental or other public body and actually remitted to such body; (iii) tips paid by Customers to Summer Moon Coffee Shop personnel; and (iv) the value of any gift card, coupon, voucher or other allowance authorized by us and issued or granted to Customers of your Summer Moon Coffee Shop which is received or credited by you in full or partial satisfaction of the price of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered in connection with your Summer Moon Coffee Shop.</p>
Advertising Fee	Currently 0% of Gross Sales, but we reserve the right to implement and require payment of an Advertising Fee up to 2% of Gross Sales	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period with respect to your Gross Sales for the preceding Accounting Period.	We reserve the right to implement an Advertising Fee upon 30 days' written notice to you and then also increase or decrease the amount of the Advertising Fee upon 30 days' written notice to you in an amount up to 2% of your Gross Sales.

Type of Fee	Amount	Due Date	Remarks
Summer Moon Technology Fee	An amount we set for each calendar year based on our then current estimated costs and payable in installments each Accounting Period; currently \$270 per Accounting Period per Summer Moon Coffee Shop.	Payable within 5 days of the end of each Accounting Period.	The Summer Moon Technology Fee is for technology-based innovation expenditures that we deem valuable investments for the Summer Moon System, which may include new Technology and Information Systems, the Summer Moon Operating System, mobile training and operational performance software, cloud-based franchise-management solutions (such as Google Workspace, up to 2 accounts/unit/month), IT phone support and database maintenance, digital marketing, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions loyalty programs, Customer surveys and other operational functions for your Summer Moon Coffee Shop.
Additional Support Services Fees and Costs	<p>An amount equal to the incremental costs for mandatory or optional technology and/or support services beyond the contractual thresholds covered by the Technology Fee.</p> <p>Currently, with respect to our mobile ordering application service, additional fees for which we seek reimbursement beginning at \$0.12 per order and declining to \$0.06 per order based on volume (with a minimum of \$84 per month per location).</p> <p>Separately, with respect to our current point of</p>	On demand if/when applicable and incurred	<p>Payable for additional technology costs that we incur on your behalf beyond costs covered by the Technology Fee, including with respect to our mobile ordering application service and/or or point of sale system.</p> <p>The incremental costs may be incurred with respect to mandatory programs or optional programs in which you elect to participate.</p>

Type of Fee	Amount	Due Date	Remarks
	<p>sale system, our current vendor's additional costs include: additional weekend, after hours and on-site holiday charged at rates of \$100/hour with a minimum 2 hours booking. Additional on-site rates are currently \$250 for 4 hours and \$500 for 8 hours. Additional travel (if required) and hardware costs may apply.</p> <p>We will also charge for additional Google Workspace accounts at an estimated rate of \$12.99/month above the 2 accounts included in the Summary Moon Technology Fee.</p>		
Extension Fee (Development Agreement)	\$2,500 (per 75-day extension)	Upon demand as a condition to an extension under the Development Agreement.	You may obtain a one-time, 75-day extension of your time to open a Summer Moon Coffee Shop under the Development Schedule if you meet certain conditions, including payment of the Extension Fee.
Convention Fees	Set before each convention or meeting based on anticipated actual costs	Upon demand.	Payable to offset a portion of our costs in organizing and holding annual or other periodic conventions or meetings.
Maintenance and Alteration	As needed to your Summer Moon Coffee Shop	Work to be done within 60 days of notice from us.	Paid to third parties in amount and at times agreed on with third party
Transfer Fee (Franchise Agreement)	\$10,000	Before consummation of transfer.	Payable when you sell the assets of your franchise or a controlling ownership interest in the franchise or when you sell all of your

Type of Fee	Amount	Due Date	Remarks
			development rights or a controlling interest in yourself.
Transfer Fee (Development Agreement)	An amount equal to the sum of \$5,000 multiplied by the number of remaining Summer Moon Coffee Shop to be opened under your Development Agreement.	Payable before transfer.	Payable when you sell your development rights. No charge if transfer is to a corporation you solely control.
Successor Fee	\$12,500	On entering into a successor franchise agreement, on expiration of the Franchise Agreement.	The successor fee is in addition to any Summer Moon Coffee Shop upgrade costs that may be required.
Additional Persons at Initial Training	If you desire additional persons to attend our orientation and operations training, a fee for each additional person is due us. Currently, an amount equal to our personnel's travel expenses and room, board and wages.	Before or at beginning of initial training for the additional or replacement Training Team participant.	Payable to us only if you request additional trainees be permitted to attend and we consent, or if you have replacement trainees.
Required Education/ Training Programs	If we require your attendance at education programs/training sessions sponsored or held by us, we may charge you a fee for such attendance.	Before or at beginning of said program/seminar.	Payable to us or seminar/ training program sponsor.
FF&E Upgrades	An amount determined by us or your third-party suppliers based on your satisfying our then current furniture, fixtures and equipment standards.	As incurred	We may require you to incorporate new or upgraded furniture, fixtures and equipment into your Summer Moon Coffee Shop periodically based on our then current minimum standards.

Type of Fee	Amount	Due Date	Remarks
Prospectus Review Fee	Reimbursement for our costs.	As incurred.	Payable if you or your Principals go public or raise monies through a stock prospectus.
Indemnification Costs	Reimbursement of defense costs we incur and payment of judgments against us arising from your conduct.	After notice from us.	Only applies if a claim is made against us based on your conduct.
Enforcement Costs	Our actual costs.	On demand.	Payable only if we incur fees and costs to enforce the Franchise Agreement or Development Agreement after your breach.
Audit and inspection costs	Our reasonable expenses, including wages and any professional expenses.	On demand.	We have the right to audit or inspect your Summer Moon Coffee Shop, and charge you our costs if you are not in compliance or we have to re-audit or re-inspect to confirm compliance after a default.
Reimbursement of Insurance Costs	Premiums on required insurance we pay on your behalf	Immediately on notice from us.	Only applies if you fail to obtain required insurance and we elect to pay the premiums for your insurance.
Interest and Late Payments	1.5% of past-due amounts per calendar month or maximum rate allowed by law, whichever is less; also our collection costs.	Immediately on receipt of claim from us.	Applies only on past-due amounts. Note: 10% per annum is the highest interest rate allowed in California.
Liquidated Damages for Early Termination (Franchise Agreement)	An amount equal to the average of the Royalty Fees paid (or payable) over the past 12 months times the lesser of 24 or the number of full calendar months remaining in the term of the Franchise Agreement at the time of termination	Within fifteen days of demand.	Payable if we terminate your Franchise Agreement for cause, or if you terminate without satisfying your conditions for termination.
Liquidated Damages for Breach of Post-	200% of the Continuing Fees that you would otherwise have been obligated to	Within fifteen days of demand.	Payable if you breach your post-termination obligations after the expiration or earlier termination of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Termination Obligations (Franchise Agreement)	us with respect to the operations of your Summer Moon Coffee Shop if still a franchisee.		
Liquidated Damages for Breach of Non-Competition Covenant (Franchise Agreement)	A monthly fee equal to 15% of the competing businesses' revenues	Within fifteen days of demand.	Payable if you breach your noncompetition covenants.

Notes:

1. Except as otherwise indicated above, all fees and expenses described in this Item 6 are uniformly imposed by, and payable to, us and are non-refundable. Except as listed above, there are no other fees under Franchise Agreements or Development Agreements due or payable to us, or which we impose or collect in whole or in part on behalf of any third party.

ITEM 7
ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Made
Initial Franchise Fee ⁽¹⁾	\$25,000	As arranged	On Signing of the Franchise Agreement	Us
Development Services Fee ⁽²⁾	\$12,000	As arranged	On Signing of the Franchise Agreement	Us
Real Property/Site Lease ⁽³⁾	\$20,000 to \$40,000	As arranged	As agreed	Third Parties
Design/Planning	\$7,500 to \$9,500	As arranged	As arranged	Us on behalf of interior designer
Architect and MEP	\$15,000 to \$30,000	As arranged	As arranged	Architect/MEP Firm
Leasehold Improvements ⁽⁴⁾	\$260,000 to \$525,000	As arranged	As agreed	Contractor
Furniture, Fixtures, and Equipment ⁽⁵⁾	\$121,000 to \$145,000	As arranged	As agreed	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Made
Opening Inventory ⁽⁶⁾	\$30,000 to \$32,000	As arranged	As agreed	Vendors and Coffee Unplugged
Smallwares ⁽⁶⁾	\$6,000 to \$10,000	As arranged	As agreed	Vendors
Signage ⁽⁷⁾	\$27,000 to \$50,000	As arranged	As agreed	Vendors
Drive Thru	\$20,000 to \$25,000	As arranged	As agreed	Vendors
Soft Costs ⁽⁸⁾	\$2,500 to \$5,000	As arranged	As agreed	Vendors
Insurance ⁽⁹⁾	\$2,400 to \$5,000	As arranged	As agreed	Insurance Company
Point of Sale ⁽¹⁰⁾	\$2,000 to \$5,000	As arranged	As agreed	Vendors
Computer Hardware/Software ⁽¹⁰⁾	\$5,000 to \$6,000	As arranged	As agreed	Us and Vendors
Initial Training and Grand Opening Support Fee/Training Costs ⁽¹¹⁾	\$20,000 to \$30,000	As arranged	Before training	Us and Vendors
Security and Utility Deposits ⁽¹²⁾	\$250 to \$3,500	As arranged	As agreed	Vendors and Utility Companies
Business Licenses ⁽¹³⁾	\$500 to \$3,500	As arranged	As agreed	Licensing Authority
Additional Funds – 3 months ⁽¹⁴⁾	\$20,000 to \$25,000	As arranged	As Agreed	Vendors
TOTAL FOR A SINGLE FRANCHISE AGREEMENT ⁽¹⁵⁾	\$596,150 to \$986,500 (excludes costs for the purchase of land)			
Development Agreement				
Summer Moon Coffee Shop Development Area Rights Fee ⁽¹⁶⁾	\$20,000 to \$60,000	As arranged	Upon Signing Development Agreement	Us
Development Agreement Training ⁽¹⁷⁾	\$500 to \$1,500	As Arranged	As Necessary	Us
Additional Funds – 3 months ⁽¹⁸⁾	\$1,000 to \$1,500	As Arranged	As Necessary	You Determine
TOTAL FOR AN AREA DEVELOPMENT AGREEMENT	\$21,500 to \$63,000			

Explanatory Notes

1. Initial Franchise Fee. The Initial Franchise is \$25,000 and payable when you sign the Franchise Agreement. If you enter into a Development Agreement, you will pay a separate Development Fee equal to \$10,000 multiplied by the total number of Summer Moon Coffee Shop

to be developed under the Development Agreement. The Initial Franchise Fee and Development Fee are separate and non-refundable once paid.

2. Development Services Fee. The Development Services Fee is \$12,000 and payable when you sign the Franchise Agreement. The Development Services Fee is non-refundable once paid. See Item 5.

3. Site Lease. Preferred locations for the Summer Moon Coffee Shops are in outside strip shopping centers in heavily-populated urban and suburban areas where you will have a small in-line, end cap and/or drive-thru retail Summer Moon Coffee Shop. We expect you will lease the premises for your Summer Moon Coffee Shop. The cost of leasing real estate will vary, depending on location and other factors. The low number estimates initial lease acquisition costs and lease payments for a period of 4 months (consisting of 1 month before your anticipated opening and then an additional 3-month period) for a typical, small to medium sized Summer Moon Coffee Shop located in a suburban area. The high number estimates initial lease acquisition costs and lease payments for a period of 4 months (consisting of 1 months before your anticipated opening and then an additional 3-month period) for a larger sized Summer Moon Coffee Shop located in an urban area with a drive-thru.

We do not typically recommend that you purchase the land and building for your Summer Moon Coffee Shop. If you purchase land and/or a building, your cost will be substantially higher, and will vary depending on the market for real estate in your area. We do not provide any cost estimates for the purchase of land and/or the building for your Summer Moon Coffee Shop.

4. Leasehold Improvements. Your Summer Moon Coffee Shop will be established in accordance with our current Summer Moon Coffee Shop designs. Building costs for our current in-line or end-cap Summer Moon Coffee Shop designs may be offset by negotiated landlord contributions (i.e., tenant allowance), which can range from \$15 to \$60 per square foot, depending on whether you build out an existing premise or undergo new construction, and will vary by building size. Our current Summer Moon Coffee Shop design consists of approximately 1,000 to 2,200 square feet of interior space, and that your lessor will provide a shell space that includes, at a minimum, a level concrete floor suitable for floor covering, demising walls, and air-conditioning, electricity, gas, sewers, bathroom facilities, and water and plumbing suitable for a retail business. Among other things, you will probably need to arrange for the following items to meet our standard plans and specifications: proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, storefront modifications, painting, cabinetry, and the like. Costs will vary depending upon various factors, including: the existence of a drive-thru; the geographic location of your business; the size of the premises; the availability and cost of labor and materials; and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. Lessors may, instead of constructing or installing some of the improvements itself, provide you with credits towards your future rent payments and/or a tenant improvement allowance. The lower amount assumes a smaller space within our design parameters in a suburban area or a second generation buildout with existing required building improvements, and the higher amount assumes a larger space within our design parameters in an urban area without your landlord contributing to your build-out.

5. Furniture, Fixtures and Equipment. The furniture, fixtures and equipment costs are based on the current costs charged by our suppliers and vendors for the required or approved furniture, fixtures and equipment set forth in our Brand Standards for the buildout of your Summer Moon Coffee Shop, including (without limitation) semi-automatic La Marzocco Model: Linea Classic S AV – 3 group espresso machine, Mazzer Robur espresso grinder, water purification systems, coolers and refrigeration equipment, cooking equipment, display cases, food preparation tables, serving counters, customer tables, seating, stereo, various trade dress and décor items, small wares, and other fixtures, furnishings and equipment. This estimate also includes the cost of your office furniture, filing cabinet and miscellaneous office supplies, and equipment. We do not currently purchase or resell the required or approved furniture, fixtures and equipment to you, but we may do so in the future.
6. Smallwares and Opening Inventory. Smallwares include utensils, flatware and all handheld equipment for use in food preparation, handling and processing. They do not include furniture, fixtures and major equipment. Opening inventory consists of 12 oz “retail size” bags of coffee, wholesale bulk coffee bean bundles, Moon Juice and cold brewed Nitro plus disposables, chemicals, cleaning supplies, uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies. Coffee Unplugged supplies these opening inventory items. Please see Items 5 and 8 for additional details.
7. Signage. Your signage costs will depend on whether you lease a free-standing, endcap, drive-thru or inline location, and whether you have architectural, municipal or lease restrictions on the signage you can use at your Summer Moon Coffee Shop premises. In all cases, you are required to meet or exceed our specifications for your signage unless you are restricted by local ordinance from meeting our specifications.
8. Soft Costs. Soft costs include permits; utility connection or “tap” fees plus all other fees imposed by federal, state, and/or local jurisdiction and which are necessary to obtain certificate of occupancy; meeting costs; title reports; legal services; soil analysis; printing of plans; and ancillary items.
9. Insurance. You must carry insurance as required in the Franchise Agreement. The amount in the table represents our best estimate of the premiums required for commercial general liability, business automobile liability, employee benefits liability, property, workers’ compensation and umbrella liability insurance during a Summer Moon Coffee Shop’s first year of operation. However, your costs may vary from those described in the table.
10. Computer System and Software. Computer System and Software covers all of the initial components of our required Technology and Information Systems, including a laptop computer, printer and router that will run our Technology and Information Systems. See Items 8 and 11.
11. Initial Training and Grand Opening Support Fee /Training Costs. The amounts shown include the Initial Training and Grand Opening Support Fee you pay to us for initial training and opening support for your first Summer Moon Coffee Shop plus the estimated cost of travel, lodging, meal and incidental expenses for your Controlling Principal, General Manager and one other designated and approved person to attend our required initial training program. This program

will include training at our headquarters in Driftwood, Texas, and one or more company-affiliated Summer Moon Coffee Shops in or around the Austin, Texas metropolitan area. See Item 1. Your expenses will vary depending on the number of trainees that attend the initial training program, the distance traveled, method of travel and choice of accommodations, as well as the distance traveled, method of travel and choice of accommodations for our opening support personnel. See Items 5 and 11. In addition, opening photography/videographer and promotional print costs are required at your Summer Moon Coffee Shop opening.

12. Security and Utility Deposits. Security and utility deposits include estimated deposits for leased premises and equipment, telephone service, internet service and other utilities. The estimate in the chart above includes your first month's rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed the security deposit to your landlord will equal one month's rent, although this may vary from landlord to landlord. The estimates assume that rent commences upon the Summer Moon Coffee Shop's opening. You, however, will need to lease a space in advance to build-out the Summer Moon Coffee Shop. You may of course attempt to negotiate an abatement from the lessor for this period.

13. Business Permits and Licenses. The range given provides our best estimate of the costs you will incur for business permits and miscellaneous deposits, excluding utility deposits which are included elsewhere herein.

14. Additional Funds. Additional funds include expenses for wages, occupancy costs, professional expenses and other recurring expenses before the opening of the Summer Moon Coffee Shop, and during the first three months of operation. The estimate assumes that you will employ an attorney to help you negotiate your lease for the Summer Moon Coffee Shop premises. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Summer Moon Coffee Shop. In addition, you may also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the licensing requirements that may apply to your Summer Moon Coffee Shop.

15. Total for a single Franchise Agreement. This total is an estimate of your initial investment and the expenses you will incur during the first 3 months of operations. As stated in Note 2, we have not included any real estate purchase costs. In compiling this chart, we relied on our experience and the experience of our personnel developing and operating Summer Moon Coffee Shops in Texas beginning in 2005, as well as information supplied by our franchisees for recent Summer Moon Coffee Shop openings. The amounts shown are estimates only and may vary for many reasons including the capabilities of your management team, and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

16. Development Agreement. If you enter into a Development Agreement, you will be charged a Development Area Rights Fee equal to the total of \$10,000 multiplied by the total number of Summer Moon Coffee Shops to be developed under the Development Agreement. The estimated low column of the chart shows the Development Area Rights Fee for a Development Agreement

with a Development Schedule that requires you to develop 2 Summer Moon Coffee Shops (\$10,000 times 2). The estimated high column of the chart shows the Development Area Rights Fee you would pay when signing a Development Agreement with a Development Schedule that requires you to develop 6 Summer Moon Coffee Shops (\$10,000 times 6).

17. Development Training under Development Agreement. Depending on your Controlling Principal's experience, we may invite your Controlling Principal to travel to Austin, Texas for one day of development training at our headquarters to help generally familiarize you with our Summer Moon Coffee Shop development and opening process. You will be solely responsible for all of your Controlling Principal's expenses to attend development training, including air and ground transportation, meals and lodging. See Item 11.

18. Additional Funds under Development Agreement. Because your primary obligations under the Development Agreement are to develop Summer Moon Coffee Shops under Franchise Agreements and you will likely sign the first Franchise Agreement when you sign the Development Agreement and incur costs under the Franchise Agreement as you develop your first Summer Moon Coffee Shop, your initial investment in connection with the Development Agreement consists of your Development Area Rights Fee, your development training costs plus any additional professional and administrative fees and expenses related to reviewing and signing the Development Agreement.

19. No Franchisor or Affiliate Financing. We do not currently offer you any direct or indirect financing for your initial investment. See Item 10.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must develop your Summer Moon Coffee Shop premises, acquire furniture, fixtures, equipment, signage and construct and finish out leasehold improvements for your Summer Moon Coffee Shop according to the standards and specifications established by us ("Brand Standards"), and as contained in the Franchise Agreement and Brand Standards Manual. We may modify the standards and specifications occasionally. We will promptly notify you of any such modifications to the Brand Standards. We formulate and modify these Brand Standards based on research, industry trends and our general business plan.

Additionally, you must maintain your Summer Moon Coffee Shop premises, furniture, fixtures, equipment, signage and leasehold improvements in your Summer Moon Coffee Shop in good order and repair, and you must promptly replace your furniture, fixtures, equipment, signage and leasehold improvements as they become worn, damaged, obsolete, out of style or mechanically impaired and when offered or applicable, enter into preventative maintenance programs as further described in the Brand Standards Manual.

The purpose of these requirements is to establish quality control standards for the items used in the development and operation of your Summer Moon Coffee Shop and to protect, maintain and promote the product and service consistency, reputation and goodwill of Summer Moon Coffee Shops.

You must use only approved furniture, fixtures, equipment, signage and leasehold improvements and offer and sell only permitted Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that meet or exceed the standards we specify, purchase or obtain them from an approved source that we designate (which may be us or our affiliates), and exclusively use the approved furniture, fixtures, equipment, signage and leasehold improvements in your Summer Moon Coffee Shop (described more specifically below) and offer and sell only the permitted Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that we designate. Likewise, you must purchase or obtain furniture, fixtures, equipment, signage, leasehold improvements and Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services only from approved suppliers we designate or approve from time to time.

Except as noted below, we do not currently consider any furniture, fixtures, equipment, signage or leasehold improvements to be Proprietary Food and Beverage Products and Services, but we reserve the right to develop and require use of proprietary furniture, fixtures, equipment, signage or leasehold improvements in the future and designate them as Proprietary Food and Beverage Products and Services.

Coffee Unplugged is currently the only approved vendor for certain of your Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that you must offer for sale in your Summer Moon Coffee Shops, including Proprietary Food and Beverage Products and Services such as 12 oz “retail size” bags of coffee, wholesale bulk coffee bean bundles, Moon Juice and cold brewed Nitro, and other related products and services such as uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies.

Coffee Unplugged sets the prices for Proprietary Food and Beverage Products and Services based on its then current wholesale price, and generally sells other related products and services at a cost plus delivery and handling price, but Coffee Unplugged reserves the right to set and modify prices for all such Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services as it deems appropriate from time to time. For the fiscal year ended December 31, 2022, Coffee Unplugged received \$2,171,404.60 from purchases by our franchisees (this amount does not include purchases by Coffee Unplugged’s licensees).

We reserve the right to require or permit you to purchase other or future Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services directly from our affiliates, current vendors or other approved vendors in the future. In the future, we and our other affiliates may also be a required vendor for other Approved Food and Beverage Products and Services or Proprietary Food and Beverage Products and Services.

We may on a case by case basis designate or review and approve additional third party branded Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services for sale in one or more Summer Moon Coffee Shops.

Our general criteria for review and approval is that the alternative product or service at a minimum be of the same quality as our Approved Food and Beverage Products and Services and the proposed vendor be reliable and open to signing a confidentiality and vendor agreement with us. We may have other criteria for specific products or services, or vendors depending on the specific product or service, or vendor. We may purchase these third party branded Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services in bulk and sell them to you at prices we set from time to time (which may include a markup that we set from time to time), or permit you to purchase these third party branded Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services directly from a third party manufacturer or re-seller.

We may change or expand the list of permitted Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services or vendors for these Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services in the future. We reserve the right to designate other specific vendors and suppliers in the future.

Except as noted above, neither we, Coffee Unplugged nor our other affiliates are currently a required supplier for any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services, but we, Coffee Unplugged or our other affiliates may become an approved vendor or sole vendor for these items in the future.

Except for ownership in Coffee Unplugged and one of our officers being married to design services vendor Amanda Terry, none of our officers own or control any interest in any currently required, approved or designated supplier.

As of the date of this Disclosure Document, we have designated several third party authorized vendors for our Approved Products and Services related to design and food and beverage products, including the following:

Authorized Distributor or Vendor	Goods or Services Offered
Waterfall Beverages	Paper goods, smoothies, chocolate sauce, Ghirardelli ground chocolate, powder for blended ice drinks, Mighty Leaf Tea, paper goods such as cups, lids, drink carriers, to-go carafes.
Alsco	Linens, cloths, and mat service
Coffee Unplugged and AJL Advertising Specialties	Apparel
Coffee Unplugged	Coffee beans, Moon Milk, coffee products/ingredients
Morrison Cup Solutions	Paper cups, plastic cups, and cup lids
Trimark	La Marzocco coffee machines, grinders and all other equipment
Wild Juniper (Amy Dulak)	Design coordination and layout services

Amanda Terry	Design services
4D Signworx Inc.	Interior and exterior signage and fixtures
360 Press and 360 Digital Storefront	POP displays and print materials
Thomas Printworks	Print materials (menu boards and other)
Howard Company	Drive Thru menu board and sound system

As noted above, we have currently designated Waterfall Beverage as a preferred distributor for certain food and beverage-related Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services you will purchase to operate your Summer Moon Coffee Shop. We do not currently have any other required distributors for required or approved furniture, fixtures, equipment, signage and leasehold improvements or Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services, but we reserve the right to designate one or more required distributors for such items in the future. For example, we are currently exploring an agreement with Thomas Printworks for print materials, which we may deem a mandatory supplier of a mandatory product or service in the future. If we designate a different approved or required distributor, you must purchase our required or approved furniture, fixtures, equipment, signage and leasehold improvements or Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services used in your Summer Moon Coffee Shop from the required distributor unless you have first obtained our prior written consent to purchase from another distributor in accordance with our vendor and supplier review process (see below).

We reserve the right to designate other specific distributors, vendors and suppliers in the future. If you desire to purchase any furniture, fixtures, equipment, signage, leasehold improvements or Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from a supplier that has not already been approved, you must obtain our prior written approval, which may take up to 90 days from our receipt of all requested information, including information regarding the supplier's fiscal strength, demonstrated customer service, service or product quality, service or product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit samples of the proposed supplier's services or products, and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, you will be charged a fee not to exceed the actual cost of such inspection or testing. We reserve the right to reinspect the facilities and services or products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. We will notify you in writing of any revocation of a supplier or their service or product and provide you a reasonable period of time to cease use of the supplier or their service or product, which period of time we will determine based on the amount of inventory you may have and the underlying reason for the revocation.

We reserve the right to contract with manufacturers, suppliers and distributors who provide us volume discounts, rebates and other cash payments based on volume purchases of furniture, fixtures, equipment, signage, leasehold improvements or Approved Food and Beverage Products

and Services, Proprietary Food and Beverage Products and Services and related products and services used by our franchised, company-owned or affiliated Summer Moon Coffee Shops. We anticipate that certain volume discounts, rebates and other cash payments received by us as a direct result of your purchase of furniture, fixtures, equipment, signage, leasehold improvements or Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services will be, in our sole discretion: (a) paid to you, (b) contributed to the development and implementation of our plan for advertising Summer Moon Coffee Shop Network services and products, (c) retained by us, or (d) otherwise used to benefit the Summer Moon Coffee Shop network. In all cases, we will deduct our expense to coordinate and test services, products or other items. We reserve the right to receive revenue from the sale of items to you by third parties. We also reserve the right to purchase items in bulk and sell them to you at our cost, or at a profit, at our discretion.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase services or products through the suppliers we designate or approve. However, purchases of unapproved furniture, fixtures, equipment, signage, leasehold improvements or Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement and/or Development Agreement.

We have not arranged for any purchasing cooperatives for our franchisees, but we reserve the right to do so in the future.

We estimate that the purchases described above will equal approximately 60% to 70% of the total cost to establish your Summer Moon Coffee Shop, and approximately 55% to 65% of your ongoing operating expenses.

The Brand Standards Manual requires that you obtain and install in your Summer Moon Coffee Shop data processing equipment, computer hardware, required dedicated telephone and power lines, modems, printers, and other computer related accessory or peripheral equipment (collectively, your “Technology and Information Systems”, as defined in Item 11) that are compatible with our Summer Moon Operating System (if applicable) and any other similar electronic collection and retrieval systems. We may develop and require you to use our Summer Moon Operating System and may in the future require replacement or other proprietary operating systems and/or processes relative to point of sale, bookkeeping, operations and financial information, inventory and speed of service processes in connection with the operation of your Summer Moon Coffee Shop, and require you to obtain and at all times utilize the services of a credit card processor approved by us. Additionally, we may require that you input and maintain in your computer certain software programs, data and information that we prescribe. See Items 6 and 11.

As of the date of this Disclosure Document, you must purchase a computer system and software that meets our specifications. We require you to install and maintain a hardware and software firewall device on your point-of-sale network that follow closely to the Payment Card Industry

(PCI) DSS merchant requirements as stated on the <http://www.pcisecuritystandards.org>. See Item 11 for description of your computer and software requirements.

As of the date of this Disclosure Document, we have designated several third party authorized vendors for our Approved Products and Services related to Technology and Information Systems, including the following:

Authorized Distributor or Vendor	Goods or Services Offered
Olo	Back end mobile ordering platform
Koala	Front end mobile ordering platform
Google Workspace	Email and document storage
Chatmeter	Online branding
Jukeboxy	Music services
Blue Cart & DEAR by Cin 7 Systems	Online ordering and wholesale orders
Basecamp	Corporate communication hub and project management

We entered into a master service agreement with F3 Technologies in 2022 to provide ongoing support for the Toast point of sale platform, which we will charge you for through our Summer Moon Technology Fee, except for additional services outside their standard service offerings. Pursuant to the master service agreement, our company-affiliated Summer Moon Coffee Shops will not pay any fees to F3 Technologies for similar services as we paid up-front start up and program launch costs, which began in Summer 2021.

You must also obtain and maintain at your own expense insurance policies with insurers reasonably satisfactory to us covering the items specified in the Brand Standards Manual, including comprehensive general liability, fire and extended coverage, employment relations, worker's compensation and business interruption policies. You must list us as additional insureds. Our current requirements are described in the Summary Pages to the Franchise Agreement (attached as Exhibit B to this Disclosure Document). If you do not provide proof of insurance to us as required under the Franchise Agreement, we may secure insurance for you and charge the cost to you.

ITEM 9
FRANCHISEE’S OBLIGATIONS

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

Obligation	Article in Franchise Agreement	Article in Development Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	§ 8	Summary Pages, §§ 3 and 5	7 and 11
(b) Pre-opening purchases/lease	§ 7(iv)	Summary Pages, §§ 3 and 5	5, 7, 8 and 11
(c) Site development and other pre-opening requirements	§§ 2, 7(iv), 8 and 9	Summary Pages, §§ 3 and 5	7 and 11
(d) Initial and ongoing training	Summary Pages, §§ 7(a)(iii), 9(d), and 9(w)	§ 5(c)	6, 7 and 11
(e) Opening	Summary Pages, §§ 7(a)(iv), 9(f) and 10(a)	Summary Pages, §§ 5(b) and 6	11
(f) Fees	Summary Pages, §§ 2, 5 and 10(c)	Summary Pages, §§ 2, 6, 7 and 13	5, 6, 7 and 11
(g) Compliance with standards and policies/Brand Standards Manual	§§ 2, 6(b), 6(c), 6(d), 7(a)(iii), 7(b)(iv), 9(a), (c), 9(f), 9(i), 9(m), 9(n), 9(o), 9(q), 9(r), 9(s), 9(t), 9(v), 9(w), 9(x), 9(cc), 9(ff)(i), 10(a), 11(b)(ii), 11(d)(i), 11(f), 13(b), 14(a), 15(c)(iii), 16(b)(iii), 17(a)(i-ii), 18(a)(iv) and 23(e)	§§ 2, 3(b)	8, 11, 14 and 16

Obligation	Article in Franchise Agreement	Article in Development Agreement	Disclosure Document Item
(h) Trademarks and proprietary information	§§ 2, 3, 6(a), 9(f), 9(k), 9(q), 9(w), 11(c), 13, 15(a), 17(a) and 18(a)(ii)	§§ 2, 8	13 and 14
(i) Restrictions on products/services offered	§§ 9, 10(b)(i), 11(a)(iii) and 13(a)(iv)	Not Applicable	8 and 16
(j) Warranty and customer service requirements	§§ 9(m) and 16(c)(ii)	Not Applicable	None
(k) Territorial development and sales quotas	§§ 2, 5(b), 14(b), 14(c) and <u>Exhibit B</u>	Summary Pages, §§ 3 and 8	12
(l) On-going product/service purchases	§§ 2, 3(a), 3(e)(i-iv), 6, 7(b)(ii), 9(i-j), 9(m), 13(a)(iii) and 13(a)(vii)	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	§§ 6(c) and 9(q-s)	Not Applicable	None
(n) Insurance	Summary Pages, §§ 9(ff) and 18(a)(iv)	Not Applicable	7 and 8
(o) Advertising	Summary Pages, § 10	Not Applicable	6, 7 and 11
(p) Indemnification	§ 18	§ 9	6
(q) Owner's participation/management/staffing	Summary Pages, §§ 2, 7, and <u>Exhibit A</u>	Summary Pages, §§ 5(c) and (d) and <u>Exhibits A</u> and <u>Exhibit B</u>	11 and 15
(r) Records/reports	Summary Pages, §§ 2, 5(f), 9(x-bb) and 11(f)	§ 3(b)	6

Obligation	Article in Franchise Agreement	Article in Development Agreement	Disclosure Document Item
(s) Inspection/audits	§§ 9(ee) and 11(f)	§ 3(b)	6
(t) Transfer	§ 15	§ 13	6 and 17
(u) Renewal	§ 12	Not Applicable	6 and 17
(v) Post-termination obligations	§ 17	§§ 12 and 13	17
(w) Non-competition covenants	§ 14	§ 10(b) and <u>Exhibit B</u>	17
(x) Dispute resolution	§ 20	§ 14	17
(y) Liquidated Damages	§ 22, <u>Exhibit A</u> and <u>Exhibit B</u>	§ 16, <u>Exhibit A</u> and <u>Exhibit B</u>	6

ITEM 10
FINANCING

We do not offer you any direct or indirect financing, nor do we receive any payments from any person offering financing to or arranging financing for a prospective Summer Moon Coffee Shop franchisee. We do not guarantee your note, lease or any other financial 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.

Before you open your Summer Moon Coffee Shop, we will:

(1) Provide a list that describes or shows the standards for the leasehold improvements, furniture, fixtures, equipment, trade dress and signage that you must purchase, obtain and use in your Summer Moon Coffee Shop. (Franchise Agreement, Section 7(a)(i)) Except for uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies that we or our affiliates may manufacture or purchase in bulk from a third party supplier and resell to you, we do not provide fixtures or equipment directly, nor do we deliver or install any fixture or

equipment in your Summer Moon Coffee Shop, but we reserve the right to require you to contract with a third party vendor of our designation who provides you with and/or installs certain furniture, fixtures, equipment, signage and leasehold improvements in your Summer Moon Coffee Shop. (Franchise Agreement, Section 7(a)(i)) We may also provide your architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Summer Moon Coffee Shop (Franchise Agreement, Section 7(a)(i)).

(2) Provide you lists of the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products, supplies, and other incidentals needed to stock and operate your Summer Moon Coffee Shop, together with the names of any suppliers we have designated or approved. (Franchise Agreement, Section 7(a)(ii)) We or our affiliates are currently the sole source of certain Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services for your Summer Moon Coffee Shop, including 12 oz “retail size” bags of coffee, wholesale bulk coffee bean bundles, Moon Juice and cold brewed Nitro, and will sell to you an initial inventory of certain Approved Food and Beverage Products and Services and Proprietary Food and Beverage Products and Services for your Summer Moon Coffee Shop as described in Items 5 and 8, but we are currently a source for, or performs delivery or installation for, supplies and other incidentals in your Summer Moon Coffee Shop (Franchise Agreement, Section 7(a)(ii)).

(3) Provide initial training to up to 3 persons and certain opening support for your first Summer Moon Coffee Shop in partial consideration for the payment of the Initial Training and Grand Opening Support Fee (Franchise Agreement, Section 7(a)(iii)).

(4) Loan you a copy of our Brand Standards Manual (Franchise Agreement, Section 7(a)(iii)). The table of contents of the Brand Standards Manual is attached to this disclosure document as Exhibit F. As of the date of this Disclosure Document, the Brand Standards Manual consists of our Summer Moon policies, Summer Moon Coffee Shop layout information and other franchised resources (containing 78 hardcopy pages) and our Master Playbook (containing 44 hardcopy pages). Our System does not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Brand Standards Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at your Summer Moon Coffee Shop. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Summer Moon Coffee Shop employees, contractors or Customers. (Franchise Agreement, Section 13(b)(ix)).

(5) Provide opening support for your first Summer Moon Coffee Shop in partial consideration for the payment of the Initial Training and Grand Opening Support Fee (Franchise Agreement, Section 7(a)(iv)).

(6) Provide general pre- and post-opening guidance to assist you in complying with our Brand Standards (Franchise Agreement, Sections 7(a)(iv) and 7(b)(i)).

(7) Implement (if/when available) and connect you to our web-based Summer Moon Operating System (if applicable) (Franchise Agreement, Section 7(a)(v)).

After you open your Summer Moon Coffee Shop, we will provide the following services and assistance to you:

(1) Implement (if/when available) and maintain and authorize you to use our web-based Summer Moon Operating System (if applicable) (Franchise Agreement, Section 7(b)(ii)).

(2) Provide advice and assistance as we deem advisable in planning publicity and promotions for your Summer Moon Coffee Shop's promotion, including print media and display advertising (Franchise Agreement, Section 7(b)(iii)).

(3) Provide staff accessible to you and your key employees, to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication during regular business hours (Franchise Agreement, Section 7(b)(iv)).

(4) Loan you additions and supplements to the Brand Standards Manual as they become available (Franchise Agreement, Section 7(b)(v)).

(5) So long as you are in full compliance with the Franchise Agreement and all other agreements with us, we will invite you to attend all conventions, seminars and other franchisee-oriented functions we plan occasionally (Franchise Agreement, Section 7(b)(vi)).

(6) Sell to you, or cause our affiliates to sell to you, the then current array of Approved Food and Beverage Products and Services, including Proprietary Food and Beverage Products and Services, that we or our affiliates manufacture or distribute and have mandated or authorized for use, offer or sale in Summer Moon Coffee Shops (Franchise Agreement, Section 7(vii)).

(7) Provide promotional and marketing supplies and digital marketing materials and/or templates as we may periodically develop (Franchise Agreement, Sections 9(r) and 10(a)).

Site Selection

If you have not already secured a site before signing the Franchise Agreement, then within 90 days after signing the Franchise Agreement, you must locate and obtain our approval for a site within an agreed target area (described in the Franchise Agreement) for the establishment and operation of your Summer Moon Coffee Shop (Franchise Agreement, Sections 8(a) and (b)). We do not own the site or lease it to you. Nor do we select your site, although we do determine in your Franchise Agreement the target area in which you may consider sites.

You must submit to us:

- (1) a completed site review form designated by us, which will include, among other things, demographic information, a site plan, and traffic-related information;

- (2) if the premises for the proposed site are to be leased, satisfactory evidence that the lessor will agree to the minimum requirements contained in the Franchise Agreement; and
- (3) any other information or materials as we require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site. (Franchise Agreement, Sections 8(a) and (b))

On receipt of all requested documentation, we will notify you of our approval or disapproval in writing within a period of 30 days. All of our decisions are final. Our approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for your Summer Moon Coffee Shop or for any other purpose or of the financial success of operating your Summer Moon Coffee Shop at such site. (Franchise Agreement, Section 8(c)).

Upon your written request, we may grant a written extension or extensions to the period for approval of a proposed site, but only if we believe you are actively seeking a site. If we have not granted you a written extension, your failure to obtain approval for a site for your Summer Moon Coffee Shop within 90 days after the execution of the Franchise Agreement will be a default of your Franchise Agreement, and we may demand cure within 15 days or we may terminate your Franchise Agreement and retain all monies paid to us. (Franchise Agreement, Section 8(d)).

If you will occupy the premises of your Summer Moon Coffee Shop under a lease, you must submit a copy of the lease containing our form of lease rider to us for written approval prior to its execution and must furnish to us a copy of the executed lease within 10 days after execution. No lease for your Summer Moon Coffee Shop premises will be approved by us unless it contains the lease rider and other terms set forth in the Franchise Agreement. A copy of the lease rider is attached as an Exhibit to the Franchise Agreement. (Franchise Agreement, Section 8(c)). If you will purchase the premises for your Summer Moon Coffee Shop, you must submit a copy of the proposed contract of sale to us for our written approval before its execution and must furnish to us a copy of the executed contract of sale within 10 days after execution. (Franchise Agreement, Section 8(f)).

The factors that we consider in approving your site include the property's location, the daytime employment and population density of the neighborhood, traffic patterns, lot size and configuration, parking ratios established by local zoning ordinances and access and visibility of the property from adjoining roads or highways. You must open your Summer Moon Coffee Shop no later than the required opening date assigned to you by us and listed on the Summary Pages of your Franchise Agreement.

If your site was not already approved and described in the Summary Pages of your Franchise Agreement at execution, then once your site is approved, we will prepare an updated Summary Pages to the Franchise Agreement describing the Summer Moon Coffee Shop Address and the Summer Moon Coffee Shop Territory for your Summer Moon Coffee Shop. We and you will both initial the new Summary Pages, which will supersede and replace the original Summary Pages in your Franchise Agreement. (Franchise Agreement, Section 8(a)).

We estimate that 180 to 300 days will elapse from the time you receive site approval to the date a Summer Moon Coffee Shop opens for business. The factors affecting this length of time usually include financing arrangements, construction time for the building and related improvements, local ordinance compliance and delivery and installation of furniture, fixtures, equipment and signs. We will work with you to decide on a scheduled opening date for your Summer Moon Coffee Shop based on the timing in which you proceed through the site selection, construction and training process.

You must open your Summer Moon Coffee Shop by the Required Opening Date listed in the Summary Pages to the Franchise Agreement, which is typically 365 days from the date you sign your Franchise Agreement. The factors which affect this time are the ability to obtain a deed or lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

You may not begin using the Marks in connection with the operation of your Summer Moon Coffee Shop until: (1) your personnel have successfully completed initial training in accordance with the terms of the Franchise Agreement; (2) all amounts then due to us have been paid; (3) we have been furnished with copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request; and (4) all required or approved furniture, fixtures, equipment, signage, leasehold improvements and Proprietary Food and Beverage Products and Services are verified to be in place and/or use.

Failure to timely open your Summer Moon Coffee Shop is a curable default under your Franchise Agreement and may result in the termination of your Franchise Agreement. (Franchise Agreement, Section 16(b)(3)). It is possible that we will occasionally extend the time frame for opening your Summer Moon Coffee Shop based upon specific facts and circumstances.

Training Program

Development Agreement

If you sign a Development Agreement with us, depending on your Controlling Principal's experience, we may invite your Controlling Principal to travel to Austin, Texas for one day of development training at our headquarters to help generally familiarize you with our Summer Moon Coffee Shop development and opening process. You will be solely responsible for all of your Controlling Principal's expenses to attend development training, including air and ground transportation, meals and lodging. (Development Agreement, Section 5(c)).

Franchise Agreement

Before opening your first Summer Moon Coffee Shop, your Controlling Principal, your General Manager (if applicable) and one other designated and approved person (collectively, your

“Training Team”) must complete our mandatory initial training program to our satisfaction. (Franchise Agreement, Section 7(a)(3)).

We expect your Training Team to attend our full initial training program, but we may waive this requirement or permit a reduced training program depending on the experience and/or role of one or more of your Training Team members. When your Training Team arrives for training, we will loan you one copy of the Brand Standards Manual. You must pay us a \$20,000 Initial Training and Grand Opening Support Fee before your Training Team arrives for initial training. See Item 5. We may charge you an additional fee equal to our out-of-pocket and wage expenses for any additional required or optional training and training for additional or replacement Training Team members.

The initial training lasts approximately 5 days for your Training Team. Classes are expected to be conducted at our headquarters in Driftwood, Texas and in the field at several Summer Moon Coffee Shops in the Austin, Texas metropolitan area. Your entire Training Team must begin training at least 4 to 6 weeks before the expected opening date of your Summer Moon Coffee Shop, and must complete training at least 2 weeks before the expected opening date of your Summer Moon Coffee Shop. At present, we only conduct initial training classes on an as needed basis when a new franchisee is ready to begin initial training, but we may in the future schedule regular initial training start dates. If your Training Team personnel cannot complete training to our satisfaction, we may terminate your Franchise Agreement and retain all fees paid to us. You will be responsible for all your travel expenses and room, board and wages of your Training Team who attend our initial training program or any other mandatory or available training programs. We may periodically make other mandatory or optional training available to your personnel as well as other programs, seminars and materials, and you will ensure that your personnel, as we direct, satisfactorily complete any required training within the time specified.

Our training program is overseen by our Training Excellence Manager Rodney Montague (6 years’ experience in training personnel to operate Summer Moon Coffee Shops and 6 years’ experience in training generally).

An outline of the initial training is as follows:

Subject	Hrs. of Training	Hours of On-the-job Training	Location / Instructor(s)
Introduction	1	0	Austin Metropolitan Area, Texas
Roasting Process and Tour	1	0	Austin Metropolitan Area, Texas
Shop Opening	0	3	Austin Metropolitan Area, Texas

Shop Operations	0	25	Austin Metropolitan Area, Texas
TOTALS	2	28	

The Initial Training and Grand Opening Support Fee also covers the cost for up to 3 of our operations representatives to travel to your first Summer Moon Coffee Shop and provide on-site pre-opening and opening training, supervision and assistance for at least 5 consecutive days in the aggregate immediately before your scheduled opening date and after your Summer Moon Coffee Shop opens for business. (Franchise Agreement, Sections 7(a)(iii))

We reserve the right to require you to pay us our then current additional training fee (currently an amount equal to our costs, if any) if after opening you request additional training or the training of replacement Training Team members. (Franchise Agreement, Sections 7(a)(iv))

If you Summer Moon Coffee Shop is your second or other additional Summer Moon Coffee Shop, we expect you to provide your own initial training and Grand Opening support team for your Summer Moon Coffee Shop, but if you request some lesser level of initial training and/or Grand Opening support (or, if we deem some lesser level of initial training and/or or opening support necessary), we will charge you a reduced Initial Training and Grand Opening Support Fee based on the cost for our time, travel, accommodation and other related labor costs associated with such lesser level of initial training and/or Grand Opening support provided, not to exceed 62.5% of the then-current initial training and/or Grand Opening support fee for such Summer Moon Coffee Shop. (Franchise Agreement, Sections 7(a)(iv)).

We will train you on our Summer Moon Operating System (if then applicable) as part of your initial training. (Franchise Agreement, Sections 7(a)(v)) However, in connection with your purchase of your other Technology and Information Systems, we expect that you will obtain training directly from the vendor of these other systems as part of your initial purchase. You will be responsible for all expenses incurred during any such other Technology and Information Systems training, which we have described in Items 6, 7 and 11.

Advertising and Promotions

Local Advertising

We do not set any specific local advertising expenditure requirement for you, but you must participate in all system-wide promotions and advertising campaigns that we originate, and pay directly to the third party vendor or reimburse to us our costs for specific expenditures we make for certain promotional activities, including advertising focused technology and applications. Currently, these payments or reimbursable costs include pre-opening and grand opening materials as well as continuing marketing materials such as window decals, posters, table tents, recipe cards,

rack cards, yard signs coffee variety posters, supplemental menus (secret menu, light speed menu), recipe ring cards and a nutritional binder. (Franchise Agreement, Sections 10(a))

If you create your own local advertising and promotions, we reserve the right to approve in advance of their use any graphic materials or commercials developed by you and the media in which they are placed.

Advertising Fee

You must pay us an Advertising Fee every Accounting Period if/when we implement an Advertising Fee. (Franchise Agreement, Section 10(b)) The current Advertising Fee is 0% of Gross Sales, but we may implement the Advertising Fee on 30 days' prior written notice to you. After being implemented, we can then increase or decrease the Advertising Fee up to 2% of Gross Sales on 30 days' prior written notice to you. The Advertising Fee is due no later than the 5th day of after each Accounting Period during the term of the Franchise Agreement. We will use the Advertising Fee to reimburse ourselves and our affiliates for administrative costs and expenses related to implementing general advertising programs and assistance for Summer Moon Coffee Shop.

Our other permitted administrative costs may in all cases include (i) creating advertising and marketing materials relating to the System and the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services Summer Moon Coffee Shop offer and sell, including materials for, among other mediums, print, radio or television on a local, regional or national basis, (ii) paying for public relations services and projects (including sponsorships) intended to enhance the goodwill and public image of the System generally, (iii) conducting market research, focus groups and advertising tracking studies, and (iv) reimbursing us or our affiliates (based on allocations calculated by our management): (a) for salaries and other overhead expenses that are directly related to projects of a character described above, depending on markets and population, and (b) for part of the cost of maintaining an internet website that we develop and maintain to advertise and promote Summer Moon Coffee Shops and the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that Summer Moon Coffee Shops offer (the "Website") and any related uses of Social Media (defined below). We will not use Advertising Fees to pay for those components of the Website that publicize the franchise program or the sale of franchises.

We will strive to spend Advertising Fees in a manner that provides advertising benefits to all Summer Moon Coffee Shops. However, we may allocate Advertising Fees to various permitted uses as we see fit and we do not guarantee that all Summer Moon Coffee Shops will receive equal advertising benefits.

We are not required to spend any specific amount on advertising your specific Summer Moon Coffee Shop or advertising in your specific Summer Moon Coffee Shop Territory.

Other than your payment of the Advertising Fee, we do not require you to participate in any advertising fund or to participate in any local or regional advertising cooperatives.

We are not required to prepare or to provide to you financial statements reflecting our use of Advertising Fees, and do not intend to make financial statements available to you.

As noted above, if we implement the Advertising Fee, we may unilaterally increase or decrease the Advertising Fee to a maximum of 2% of your Gross Sales on 30 days' written notice to you.

Gift Card and Customer Loyalty Programs

We may occasionally develop and administer, or grant you permission to participate in, gift card, gift certificate or voucher sales programs, customer retention and loyalty programs or other programs designed to promote and enhance the collective success of all Summer Moon Coffee Shops. You must participate in any such gift card, gift certificate, voucher or customer loyalty program we establish, and honor any such gift cards, gift certificates, vouchers or loyalty awards presented for redemption at the Summer Moon Coffee Shop. You may not create or issue your own gift cards, gift certificates or vouchers, or create your own loyalty program, unless we expressly permit you to do so in writing. Nor may you sell gift cards, gift certificates or vouchers in bulk or to any retailers for resale. You are responsible for signing any third-party agreements and paying any third-party fees that are required for participation in these programs. (Franchise Agreement, Section 9(m)).

Franchisee Advertising Council

We do not currently have a franchisee advertising council that advises on advertising policies. We may form a franchisee advertising council in the future, but we have no obligation to do so. If we form a franchisee advertising council, we will have the right to determine how its members are selected and the scope of its authority as well as the right to change or dissolve the franchisee advertising council.

Website, Social Media and the Internet

We operate an internet website that provides information about our Proprietary Food and Beverage Products and Services, about our affiliate's Summer Moon Coffee Shops, and about Summer Moon Coffee Shops generally. We have sole discretion and control over the website (including timing, design, contents and continuation) and may (but are not required to) include at the website interior pages containing information about our franchisees' Summer Moon Coffee Shops. (Franchise Agreement, Section 11(a)-(b)).

We may offer and sell Proprietary Food and Beverage Products and Services to Customers through the internet website or other websites, including in your Summer Moon Coffee Shop Territory and/or Summer Moon Coffee Shop Development Area. See Item 12.

You will have no right, license, or authority to use any of the Marks on or in connection with our website or any other website, except as we provide in the Franchise Agreement. (Franchise Agreement, Section 11(a)-(b)).

Unless we agree in writing, neither you nor your Principals, employees or agents may use the Marks or otherwise mention your Summer Moon Coffee Shop, the Summer Moon Network or System in connection with any business or personal uses of Social Media, which we define as any and all existing or future forms of electronic communication, whether for business or personal use (including via internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos) through which users create or use online networks or communities (including but not limited through online communities such as Facebook, Twitter, Instagram, SnapChat, LinkedIn, YouTube, TikTok, Reddit, Yelp or Wikipedia and other similar content sharing outlets) to share information, ideas, personal messages, and other online content. (Franchise Agreement, Section 11(c)).

In all cases, we have sole discretion and control over any profiles using or relating to the Marks, your Summer Moon Coffee Shop, the Summer Moon Network or System, or that display the Marks that are maintained or posted on Social Media. We have established guidelines pursuant to which you may establish profiles or otherwise establish a presence on Social Media. You must comply with the standards, protocols and restrictions that we impose, and we can revoke any prior permissions at any time. We may use part of the Advertising Fee monies (if applicable) to pay or reimburse the costs associated with the development, maintenance and update of profiles on Social Media. You will indemnify us if we incur losses and expenses from any authorized or unauthorized use of Social Media. (Franchise Agreement, Section 11(c)).

Summer Moon Intranet

We may establish and maintain an intranet facility through which members of the entire network of Summer Moon Coffee Shops, including franchised and franchisor/affiliate-operated Summer Moon Coffee Shops, may communicate with each other and through which we may disseminate updates and supplements to the Brand Standards Manual and other confidential information (the “Summer Moon Intranet”). We will have no obligation to maintain the Summer Moon Intranet indefinitely if we establish the Summer Moon Intranet, we will establish policies and procedures for the Summer Moon Intranet’s use. These policies, procedures and other terms of use will address issues such as (a) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) restrictions on communications that endorse or encourage breach of any your franchise agreement; (c) confidential treatment of materials that we transmit via the Intranet; (d) password protocols and other security precautions; (e) grounds and procedures for our suspending or revoking your access to the Summer Moon Intranet; and (f) a privacy policy governing our access to and use of electronic communications that franchisees post on the Summer Moon Intranet. The Summer Moon Intranet facility and all communications that are posted to it will become our property. You must purchase and install all necessary additions to the Summer Moon Coffee Shop’s information system and establish and continually maintain electronic connection with the Summer Moon Intranet that allows us to send messages to and receive messages from you. Your obligation to maintain connection with the Summer Moon Intranet will continue until your Franchise Agreement’s expiration or termination (or, if earlier, until we

dismantle the Summer Moon Intranet). You must contribute to the cost of the Summer Moon Intranet's maintenance and further development as provided in Item 6. (Franchise Agreement, Section 11(d)).

Online or Mobile Ordering and/or Third-Party Delivery Programs and Service Providers

We have the right to designate one or more online or mobile ordering and/or third-party delivery programs or service providers in our sole and absolute discretion. You must participate in and use any such ordering and/or delivery program or service providers that we designate, and refrain from using any other ordering and/or delivery program or service providers without our prior written approval. You can request the approval of an ordering and/or delivery program or service provider by notifying us in writing and submitting such information and the draft agreement for such ordering and/or delivery program or service provider as we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you of our decision within a reasonable time after our receipt of all required information and the applicable agreement. We may approve, or revoke or deny approval, of any ordering and/or delivery program or service provider in our sole and absolute discretion. Designation of a ordering and/or delivery program or service provider may be conditioned on factors, including without limitation, our right to obtain and verify gross sales placed through the ordering and/or delivery program or service provider platform, the amount of service charges paid to the ordering and/or delivery program or service provider and the ordering and/or delivery program or service provider's standards for handling food, ordering and delivery. Except as noted above, there are no restrictions on the retail customers or trade area you may serve from your Summer Moon Coffee Shop, but as a practical matter you will mainly serve customers who choose to visit or patronize your Summer Moon Coffee Shop. (Franchise Agreement, Section 9(o)). See Item 12.

Customer Information/Privacy and Data Protection

All Customer Information that we obtain from you and that you collect from your Summer Moon Coffee Shop Customers and all revenues we derive from such Customer Information will be our property and our Confidential Information that we may use for any reason without compensation to you. At your sole risk and responsibility, you may use such Customer Information that you acquire from your Customers and other third parties solely in connection with operating the Summer Moon Coffee Shop. (Franchise Agreement, Section 11(e)).

You will: (i) comply with all applicable privacy laws ("Privacy Laws"); (ii) comply with all Brand Standards that relate to Privacy Laws and the privacy and security of Customer Information; (iii) comply with any posted privacy policy and other representations made to the individual identified by Customer Information you process, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (iv) refrain from any action or inaction that could cause us to breach any Privacy Laws; (v) maintain reasonable physical, technical and administrative safeguards for Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification, or use that would violate the Franchise Agreement or any Privacy Law; (vi) do and execute, or arrange to be done and executed, each act, document and thing we deem necessary in our business judgment to

keep us in compliance with the Privacy Laws; and (vii) immediately report to us the theft or loss of Customer Information (other than the Customer Information of your own officers, directors, shareholders, employees or service providers). (Franchise Agreement, Section 11(f)).

You will, upon request, provide us with information, reports, and the results of any audits performed on you regarding your data security policies, security procedures, or security technical controls related to Customer Information. You will, upon our request, provide us or our representatives with access to your systems, records, processes and practices that involve processing of Customer Information in order to mitigate a security incident or so that an audit may be conducted. (Franchise Agreement, Section 11(f))

You will indemnify, defend and hold us harmless from losses arising out of or relating to: (i) any theft, loss or misuse of Customer Information; and (ii) your breach of any of the terms, conditions or obligations relating to data security, privacy, or Customer Information set forth in the Franchise Agreement. (Franchise Agreement, Section 11(f))

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Information. You will, at our direction, (i) undertake remediation efforts at your sole expense, (ii) undertake effort to prevent the recurrence of the same type of incident, and (iii) reasonably cooperate with any remediation efforts undertaken by us. You will not make any public comment regarding any data security incident without our approval. Any notifications to the media or to Summer Moon Coffee Shop Customers regarding theft or loss of Customer Information will be handled exclusively by us at our discretion, and you may not contact Summer Moon Coffee Shop customers relating to such theft or loss unless you are under a legal obligation to do so, in which event (i) you must notify us in writing promptly after concluding that you have the legal obligation to notify Summer Moon Coffee Shop customers and (ii) you will limit the notices to Summer Moon Coffee Shop customers to those required by the legal obligation or as pre-approved by us. You will reasonably cooperate in connection with any notices to Summer Moon Coffee Shop customers regarding theft or loss and you will assist with sending such notices if so requested. (Franchise Agreement, Section 11(f))

Technology and Information Systems Hardware and Software

You must acquire, install and use certain computer and electronic systems, peripheral equipment and related software programs and email solutions we specify in the Brand Standards Manual (collectively, “Technology and Information Systems”) to collect, compute, store and report a Summer Moon Coffee Shop’s Gross Sales, other financial data and operating information, and must also acquire, install and use any telephonic, facsimile or electronic operating system, or such technological substitutes as we may determine to be appropriate periodically, including our Summer Moon Operating System described below (if applicable). (Franchise Agreement, Section 11(w)). We will have continuous, uninterrupted access to your Summer Moon Coffee Shop’s Technology and Information Systems. You must also obtain and utilize services of a credit card processor that we have approved.

As of the date of this Disclosure Document, you must purchase the following items, which constitute our current required Technology and Information Systems:

- Toast Point of Sale Terminals
- 1-2 Toast Credit Card readers chip enabled
- OLO Mobile App and iPad Device
- 1-2 as needed Cash Drawers
- 0-4 as needed Cash Tills
- 1-2 as needed Receipt Printers
- 1-2 as needed Thermal drink ticket Printers
- 1 Laptop Computer
- 1 Safe, as needed
- 1 Internet Router
- 1 Security System
- 1 Landline or Cellular Store-based Phone
- 1 Sonos, 2 speaker Wireless Speaker System

We estimate the initial purchase or lease cost of the current required Technology and Information Systems to be between \$5,000 and \$6,000.

We reserve the right to develop and require you to use our Summer Moon Operating System in your Summer Moon Coffee Shop. We do not anticipate charging you any initial fee or continuing fee for continued access and use of our Summer Moon Operating System. We have not developed the Summer Moon Operating System as of the date of this Disclosure Document so it has never been used in a Summer Moon Coffee Shop.

You must also purchase QuickBooks Online accounting software, or any other accounting software we may require. As noted above, we must have access to log in to your QuickBooks Online program and review your financial information.

We will have direct, independent access and may electronically poll your Summer Moon Coffee Shop's Technology and Information Systems to obtain Gross Sales data, as well as other financial and operating information, including Customer Information and other information from the Summer Moon Operating System (if applicable), which will be available to us twenty-four hours every day. You must maintain continual data network access to your Summer Moon Coffee Shop's Technology and Information Systems for our use. (Franchise Agreement, Section 9(y)). There are no contractual limitations on our right to access any information or data contained on your Technology and Information Systems.

We have the right to require you to change or upgrade your Technology and Information Systems from time to time, the cost of which we are unable to estimate, but we do not anticipate that the costs for general maintenance would be more than \$1,000 a year. You must update all Technology and Information Systems as and when we may specify from time to time in the Brand Standards Manual, and generally no later than 30 days before the then-current Franchise Agreement will expire or upon notice that we have established the Summer Moon Intranet. Except as described

above, there are no contractual limitations on the frequency and cost of the obligation to require updates to your Technology and Information Systems.

You are required to install and maintain a hardware and software firewall device on your Technology and Information Systems network that follow closely to the Payment Card Industry (PCI) DSS merchant requirements as stated on the <http://www.pcisecuritystandards.org>. The network must be segmented off of other internal business networks. You must use internal or third-party IT network resources, which include security shield, threat defender, and breach protection programs. We may suggest third party PCI compliance vendors to you, but you are responsible for your own PCI compliance at your Summer Moon Coffee Shop. (Franchise Agreement, Section 9(x)).

Except as set forth below, other Technology and Information Systems brands and suppliers are not mandatory and we are not obligated to provide or to assist you to obtain or provide ongoing maintenance, repairs, upgrades or updates to such hardware and software associated with your Technology and Information Systems; however, you must obtain our prior written consent for any variations from our Brand Standards.

ITEM 12 **TERRITORY**

Franchise Agreement

Under the Franchise Agreement, you are granted the right to operate one Summer Moon Coffee Shop, at the fixed, physical premises of the Summer Moon Coffee Shop Address that will be specified in the Franchise Agreement. Your use of the Marks or any element of the System in the operation of any business at any other address or in any other channel of distribution without our express prior written authorization will constitute willful infringement of our rights in the Marks and the System.

Without our express prior permission, you will have no rights or authority under the Franchise Agreement (i) to sell any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services to any wholesale customer; or (ii) to sell any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from catalogues or an internet website; or (iii) to offer or sell Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services in a Special Facility, which we define as both (a) an express unit, a mini-Summer Moon Coffee Shop, or similar fixed installation that contains all necessary items to offer and sell a full or limited range of Approved Food and Beverage Products and Services or Proprietary Food and Beverage Products and Services, and is located in an airport, sports arena, train or bus station, theme park, military base, higher education campus, office building, convention centers or other special use facility (excluding enclosed shopping malls); and (b) a kiosk, booth, mobile dispensing unit (such as a cart or customized RV) or other mobile installation at or from which select Approved Food and

Beverage Products and Services or Proprietary Food and Beverage Products and Services may be sold to Customers, any of which may operate on a permanent, temporary or seasonal basis.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we and our affiliates own, or from other channels of distribution that we control, including the internet, and we have no obligation to pay you any compensation for soliciting or accepting orders inside your Summer Moon Coffee Shop Territory.

However, if you, your affiliates and Principals are in full compliance with the Franchise Agreement and all other agreements between you, your affiliates and Principals and us and our affiliates, we will not operate or authorize anyone except you to commence operation of a full size Summer Moon Coffee Shop from a fixed, physical bricks and mortar retail premises located within your Summer Moon Coffee Shop Territory.

Your Summer Moon Coffee Shop Territory will be a radius around your Approved Location of approximately 3 miles measured by metes and bounds, but excluding any areas as to which we may have existing contractual commitments and your Summer Moon Coffee Shop Territory may be slightly larger or smaller based on the population surrounding your Summer Moon Coffee Shop. These excluded areas will be identified in your Franchise Agreement.

In all cases, under the Franchise Agreement, we and our affiliates (and each of their respective successors and assigns, by purchase, merger, consolidation, or otherwise) reserve all rights that the Franchise Agreement does not expressly grant to or confer upon you, including, without limitation:

- (i) The right to establish and operate and license others to establish and operate Special Facilities inside or outside the Summer Moon Coffee Shop Territory, regardless of proximity to or competitive impact upon the Summer Moon Coffee Shop.
- (ii) The right to establish, operate and license others to establish and operate Summer Moon Coffee Shops at fixed, physical bricks and mortar retail premises located anywhere other than within the Summer Moon Coffee Shop Territory, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop and regardless of whether these establishments market their products and services in, or draw Customers from, areas in or around the Summer Moon Coffee Shop Territory.
- (iii) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel, memorabilia, and other related products and merchandise, whether or not identified by or associated with the Marks, to or through any fixed, physical bricks and mortar retail premises that are not affiliated with us or associated with the Summer Moon Network, including (for example) department stores, supermarkets and convenience stores, anywhere other than at the Summer Moon Coffee Shop Address, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop.
- (iv) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel,

memorabilia, and other related products and merchandise whether or not identified by or associated with the Marks, to all Persons anywhere other than at the Summer Moon Coffee Shop Address through catalogs, telemarketing campaigns, an internet website and other direct-order techniques.

(v) The right to broadcast television and radio commercials for direct-order merchandise, initiate internet or telephone contact with and accept internet or telephone orders, and fill orders for direct-order merchandise anywhere other than at your Summer Moon Coffee Shop Address, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop.

(vi) The right to operate, and grant to others the right to operate, restaurant or food service businesses or other types of retail restaurant or food service-related businesses identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as Franchisor deems appropriate, anywhere other than at your Summer Moon Coffee Shop Address, and regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop.

(vii) The right to advertise and promote sales of any products and/or services (including those offered by Summer Moon Coffee Shop) anywhere, and advertise and promote franchises for Summer Moon Coffee Shop anywhere, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop.

(viii) The right to acquire or be acquired by (regardless of the form of the transaction) a business which operates or licenses others to operate restaurant or food service businesses or other types of retail restaurant or food service-related businesses, and we, our affiliates or any successors or assigns will have the right to operate and/or license others to operate such restaurant or food service businesses or other types of retail restaurant or food service-related businesses under the trademarks or service marks of such other restaurant or food service or other retail restaurant or food service-related businesses at, from and/or physically contiguous to such businesses premises or anywhere else, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shop.

We have no express obligation or implied duty to protect your revenues from erosion as a result of your Summer Moon Coffee Shop competing with other Summer Moon Coffee Shops whether permanently, temporarily or seasonally, and we have no obligation to make any payment or other compensation to you if we solicit or accept orders from inside your Summer Moon Coffee Shop Territory.

You may not relocate your Summer Moon Coffee Shop without our prior written consent. If the lease for your Summer Moon Coffee Shop expires or is terminated before the end of the Franchise Agreement term, you may move your Summer Moon Coffee Shop to another location chosen in accordance with our conversion/site selection procedure. The new location (i) must be in the original Summer Moon Coffee Shop's general Summer Moon Coffee Shop Territory (as we determine), and (ii) may in no case infringe upon a franchise agreement or other agreement applicable to another Summer Moon Coffee Shop. When we approve the location for the new

Summer Moon Coffee Shop, we will prepare a new exhibit to the Franchise Agreement that describes the new Summer Moon Coffee Shop's Summer Moon Coffee Shop Territory, which may be reduced or even eliminated depending on the location of the relocated Summer Moon Coffee Shop.

If you lose possession of the original Summer Moon Coffee Shop's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, you must initiate the relocation procedure in time to lease, build-out and open the new Summer Moon Coffee Shop for business within 90 days after the original Summer Moon Coffee Shop closes. The new location (i) must be in the original Summer Moon Coffee Shop's Summer Moon Coffee Shop Territory, (ii) must be consented to by us in accordance with our site consent guidelines and (iii) may in no case infringe upon a Franchise Agreement or other agreement applicable to another Summer Moon Coffee Shop. We reserve the right to reduce or eliminate the Summer Moon Coffee Shop Territory following an approved relocation depending on the new site of the Summer Moon Coffee Shop.

Your rights with respect to the Summer Moon Coffee Shop Territory are not dependent upon your achieving a certain sales volume, market penetration or other contingency. However, if you are in default and fail to timely cure, we may alter or reduce your Summer Moon Coffee Shop Territory as an alternative remedy to terminating your Franchise Agreement.

Except under the Development Agreement, we do not grant any options or rights of first refusal to you under the Franchise Agreement to obtain additional Summer Moon Coffee Shops. If you do not have an existing Development Agreement and desire to open an additional Summer Moon Coffee Shop, you must be approved and sign a separate Franchise Agreement for that location.

Development Agreement

Under the Development Agreement, you are granted the right to open and operate more than one Summer Moon Coffee Shop within the Summer Moon Coffee Shop Development Area under an agreed Development Schedule.

We determine the Summer Moon Coffee Shop Development Area before you sign the Development Agreement based on various market and economic factors like demographics, the penetration of similar businesses, the availability of appropriate sites and growth trends in the market. The Summer Moon Coffee Shop Development Area may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in the Development Agreement. The Summer Moon Coffee Shop Development Area will exclude any areas as to which we may have existing contractual commitments. These will be identified in your Development Agreement.

If you, your affiliates and your Principals are in full compliance with the Development Agreement and all other agreements with us, we will not operate or authorize anyone except you to commence operation of a full size Summer Moon Coffee Shop from a fixed, physical bricks and mortar retail premises located within the Summer Moon Coffee Shop Development Area.

If you sell the franchise for any Summer Moon Coffee Shop(s), we may enter into a Franchise Agreement or Development Agreement with the purchaser and may permit the purchaser to relocate such Summer Moon Coffee Shop(s) inside the Summer Moon Coffee Shop Development Area or grant all or a portion of the Summer Moon Coffee Shop Development Area to the purchaser in accordance with our then-current Franchise Agreement or Development Agreement.

In all cases, under the Development Agreement, we and our affiliates (and each of their respective successors and assigns, by purchase, merger, consolidation, or otherwise) reserve all rights that the Development Agreement does not expressly grant to or confer upon you, including, without limitation:

- (i) The right to establish and operate and license others to establish and operate Special Facilities inside or outside the Summer Moon Coffee Shop Development Area, regardless of proximity to or competitive impact upon the Summer Moon Coffee Shops.
- (ii) The right to establish, operate and license others to establish and operate Summer Moon Coffee Shops at fixed, physical bricks and mortar retail premises located anywhere other than within the Summer Moon Coffee Shop Development Area, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops and regardless of whether these establishments market their products and services in, or draw Customers from, areas in or around the Summer Moon Coffee Shop Development Area.
- (iii) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, memorabilia, and other related products and merchandise, whether or not identified by or associated with the Marks, to or through any fixed, physical bricks and mortar retail premises that are not affiliated with us or associated with Summer Moon Network, including (for example) department stores, supermarkets and convenience stores, anywhere other than at your Summer Moon Coffee Shop Addresses, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops.
- (iv) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, memorabilia, and other related products and merchandise whether or not identified by or associated with the Marks, to all Persons anywhere other than at your Summer Moon Coffee Shop Addresses through catalogs, telemarketing campaigns, an internet website and other direct-order techniques.
- (v) The right to broadcast television and radio commercials for direct-order merchandise, initiate internet or telephone contact with and accept internet or telephone orders, and fill orders for direct-order merchandise anywhere other than at your Summer Moon Coffee Shop Addresses, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops.
- (vi) The right to operate, and grant to others the right to operate, restaurant or food service businesses or other types of retail restaurant or food service-related businesses identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant

to such terms and conditions as Franchisor deems appropriate, anywhere other than at your Summer Moon Coffee Shop Addresses, and regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops.

(vii) The right to advertise and promote sales of any products and/or services (including those offered by Summer Moon Coffee Shop) anywhere, and advertise and promote franchises for Summer Moon Coffee Shop anywhere, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops.

(viii) The right to acquire or be acquired by (regardless of the form of the transaction) a business which operates or licenses others to operate restaurant or food service businesses or other types of retail restaurant or food service-related businesses, and we, our affiliates or any successors or assigns will have the right to operate and/or license others to operate such restaurant or food service businesses or other types of retail restaurant or food service-related businesses under the trademarks or service marks of such other restaurant or food service or other retail restaurant or food service-related businesses at, from and/or physically contiguous to such businesses premises or anywhere else, regardless of proximity to or competitive impact upon your Summer Moon Coffee Shops.

Your rights with respect to the Summer Moon Coffee Shop Development Area are not dependent upon your achieving a certain sales volume, market penetration or other contingency, but you must open and maintain the required number of Summer Moon Coffee Shops in your Development Schedule or else you will be in default. If you are in default and fail to timely cure, we may alter or reduce your Summer Moon Coffee Shop Development Area or Development Schedule as an alternative remedy to terminating your Development Agreement.

After your Development Agreement expires, your territorial and other protections to the Summer Moon Coffee Shop Development Area end. We do not grant any options or rights of first refusal under the Development Agreement to obtain additional Summer Moon Coffee Shops. If you desire to open one or more additional Summer Moon Coffee Shops, you must be approved and sign a separate Development Agreement and/or Franchise Agreement(s) for any new location(s).

We and our affiliates may in the future purchase one or more third party owned retail restaurant or food service businesses and convert them to Summer Moon Coffee Shop brand businesses. Also, we and our affiliates may develop, own and sell (directly or through wholesale to third parties for resale) other restaurant or food service products.

You have no rights to offer and sell, or protections from the offer and sale of, any such other brands or any other brands we or our affiliates may create or acquire and then offer and sell through any means of distribution, including franchising. You do not have any rights, options, rights of first refusal, or similar rights to acquire additional franchises under your Development Agreement or Franchise Agreement for any other brands we or our affiliates may develop, operate or franchise in the future, and we, our affiliates and any franchisees of these other concepts may solicit and accept orders for their products and services in your Summer Moon Coffee Shop Territory and/or Summer Moon Coffee Shop Development Area.

ITEM 13
TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols, including “Summer Moon” (the “Marks”) in connection with the operation of your Summer Moon Coffee Shop under the Franchise Agreement. The Development Agreement does not give you any right to use the Marks.

Coffee Unplugged owns the following Marks which have been registered or applied for on the Principal Register of the United States Patent and Trademark Office (“USPTO”), as follows:

Proprietary Mark	Registration Number	Registration Date
Summer Moon	5114414	January 3, 2017
Moon Milk	5418359	March 6, 2018

There is a licensing agreement between Coffee Unplugged and Holdings and us that includes a license to use the Marks, System and related intellectual property to operate a Summer Moon Coffee Shop and a right for us to sub-license such intellectual property to our franchisees. The licensing agreement continues on in perpetuity and cannot be canceled or modified except by mutual agreement.

We or Coffee Unplugged intend to file all affidavits and to renew the registrations for the Marks when they become due.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which may be relevant to their use in this state or in any other state.

Except for the licensing agreement between Coffee Unplugged and Holdings and us, there are no agreements currently in effect that significantly limit our right to use or to license others to use the Marks listed in this section in a manner material to the franchise.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Coffee Unplugged’s ownership of the Marks, our or Holdings’ right to use and to license others to use the Marks or your right to use the Marks. We, Holdings and Coffee Unplugged have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We, Holdings and Coffee Unplugged have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We, Holdings and Coffee Unplugged may defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise

Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Marks in this state or elsewhere.

You must conspicuously post a sign at your Summer Moon Coffee Shop premises and include on all written materials, including advertisements, stationery, business cards, etc. the following: “Independently owned and operated.”

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We will not be required to reimburse you for any of your costs related to conforming to our new Marks, and will otherwise have no obligation or liability to you as a result of any substitution.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Neither we, Holdings nor Coffee Unplugged currently own any rights to any required patents or copyrights that are material to the franchise. We claim copyright protection to our Brand Standards Manual and the information contained in it is proprietary, but we do not have any pending patent applications that are material to the franchise.

The System and the components of the System, the contents of the Brand Standards Manual and of all training materials and computer programs developed by us or in accordance with our standards any other confidential information that we impart to you with respect to a Summer Moon Coffee Shop’s operation or management, whether through the Brand Standards Manual or otherwise (collectively, “Trade Secrets”) belong exclusively to us and the ideas and information in the Brand Standards Manual are our sole and exclusive property.

You and your Principals must hold the elements of the System, the Trade Secrets and the contents of the Brand Standards Manual in strict confidence, must not disclose any Trade Secret or any operating or management procedure to any person other than your Controlling Principal and your other employees that must receive disclosure to understand their job duties, and must instruct and routinely remind your employees that the System, the Trade Secrets and the contents of the Brand Standards Manual are confidential and may not be disclosed or appropriated. If you are a business entity, you must not disclose any element of the System, any of the Trade Secrets or the contents of the Brand Standards Manual, or make the Brand Standards Manual available, to any shareholder, director, officer, partner, member or manager of the business entity other than your

Controlling Principal, unless such other persons are actively and regularly involved in your Summer Moon Coffee Shop's management.

You and your Principals must not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures in the Brand Standards Manual in connection with the operation of any establishment or enterprise other than your Summer Moon Coffee Shop, and must promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures in the Brand Standards Manual upon the expiration or termination of your Franchise Agreement.

You and your Principals must not, without our prior written consent, copy or permit any person to copy or reproduce any part of the Brand Standards Manual and any other printed, graphic or audio/visual item designated by us as containing Trade Secrets or otherwise permit their use or inspection by any person other than you, your Controlling Principal, your General Manager and your other employees who need to be disclosed to in order to perform their job duties, and our authorized representatives.

All employee training materials (electronic or otherwise) and all software developed by us or by following our standards contain information, embody procedures or facilitate business practices that are proprietary to us and fall within the parameters of our Trade Secrets.

You must notify us of any infringements of or challenges to the copyrighted materials that come to your attention and actively cooperate with us in the investigation of any infringement or challenge. We have the right to control any administrative proceedings or litigation involving the copyrighted materials and will take whatever action we deem appropriate.

We are not contractually obligated to defend the copyrighted materials. Nor are we contractually obligated to protect you against claims of infringement or unfair competition arising from your use of the copyrighted materials. Although we intend to defend the copyrighted materials vigorously, we are not required to participate in any defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the copyrighted materials, or if the proceeding is resolved unfavorably to you.

If we modify or discontinue the use of any copyrighted materials, you must promptly comply with and adopt, at your own expense, all such modifications.

You, your Controlling Principal, your General Manager and certain of your other employees are bound by non-compete covenants concerning the proprietary information and may be required to enter into confidentiality and non-solicitation agreements.

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

Under the Franchise Agreement and Development Agreement, unless you are an individual who will operate and manage your Summer Moon Coffee Shop(s) personally, you must appoint a Controlling Principal who meets our eligibility standards, as described in the Brand Standards Manual.

The Controlling Principal is one of your Principals appointed by you who meets our requirements and is approved by us to supervise and manage all aspects of your business and with whom we and our staff may deal exclusively for purposes of administering and coordinating the franchise relationship.

We will permit you to recruit and have an approved, full-time General Manager at your Summer Moon Coffee Shop, but we normally expect your Controlling Principal to be on-site at your first Summer Moon Coffee Shop and manage all aspects of your business regardless of the number of Summer Moon Coffee Shops you may develop and operate. The Controlling Principal must always complete our initial training even if a General Manager is engaged.

Before rendering services to your Summer Moon Coffee Shop, the Controlling Principal and the General Manager (if applicable) you have selected and we have approved to attend training (and any replacements for those persons) must attend and complete, to our satisfaction, initial training conducted by us.

We require that you obtain signed Confidentiality Agreements and Covenants Not to Compete in the form attached to the Development Agreement and Franchise Agreement from your Controlling Principal, your General Manager (if applicable) and any other managerial level employees.

We will require that your Controlling Principal and certain other Principals we designate sign the Personal Guaranty and Principals' Undertaking attached to the Development Agreement and each Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must open and operate your Summer Moon Coffee Shop during the business hours and days of operation provided in the Brand Standards Manual, unless we provide you with a written exception. Summer Moon Coffee Shops will be open to the general public so there are no limitations on the Customers you may serve.

If there occurs a global, regional or local crisis such as a pandemic or other similar event, you must cooperate fully with us as to how we respect to the crisis, and you must implement any remediation plan we institute, which may include us requiring a temporary closure of your Summer Moon Coffee Shop as part of the crisis remediation plan (whether or not all or other Summer Moon Coffee Shops are required to temporarily close).

Unless otherwise agreed, you must offer to your Customers all of the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services specified on our authorized list, which we may revise occasionally. You cannot offer any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that are not included on our authorized list. Without our prior written approval, no other Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services may be provided by your Summer Moon Coffee Shop.

As of the date of this Disclosure Document, Hot Drinks on our Approved Food and Beverage Products and Services authorized list include Summer Moon Latte, 3/4 Moon Latte, 1/2 Moon Latte, 1/4 Moon Latte, Whisper Moon Latte, Café Latte, Cappuccino, Mocha Moon Latte, Blue Moon Latte, Cinnamoon Latte, Matcha Moon, Global, Nitro Black Steamer, Nitro Sweet Steamer, Nitro White Steamer, Nitro Moon Steamer, Espresso, Americano, Cortado, Macchiato, Chai Latte, Hot Chocolate, Mocha Latte, Vanilla Latte, Hazelnut Latte, Matcha Latte, Hot Tea, and Cold Drinks on our Approved Food and Beverage Products and Services authorized list include Winter Moon Latte, 3/4 Winter Moon Latte, 1/2 Winter Moon Latte, 1/4 Winter Moon Latte, Whisper Winter Moon Latte, Iced Café Latte, Iced Americano, Iced Espresso, Iced Mocha Moon, Iced Blue Moon, Iced Cinnamoon, Iced Matcha Moon, Iced Global, Double Moon Shaker, Triple Moon Shaker, Quad Moon Shaker, Nitro Black Cold Brew, Nitro Sweet Cold Brew, Nitro White Cold Brew, Nitro Moon Cold Brew, Iced Mocha Latte, Iced Vanilla Latte, Iced Hazelnut Latte, Iced Breve Latte, Iced Matcha Latte, Iced Chai Latte, Espresso Milkshake, Vanilla Moon Glacier, Java Chip Moon Glacier, Frozen Hot Chocolate, Frozen Chai, Hibiscus Mint Tea and Deep Steep Cold Brew Coffee.

We have the right to change the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services without limitation, and you must promptly comply with the new requirements. If the addition of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services to our authorized list would not require new training or the purchase of new furniture, fixtures or equipment, we may instruct you to begin offering the new Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services as of a date specified in a supplement to the Brand Standards Manual. Similarly, if the deletion of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from our authorized list would not require any new training or the removal of specific furniture, fixtures or equipment, we may direct you to cease offering the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services as of a date specified in a supplement to the Brand Standards Manual. You must comply with our instructions as of the date we specify, which need not be more than 30 days after we distribute the Brand Standards Manual supplement.

You are also required to use the entire site location only for the operation of the Summer Moon Coffee Shop.

You are not allowed to place vending machines, video games, pinball machines, juke boxes or other amusement devices of any kind, nor are you allowed to conduct live musical performances, theatrical or comedic performances, physical or mental contests or games, gambling, or other types of live entertainment on or about the premises of the Summer Moon Coffee Shop.

If we allow your Summer Moon Coffee Shop to participate in any new Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services test, you must participate in the test in accordance with our Brand Standards and must discontinue offering any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that we decide not to add permanently to the authorized list.

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information and property without compensation.

You may not sell any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services to any wholesale customer; sell any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from catalogs or an internet website without our prior written permission. See Item 13.

You may provide Catering to customers in your Designated Area in accordance with the Manual; however, you may not sell any product or service to any wholesale customer, sell any product or service from catalogs, an internet website or a Special Outlet without our prior written permission.

For purposes of this Item 16, “Catering” means the on-site preparation and service of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and complementary menu items at carnivals, charity functions, community festivals, business gatherings, private parties and similar events that last no more than ten consecutive days.

Except as described above, there are no other restrictions on the Customers to whom you may offer or sell Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and other related products or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Summary Pages and §12(a)	10 years.
b. Renewal or extension of the term	Summary Pages and §12(b)	Up to two 5 year successor terms.
c. Requirements for franchisee to renew or extend	§12(b)	You must not be in default, and must give notice, pay a successor fee, upgrade your Summer Moon Coffee Shop, and sign our then-current form of franchise agreement (which may contain materially different terms and conditions from the original agreement), sign a general release and attend training, if we require.
d. Termination by franchisee	§16	You can terminate if there is an adverse change of law related to the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services, and such adverse change of law materially affects your ability to enjoy the economic benefits of the Franchise Agreement. You may also have rights to terminate under applicable law.
e. Termination by franchisor without cause	Not Applicable	

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
f. Termination by franchisor with cause	§16	<p>We can terminate if you commit any one of several listed violations.</p> <p>We can also terminate if there is an adverse change of law related to the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services, and such adverse change of law materially affects our ability to enjoy the economic benefits of the Franchise Agreement.</p>
g. “Cause” defined – curable defaults	§§ 2 and 16	You have 2, 5, 10, 15 or 30 days to cure, depending on the default, except for an unauthorized transfer you must cure before the transfer is complete and if you tamper with your Summer Moon Coffee Shop’s information system, you must restore the system on notice.
h. “Cause” defined – non-curable defaults	§§2 and 16	Such defaults include: breach of non-compete, covenants concerning the Brand Standards Manual, system or anti-corruption or anti-terrorism laws; abandon Summer Moon Coffee Shop; fail to exercise options regarding death provision; allow 3 events of default to occur in a 12-month period; insolvency of you or your guarantor; a receiver is appointed for a substantial part of your assets.
i. Franchisee’s obligations on termination/non-renewal	§ 17	Such obligations include discontinuance of use of trademarks, copyrighted materials, the System and trade secrets, return Brand Standards Manual, removal of trade dress, assignment of lease, sale of FF&E.
j. Assignment of contract by franchisor	§15	No restriction on our right to transfer.
k. “Transfer” by franchisee - defined	§§ 2 and 15(b)	Includes transfer of contract or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	§15(b)	Transfer requires our prior written consent.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	§§ 15(c) and 15(d)	Conditions include: you are not in default; new transferee and Principals, if applicable, qualify to own a new Summer Moon Coffee Shop; asset transfer is complete disposition of franchise; Brand Standards Manual and copyrighted materials are returned; sign general release; transferee satisfactorily completes training and meets all of our other requirements; sign then-current form of franchise agreement; transfer fee is paid; payment terms are provided; profit and loss and cash flow projections are provided; and Principals sign guarantees.
n. Franchisor's right of first refusal to acquire franchisee's business	§15(e)	We have option for 45 days to purchase on same terms and conditions offered to third party.
o. Franchisor's option to purchase franchisee's business	§§ 15(e), 15(f) and 17(j)	Applies if you want to transfer, we require new management after a death, your Principals do not comply with the required provisions after a death, on expiration of the Franchise Agreement, and on termination of the Franchise Agreement.
p. Death or disability of franchisee	§ 15(f)	We must approve new management and if not approved, franchise must be sold.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	§ 14(b)	Subject to applicable state law, no involvement during the term in a competing business which is located (i) at your Summer Moon Coffee Shop Address; or (ii) within the Summer Moon Coffee Shop Territory, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory, or (iv) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory of any other Summer Moon Coffee Shop; or (v) within the United States of America; or (vi) within the world. A competing business is defined as business that offers and sells coffee or tea-related products and services to third parties through any means of distribution as its primary product or service offering.
r. Non-competition covenants after the franchise is terminated or expires	§ 14(b)	Subject to applicable state law, no involvement during the two year period following the term in a competing business which is located (i) at your Summer Moon Coffee Shop Address; or (ii) within the Summer Moon Coffee Shop Territory, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory, or (iv) within 25 miles of the perimeter of the Summer Moon Coffee Shop Development Area or Summer Moon Coffee Shop Territory of any other Summer Moon Coffee Shop.
s. Modification of the agreement	§ 23(e)	No changes unless mutually agreed to in writing.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t. Integration/ merger clause	§ 25(a)	Only the terms of the Franchise/Development Agreement and other related written agreements signed by the parties are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise/development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	§ 20(b)	Subject to applicable state law, the state and federal courts located in the county in which Franchisor has its then current principal place of business (currently the U.S. District Court for Western District of Texas or state courts in Travis County, Texas). But see state specific amendments to the Franchise Agreement.
w. Choice of law	§ 20(a)	Subject to applicable state law, Texas law. But see state specific amendments to the Franchise Agreement.

The table below lists certain important provisions of the Development Agreement. You should read these provisions in the agreement attached to this disclosure document.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	Summary Pages and § 2	From the effective date until the earlier of the required opening date for the last Summer Moon Coffee Shop you are required to open or the date your last Summer Moon Coffee Shop actually opens and has been approved by us for operation.
b. Renewal or extension of the term	Summary Pages, §§ 2, 6 and 12(b-d)	You may apply for one 75-day extension and pay the extension fee.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Not Applicable	
d. Termination by franchisee	§12	<p>You can terminate if there is an adverse change of law related to the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services, and such adverse change of law materially affects your ability to enjoy the economic benefits of the Development Agreement.</p> <p>You may also have rights to terminate under applicable law.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§12	<p>We can terminate if you commit any one of several listed violations.</p> <p>We can also terminate if there is an adverse change of law related to the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services, and such adverse change of law materially affects our ability to enjoy the economic benefits of the Development Agreement.</p>
g. “Cause” defined – curable defaults	Not Applicable	

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
h. “Cause” defined – non-curable defaults	§12	Such defaults include: starting development without approval; failing to timely secure sites or open Summer Moon Coffee Shops; allowing any Summer Moon Coffee Shop Franchise Agreement to be terminated for cause or be terminable for cause due to the passage of an applicable cure period; receiving three or more default notices in any calendar year; attempting or effecting an improper transfer; breaching the non-competition covenant; breaching the anti-terrorist and money laundering covenants; or failing to comply with the Business Entity requirements.
i. Franchisee’s obligations on termination/non-renewal	Not Applicable	
j. Assignment of contract by franchisor	§13(a)	No restriction on our right to assign.
k. “Transfer” by franchisee - defined	§§ 2 and 13(b)	Includes transfer of contract or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	§13(b)	Transfer requires our prior written consent.
m. Conditions for franchisor approval of transfer	§§ 13(c) and 13(d)	Conditions include: you are not in default; asset transfer is complete disposition of franchise; Brand Standards Manual and copyrighted materials are returned; transferee meets qualifications to be a developer; certain Principals sign guarantees; compliance with transfer requirements under developer’s franchise agreements.
n. Franchisor’s right of first refusal to acquire franchisee’s business	§§ 13(e)	Applies if you want to transfer, we require new management after a death, your Principals do not comply with the required provisions after a death, and on termination of the Development Agreement.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
o. Franchisor’s option to purchase franchisee’s business	None	
p. Death or disability of franchisee	§13(f)	We must approve new management and if not approved, development rights must be sold.
q. Non-competition covenants during the term of the franchise	§10(b) and <u>Exhibit B</u>	Subject to applicable state law, no involvement during the term in a competing business which is located (i) at your Summer Moon Coffee Shop Address, or (ii) within the Summer Moon Coffee Shop Development Area, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Development Area, or (iv) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory of any other Summer Moon Coffee Shop; or (v) within the United States of America; or (vi) within the world. A competing business is defined as any business that offers and sells coffee or tea-related products and services to third parties through any means of distribution as its primary product or service offering.
r. Non-competition covenants after the franchise is terminated or expires	§10(c)	Subject to applicable state law, no involvement during the two year period following the term in a competing business which is located (i) at your Summer Moon Coffee Shop Address, or (ii) within the Summer Moon Coffee Shop Development Area, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Development Area, or (iv) within 25 miles of the perimeter of the territory or Summer Moon Coffee Shop Development Area of any other Summer Moon Coffee Shop.
s. Modification of the agreement	§16(f)	No changes unless mutually agreed to in writing.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
t. Integration/ merger clause	§18(b)	Only written terms of Development Agreement and of the exhibits referred to are binding (subject to applicable state law). Any representations or promises outside the Disclosure Document and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	§14(b)	Subject to applicable state law, the state and federal courts located in the county in which Franchisor has its then current principal place of business (currently the U.S. District Court for Western District of Texas or state courts in Travis County, Texas). But see state specific amendments to the Development Agreement.
w. Choice of law	§14(a)	Subject to applicable state law, Texas law. But see state specific amendments to the Development Agreement.

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.

There were 9 franchised Summer Moon Coffee Shops open and operating for the last full fiscal year ended December 31, 2022 and 6 company-affiliated Summer Moon Coffee Shops open and

operating for the last full fiscal year ended December 31, 2022. The below chart reflects the total Gross Sales of these 9 franchised Summer Moon Coffee Shops and 6 company-affiliated Summer Moon Coffee Shops. The chart excludes 3 franchised Summer Moon Coffee Shops (in Oklahoma, Texas and Wisconsin) and 2 company-affiliated Summer Moon Coffee Shops (in Texas) that were open as of the end of the last fiscal year ended December 31, 2022, but which were not open the entire fiscal year ended December 31, 2022.

Type of Summer Moon Coffee Shop	Summer Moon Coffee Shop (presented anonymously)	Gross Sales during the 2022 fiscal year ended December 31, 2022
Franchised Summer Moon Coffee Shops	Summer Moon Coffee Shop 1	\$766,074
	Summer Moon Coffee Shop 2	\$1,292,130
	Summer Moon Coffee Shop 3	\$761,544
	Summer Moon Coffee Shop 4	\$1,159,916
	Summer Moon Coffee Shop 5	\$1,188,176
	Summer Moon Coffee Shop 6	\$1,444,224
	Summer Moon Coffee Shop 7	\$851,542
	Summer Moon Coffee Shop 8	\$583,308
	Summer Moon Coffee Shop 9	\$1,337,740
	<i>Average of Franchised Summer Moon Coffee Shops</i>	\$1,042,739
	<i>Median of Franchised Summer Moon Coffee Shops</i>	\$1,159,916
Company-Affiliated Summer Moon Coffee Shops	Summer Moon Coffee Shop 1	\$1,471,256
	Summer Moon Coffee Shop 2	\$1,320,397
	Summer Moon Coffee Shop 3	\$1,467,629
	Summer Moon Coffee Shop 4	\$1,485,571
	Summer Moon Coffee Shop 5	\$1,537,433
	Summer Moon Coffee Shop 6	\$2,014,130

Type of Summer Moon Coffee Shop	Summer Moon Coffee Shop (presented anonymously)	Gross Sales during the 2022 fiscal year ended December 31, 2022
	<i>Average of Company-Affiliated Summer Moon Coffee Shops</i>	\$1,549,403
	<i>Median of Franchised Summer Moon Coffee Shops</i>	\$1,478,413

During the 2022 fiscal year ended December 31, 2022, the highest Gross Sales for a franchised Summer Moon Coffee Shop was \$1,444,224 and the lowest highest Gross Sales for a franchised Summer Moon Coffee Shop was \$583,308.

During the 2022 fiscal year ended December 31, 2022, the highest Gross Sales for a company-affiliated Summer Moon Coffee Shop was \$2,014,130 and the lowest highest Gross Sales for a company affiliated Summer Moon Coffee Shop was \$1,320,397.

This information has not been separately audited or verified by an independent certified public accountant, and it may not have been prepared on a basis consistent with generally accepted accounting principles. Written substantiation of the financial performance representation in this Item 19 will be made available to you upon reasonable request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Except as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Shannon Callender at 1800 Elder Hill Road, Driftwood, Texas 78619, (512) 222-7563, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2020	0	1	+1
	2021	1	8	+7
	2022	8	15	+7
Company-Owned**	2020	5	6	+1
	2021	6	6	+0
	2022	6	8	+2
Total Outlets	2020	5	7	+2
	2021	7	14	+7
	2022	14	23	+9

*We began franchising Summer Moon Coffee Shops in May 2020. However, as noted in Item 1, Coffee Unplugged sold a number of licenses to licensees that operate an earlier prototype of Summer Moon Coffee Shop under terms and conditions that are substantially different than the terms and conditions that we offer in this Disclosure Document. Coffee Unplugged remains the licensor for these licensed Summer Moon Coffee Shops so we do not include them in the Item 20 tables.

** As of the date of this Disclosure Document, our affiliates own and operate 9 company-affiliated Summer Moon Coffee Shops in Texas. See Item 1.

TABLE 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
None	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

**Table 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2020 TO 2022***

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama**	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida**	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Illinois**	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
North Carolina	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	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas**/**	2020	0	1	0	0	0	0	1
	2021	1	4	0	0	0	0	5
	2022	5	3	0	0	0	0	8
Wisconsin	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	0	1	0	0	0	0	1
	2021	1	7	0	0	0	0	8

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
	2022	8	7	0	0	0	0	15

*We began franchising Summer Moon Coffee Shops in May 2020. However, as noted in Item 1, Coffee Unplugged sold a number of licenses to licensees that operate an earlier prototype of Summer Moon Coffee Shop under terms and conditions that are substantially different than the terms and conditions that we offer in this Disclosure Document. Coffee Unplugged remains the licensor for these licensed Summer Moon Coffee Shops so we do not include them in the Item 20 tables.

**Summer Moon Coffee Shops are currently in development or have opened in these states as of the date of this Disclosure Document, but were not open as of the end of our last fiscal year.

***Coffee Unplugged licensees operate or are developing Summer Moon Coffee Shops in Kansas and Texas as of the date of this Disclosure Document.

****A non-traditional trailer prototype was opened in Belton, Texas in 2022 and is operating under the Temple, Texas franchise agreement.

**TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Texas	2020	5	1	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	2	0	0	0	8
Total*	2020	5	1	0	0	0	6
	2021	6	0	0	0	0	6
	2022	6	2	0	0	0	8

* As of the date of this Disclosure Document, our affiliates own and operate 9 company-affiliated Summer Moon Coffee Shops in Texas. See Item 1.

Table 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchise Outlets	Projected New Company-Owned Outlets
Alabama	1	1	0
Colorado	1	1	0
Florida	1	1	0
Illinois	1	1	0
Oklahoma	1	1	0
South Carolina	2	2	0
Texas*	4	4	1
Total	11	11	1

List of Franchisees; List of Former Franchisees

Exhibit G to this disclosure document contains a list of franchisees that operate a Summer Moon Coffee Shop as of December 31, 2022.

Exhibit H to this disclosure document contains a list of franchisees that operated a Summer Moon Coffee Shop who were terminated, not renewed, or voluntarily or involuntarily ceased to do business under a franchise or other agreement during the last fiscal year ended December 31, 2022, or who failed to communicate with us during the 10 weeks preceding the date of this disclosure document.

For the avoidance of doubt, neither Exhibit G nor Exhibit H contain information on any of Coffee Unplugged’s licensees.

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

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this disclosure document.

Confidentiality Clauses

During the last 3 fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee’s ability to speak openly about their experience.

Trademark-Specific Franchisee Organizations

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

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit I are the following financial statements:

1. Our audited financial statements for the fiscal years ended December 31, 2021 and December 31, 2022.
2. Our audited balance sheet opinion for the partial fiscal year ended December 31, 2020.
3. Our unaudited opening balance sheet as of March 10, 2020.

Please note that we have only been in existence since March 4, 2020, and therefore do not have a balance sheet for two previous fiscal year-ends before this Disclosure Document issuance date or statements of operations, stockholders equity, and cash flows for three previous fiscal years.

Our fiscal year end is December 31st of each year.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

- Exhibit B – Franchise Agreement
- Exhibit C – Development Agreement
- Exhibit D – Confidentiality Agreement
- Exhibit E – Franchise Application

ITEM 23 RECEIPTS

Exhibit L to this disclosure document includes detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104-4428
(866) 275-2677

HAWAII

Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586 2722

ILLINOIS

Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782 4465

INDIANA

Franchise Section
Securities Division
302 W. Washington St., Room E 111
Indianapolis, Indiana 46204
(317) 232 6681

KENTUCKY

Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602
(502) 696 5300

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

MICHIGAN

Office of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296 4026

NEBRASKA

Department of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68509
(402) 471 3445

NEW YORK

New York State Department of Law
Investor Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol 14th Floor Dept 414
Bismarck, North Dakota 58505-0510
701-328-4712

OREGON

Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter Street N.E.
Labor and Industries Building, Room 21
Salem, Oregon 97310
(503) 378 4387

RHODE ISLAND

Securities Division
233 Richmond Street, Suite 232
Providence, Rhode Island 02903
(401) 222 3048

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475 1769

UTAH

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114
(801) 530 6601

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371 9051

WASHINGTON

Department of Financial Institutions
Securities Division
150 Israel Road, S.W.

Tumwater, Washington 98501
(360) 902 8760

WISCONSIN

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701 or
201 W. Washington, Suite 300
Madison, Wisconsin 53703
(608) 266 8559

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104-4428

NORTH DAKOTA

Securities Commissioner
600 East Boulevard Avenue
State Capitol 14th Floor Dept 414
Bismarck, North Dakota 58505-0510

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

OREGON

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

RHODE ISLAND

Director
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903

INDIANA

Secretary of State
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501

MARYLAND

Maryland Securities Commissioner
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

MICHIGAN

Department of Labor & Economic Growth
Commercial Services & Corporations Bureau
611 W. Ottawa Street
Lansing, Michigan 48909

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

WISCONSIN

Commissioner of Securities
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

NEW YORK

Attn: New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

EXHIBIT B
FRANCHISE AGREEMENT

**SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT**

***[INSERT DESCRIPTION OF TARGET AREA
OR SUMMER MOON COFFEE SHOP ADDRESS]***

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Exhibits:

- A. Personal Guaranty and Principals’ Undertaking
- B. Confidentiality Agreement and Covenant Not To Compete
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State Addenda to Franchise Agreement

SUMMARY PAGES

Effective Date: _____

Franchisee: _____

Franchisee Corporate Address: _____

Summer Moon Coffee Shop Address (if/when known): _____

Phone Number: _____ Email Address: _____

Controlling Principal: _____

General Manager: _____

Term: 10 years from the Effective Date

Successor Franchises: up to 2 consecutive successor Franchise Agreements of 5 years

Target Area (if applicable): The geographic area encompassed within _____
_____ and reflected on the map attached as Exhibit F, as existing on the Effective Date.

Summer Moon Coffee Shop Territory: The geographic area encompassed within _____
_____ and reflected on the map attached as Exhibit F, as existing on the Effective Date.

Required Opening Date (365 days from Effective Date): _____

Initial Franchise Fee: \$25,000

Initial Training and Grand Opening Support Fee: \$20,000 if the Summer Moon Coffee Shop is the first Summer Moon Coffee Shop opened by Franchisee or its Affiliates; or an amount up to 62.5% of the then-current initial training and grand opening support fee if the Summer Moon Coffee Shop is Franchisee's or its Affiliates' second or other additional Summer Moon Coffee Shop and Franchisee requests some lesser level of initial training and/or opening support (or, if Franchisor deems some lesser level of initial training and/or opening support necessary), which will compensate Franchisor for the cost for its time, travel, accommodation and other related labor costs associated with such lesser level of initial training and/or opening support provided.

Development Services Fee: \$12,000

Royalty Fee: 6% of Gross Sales per Accounting Period from the Opening Date.

Advertising Fee: 0% of Gross Sales; provided that Franchisor may implement an Advertising Fee and then increase or decrease the then current Advertising Fee amount up to a maximum of 2% of Gross Sales upon written notice to Franchisee in accordance with 10(c) of this Agreement.

Summer Moon Technology Fee: An amount Franchisor sets for each calendar year based on its then current costs and payable in installments each Accounting Period per Summer Moon Coffee Shop; currently \$270 per Accounting Period per Summer Moon Coffee Shop. Franchisee acknowledges and

agrees that Franchisee may have to pay additional support services fees for additional service beyond the base level of support paid for through the Summer Moon Technology Fee.

Transfer Fee: \$10,000

Successor Fee: \$12,500

Addresses for Notices:

Franchisor: Summer Moon Franchising LLC
1800 Elder Hill Road
Driftwood, Texas 78619
Email: franchise@summermoon.com

Franchisee: Mailing address for Franchisee Corporate Office shown above.

Insurance Requirements:

Commercial general liability insurance, including products liability coverage, and broad form contractual liability coverage, written on an “occurrence” policy form in any amount of not less than \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate. Such insurance will insure the contractual liability of Franchisee under this Franchise Agreement.

Business automobile liability insurance written on an “occurrence” policy form in an amount of not less than \$1,000,000 combined single limit per occurrence and in the aggregate, including owned, leased, non-owned and hired automobile coverage (only required if Franchisee or any of its employees use an automobile in connection with any aspect of operating Franchisee’s Summer Moon Coffee Shop or if one or more of the officers or other employees of Franchisee maintain automobiles which are owned or leased by Franchisee).

Employment Practices liability insurance written on an “claims made” policy form in an amount of not less than \$1,000,000 combined single limit per occurrence and \$1,000,000 in the aggregate.

“All Risk” or “Special Form” property insurance covering: (a) the building(s) used for Franchisee’s Summer Moon Coffee Shop, equipment and inventory of Franchisee’s Summer Moon Coffee Shop, including plate glass coverage, on a full 100% repair or replacement value basis, (b) business interruption/business income insurance (at least 1 year of actual loss sustained), including extra expense insurance, so as to re-establish normal business operations, and (c) loss of rents insurance covering a minimum of 1 year fixed minimum rent.

Workers’ compensation insurance in the minimum amount mandated by Franchisee’s state’s law (if applicable), unless Franchisee’s state requires or permits employers to participate in a state-administered insurance pool (in which case Franchisee either must or may adopt and maintain a qualifying plan, as applicable).

Umbrella Liability insurance coverage of not less than \$5,000,000 over the basic Comprehensive General Liability insurance coverage and \$5,000,000 for Products/Completed Operations in the aggregate.

Ownership Information and Principals:

The following is a list of stockholders, partners or other interest holders in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
1.	
2.	
3.	

The following is a list of Franchisee’s “Principals” described in and designated pursuant to the Franchise Agreement, each of whom will execute the Personal Guaranty and Principals’ Undertaking form set forth in Exhibit A unless otherwise agreed by Franchisor.

<u>Name</u>	<u>Address</u>
1.	
2.	
3.	

Disclosure Law Compliance:

Delivery Date of Disclosure Document: _____, 202__.

Delivery Date of completed copy of this Agreement: _____, 202__.

SUMMER MOON COFFEE SHOP FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into by and between Franchisor and Franchisee and is effective as of the Effective Date. The Summary Pages to this Agreement are an integral part of this Agreement.

1. **Recitals.** Franchisor has, through the expenditure of time, skill, effort and money, developed the System for the establishment and operation of the Summer Moon Coffee Shops that offer and sell Approved Food and Beverage Products and Services and related products and services. Franchisee desires to obtain the right, and Franchisor is willing to grant Franchisee the right, to operate a Summer Moon Coffee Shop using the System and Marks at the Summer Moon Coffee Shop Address in accordance with the terms of this Agreement. The parties have entered into this Agreement to evidence the terms and conditions of their relationship.

2. **Definitions.** The following terms are used in this Agreement with the meanings assigned below:

Accounting Period means each calendar month during the Term; provided that Franchisor may change the Accounting Period to each calendar week during the Term upon 30 days’ prior written notice to Franchisee.

Action means a suit, proceeding, claim, demand, investigation, or inquiry, whether formal or informal.

Adverse Change of Law means the adoption, promulgation, modification or reinterpretation after the Effective Date by any governmental authority in the United States (as to Franchisor) or the state or local jurisdiction in which the Summer Moon Coffee Shop is located (as to Franchisee), of any law, regulation, policy, order, circular or similar directive which action materially and adversely affects Franchisor’s or Franchisee’s ability to enjoy the economic benefits of this Agreement or to enforce its rights hereunder or thereunder, including the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services. An Adverse Change of Law does not constitute an Event of Force Majeure.

Advertising Fee means the periodic advertising fee payable to Franchisor in the amount identified on the Summary Pages if an Advertising Fee is implemented by Franchisor.

Affiliate means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

Approved Food and Beverage Products and Services means all approved or permitted food, beverage and other products and services that are used, offered or sold in Summer Moon Coffee Shops generally, including Franchisee’s Summer Moon Coffee Shops, including all Proprietary Food and Beverage Products and Services.

Brand Standards means the mandatory and suggested specifications, standards, operating procedures and rules that Franchisor prescribes from time to time for the development and operation of a Summer Moon Coffee Shop and any other information Franchisor provides to Franchisee during the Term relating to Franchisee’s operation of Franchisee’s Summer Moon Coffee Shop or to any other of Franchisee’s obligations under this Agreement and related agreements, whether or not provided in writing in the Brands Standards Manual.

Brand Standards Manual means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended standards, procedures, policies and advice (i.e., the Brand Standards) relating to a Summer Moon Coffee Shop's operation and management and to marketing the Proprietary Food and Beverage Products and Services and other products and services offered and sold by Summer Moon Coffee Shops. The Brand Standards Manual discloses certain elements of Franchisor's proprietary System, and its contents are and will remain Franchisor's Trade Secrets and exclusive property.

Business Entity means a corporation, a general or limited partnership, a limited liability company or any other type of business entity.

Charter Documents means a corporation's articles of incorporation, by-laws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership; a limited liability company's articles of association and regulations or operating agreement; and comparable governing documents of any other type of business entity.

Competing Business means any business that offers and sells coffee or tea-related products and services to third parties through any means of distribution as its primary product or service offering.

Confidential Information means Franchisor's proprietary and confidential information relating to the development and operation of a Summer Moon Coffee Shop, including:

1. Technology and Information Systems prescribed for use in a Summer Moon Coffee Shop, including the Summer Moon Operating System (if applicable);
2. Identity of suppliers and knowledge of Brand Standards for and suppliers of furniture, fixtures, equipment, signage, Approved Products and Services, Proprietary Food and Beverage Products and Services and any other related products and services;
3. Methods of scheduling, training and management relating to a Summer Moon Coffee Shop;
4. The Brand Standards, the Brand Standards Manual, any other proprietary materials and knowledge, know-how or experience used or obtained in developing and operating a Summer Moon Coffee Shop;
5. Sales, marketing and advertising programs and techniques for a Summer Moon Coffee Shop;
6. Knowledge of operating results and financial performance of a Summer Moon Coffee Shop, other than Franchisee's Summer Moon Coffee Shops;
7. General Manager and employee recruiting, interviewing, orientation, training and evaluation policies and procedures;
8. Franchisor's culture and all initial and refresher training programs;
9. Site selection criteria, general contractor and architect criteria and Trade Dress for Summer Moon Coffee Shops, and plans and specification for the development of the Summer Moon Coffee Shops;

10. Customer Information and other information (including earnings information) regarding Franchisor's personnel and Customers and those of other franchisees and licensees of Franchisor;
11. Franchisee recruiting methods and procedures, and selection criteria;
12. Business performance measurement systems;
13. Business planning process and procedures used by Franchisor and Franchisee related to the development of one or more Summer Moon Coffee Shops; and
14. All other information that Franchisor provides Franchisee and designates proprietary or confidential, including information provided to Franchisee through the Summer Moon Intranet.

Confidentiality Agreement and Covenant Not To Compete means the confidentiality agreement and covenant not to compete form attached to this Agreement as Exhibit B.

Continuing Fees means all Royalty Fees, Advertising Fees, Summer Moon Technology Fees and any other periodic fees and payments due under this Agreement.

Control or **Controlling Interest** means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

Controlling Principal means one of the Principals who meets Franchisor's requirements and is approved by Franchisor, and who is appointed by Franchisee to supervise and manage all aspects of Franchisee's business and to deal exclusively with Franchisor and its staff for purposes of administering and coordinating the relationship created by this Agreement. Franchisee's first Controlling Principal is identified on the Summary Pages.

Copyrighted Materials refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Franchisor, produced on its behalf as works for hire, or derived from works produced by or on behalf of Franchisor: (i) all manuals used in a Summer Moon Coffee Shop's development, operation and marketing activities, including but not limited to the Brand Standards Manual, (ii) all training and other training materials (including printed, audio, video or electronic materials), (iii) Summer Moon Coffee Shop plans and specifications, (iv) designs and graphics, (v) product and service identification posters, photographs and graphics, (vi) advertising and marketing materials, (vii) labels, forms and reports provided by Franchisor, (viii) any proprietary computer software developed for use in the operation of a Summer Moon Coffee Shop, including but not limited to the Summer Moon Operating System (if applicable), (ix) all Trade Dress and Trade Dress elements for the furniture, fixtures, equipment, signage, Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services for the Summer Moon Coffee Shop, and (x) any other materials protected by copyright law or marked or identified by Franchisor as protected by copyright.

Crisis Management Event means any event that occurs at or otherwise involves the Summer Moon Coffee Shop premises, or that occurs generally at a local, regional, national or even global scale, which has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, food borne illnesses or any other similar

circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

Customer is a paying or other customer of the Summer Moon Coffee Shop who purchases or considers purchasing products or services at a Summer Moon Coffee Shop.

Customer Information means any information that: (i) can be used (alone or when used in combination with other information within Franchisee's control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Customer Information can be in any media or format, including computerized or electronic records as well as paper-based files.

Development Services Fee means the development services fee identified on the Summary Pages of this Agreement payable in connection with the performance of certain pre-opening Summer Moon Coffee Shop development services.

Dispute means any claim, controversy or dispute that arises under, or in relation to, this Agreement or concerns the relationship created by this Agreement.

Dollars or \$ means currency of the United States of America.

Effective Date means the date Franchisor signs this Agreement, as indicated in the Summary Pages and in its signature block.

Event of Default means any breach of this Agreement, including without limitation, those breaches expressly described in this Agreement.

Event of Force Majeure means acts of God, strikes, war, riot, epidemic, pandemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other similar extraordinary or unnatural forces beyond Franchisee's or Franchisor's control which, as applicable, materially and adversely affect the condition, use or operation of Franchisee's Summer Moon Coffee Shop or which effect Franchisor's ability to perform its obligations under this Agreement.

Franchise means the right to operate a Summer Moon Coffee Shop at a defined Summer Moon Coffee Shop Address, as more fully described in this Agreement.

Franchisee means the Franchisee identified on the Summary Pages of this Agreement.

Franchisor means Summer Moon Franchising LLC, a limited liability company organized under the laws of the State of Texas, or its successors and assigns to this Agreement.

General Manager means an individual appointed by Franchisee who meets Franchisor's requirements and is approved by Franchisor to supervise and manage all aspects of the Summer Moon Coffee Shop's day-to-day operations if the Controlling Principal will not supervise and manage all aspects of the Summer Moon Coffee Shop's day-to-day operations. Franchisee's first General Manager (if any) is identified on the Summary Pages.

Gross Sales means the aggregate of all revenue and income from whatever source derived, whether or not collected by Franchisee and whether it is in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to Franchisee's Summer Moon Coffee Shop including, without limitation, (a) income from the sale of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services sold to

Customers; (b) income from any other types of products sold or services provided; and (c) all proceeds from any business interruption insurance, but excluding (i) all refunds, cancellation fees and discounts made in good faith to a Customer; (ii) any sales, goods and services and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; (iii) tips paid by Customers to Summer Moon Coffee Shop personnel; and (iv) the value of any gift card, coupon, voucher or other allowance authorized by Franchisor and issued or granted to Customers of Franchisee's Summer Moon Coffee Shop which is received or credited by Franchisor in full or partial satisfaction of the price of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered in connection with Franchisee's Summer Moon Coffee Shop.

Indemnified Parties means Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners, members, managers, agents, representatives, independent contractors, attorneys, accountants, employees, successors and assigns.

Initial Franchise Fee means the initial franchise fee identified on the Summary Pages of this Agreement payable in connection with the purchase of the Franchise.

Losses and Expenses means all compensatory, exemplary, incidental, consequential, or punitive damages (including lost profits); all fines, charges, costs, or expenses imposed by courts or other governmental authorities or by arbitrators; reasonable attorneys' fees and all court or arbitration costs, settlement amounts, or judgments relating to litigation or arbitration; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from Franchisee's delays, costs of any necessary corrective advertising material and media time/space, and costs of changing, substituting, or replacing advertising; and all expenses of recall, refunds, compensation to third parties, public notices, and other similar amounts incurred in connection with the matters for which Losses and Expenses are to be paid.

Marks refers to and includes (i) the "Summer Moon" service mark and logo, (ii) the "Summer Moon" trade name, (iii) the elements and components of a Summer Moon Coffee Shop's Trade Dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that Franchisor adopts from time to time to identify the System and the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered by Summer Moon Coffee Shops.

Ownership Interest means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

Permanent Disability means any physical, emotional or mental injury, illness or incapacity that would prevent an individual from performing the obligations set forth in this Agreement or in the Personal Guaranty and Principals' Undertaking for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether an individual is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the individual; or if the individual refuses to submit to an examination, then the individual automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Franchisor.

Person means an individual or a Business Entity.

Personal Guaranty and Principals' Undertaking means the Personal Guaranty and Principals' Undertaking attached to this Agreement at Exhibit A.

Principal means collectively or individually, all officers and directors of Franchisee or any Affiliate of Franchisee and Persons holding a direct or indirect Ownership Interest in Franchisee or in any Affiliate of Franchisee, in the Franchise, this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of Franchisee's Summer Moon Coffee Shop or an interest therein or in the revenues or income thereof, as designated by Franchisor. The initial Principals are listed on the Summary Pages to this Agreement.

Privacy Laws means any international, national, federal, provincial, state, or local law, code, rule or regulation that regulates the processing of Client Information in any way, including data protection laws such as EU General Data Protection Regulation 2016/679 ("GDPR"), the California Consumer Protection Act of 2018 and other similar laws, rules or regulations, laws regulating marketing communications and/or electronic communications such as the CAN-SPAM Act and "Do Not Call" laws rules and regulations, information security regulations, the most current Payment Card Industry Data Security Standard, ISO 27001, ISO 27002, and security breach notification rules.

Proprietary Food and Beverage Products and Services means any food or other products and derivative menu items, and any related services, used, offered or sold in Summer Moon Coffee Shops that are either branded with the Marks or developed, produced, created or manufactured using Franchisor's or its Affiliates' proprietary recipes, trade secrets or other Confidential Information, and designated as proprietary by Franchisor from time to time.

Prospectus means a statutory prospectus (preliminary or final), a private placement memorandum or any similar document that a company may use to convey information about a Securities Offering.

QSC Reviews means physical, on-site visits to a Summer Moon Coffee Shop or its events during which Franchisor's representatives conduct either (i) formal inspections to determine the degree to which a Summer Moon Coffee Shop's operation satisfies Franchisor's quality, service and cleanliness standards, or (ii) informal reviews to evaluate the staff's compliance with the Brand Standards.

Required Opening Date means the Required Opening Date identified on the Summary Pages.

Royalty Fee means the continuing royalty fee identified on the Summary Pages payable with respect to Franchisee's continued use of the Marks and System in connection with the operation of the Summer Moon Coffee Shop.

Securities Offering means a public offering or private placement of any equity or debt securities or of any securities convertible into or exchangeable for equity securities by Franchisee or, if any of the proceeds of the offering are to be invested in or loaned to Franchisee, or if the Prospectus an Affiliate uses in connection with the offering mentions Franchisor or describes the relationship between Franchisor and Franchisee, by any Affiliate of Franchisee.

Social Media means any and all existing or future forms of electronic communication, whether for business or personal use (including via internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos) through which users create or use online networks or communities (including but not limited through online communities such as Facebook, Twitter, Instagram, SnapChat, LinkedIn,

YouTube, Reddit, TikTok, Yelp or Wikipedia and other similar content sharing outlets) to share information, ideas, personal messages, and other online content.

Special Facilities mean both (a) an express unit, a mini-Summer Moon Coffee Shop, or similar fixed installation that contains all necessary items to offer and sell a full or limited range of Proprietary Food and Beverage Products and Services, and is located in an airport, sports arena, train or bus station, theme park, military base, higher education campus, office building, convention centers or other special use facility (excluding enclosed shopping malls); and (b) a kiosk, booth, mobile dispensing unit (such as a cart or customized RV) or other mobile installation at or from which select Proprietary Food and Beverage Products and Services may be sold to Customers, any of which may operate on a permanent, temporary or seasonal basis.

Successor Fee means the successor fee identified on the Summary Pages.

Summary Pages means the pages that appear at the beginning of this Agreement that summarize certain key information concerning the parties' relationship and the terms of this Agreement.

Summer Moon Coffee Shop means a restaurant or food service business that operates from a fixed, physical bricks and mortar location on a year-round basis under the Marks and System and offers and sells approved Proprietary Food and Beverage Products and Services and related products and services, and in accordance with the Brand Standards.

Summer Moon Coffee Shop Address means the physical address of Franchisee's Summer Moon Coffee Shop, as described on the Summary Pages.

Summer Moon Intranet means a web-based communications network that permits members of the Summer Moon Network to communicate electronically with each other and through which Franchisor may, at its option, make accessible various materials to Franchisee, including the Brand Standards Manual, training materials and official notices.

Summer Moon Network means all Franchisor-owned or affiliated and franchisee-owned Summer Moon Coffee Shops in the United States.

Summer Moon Operating System any proprietary operations and management hardware or software that is or may be developed and/or used by Franchisor to assist in the operation of Summer Moon Coffee Shops.

Summer Moon Technology Fee means the fee identified on the Summary Pages (if applicable) and payable with respect to the continuing research, development and/or implementation of technology-based innovations for the System, including innovations in Technology and Information Systems, the Summer Moon Operating System and other systems related to the development and operation of Summer Moon Coffee Shops.

Summer Moon Website means an internet website that Franchisor may develop and maintain to advertise and promote the Summer Moon Network generally, and the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that members of the Summer Moon Network offer, and to facilitate the sale of Franchises for a Summer Moon Coffee Shop.

System means development guidelines, opening guidelines, operational guidelines, initial and ongoing training programs, business methods, designs, arrangements and Brand Standards for developing

and operating Summer Moon Coffee Shops, including those pertaining to site selection, conversion, construction, exterior and interior building design, signage and layouts, furniture, fixtures, equipment, specifications for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered to Customers, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information and technology systems, all of which Franchisor may improve, further develop or otherwise modify from time to time.

Technology and Information Systems means electronic systems prescribed for use to collect, compute, store and report a Summer Moon Coffee Shop's Gross Sales, other financial data and operating information, such as cash registers or other point of sale systems, computers, peripheral equipment and related software programs, including the Summer Moon Operating System (if applicable) or any other similar hardware and software designated for use in the Brand Standards.

Term means the term identified on the Summary Pages.

Trade Dress means decorative, non-functional components of a Summer Moon Coffee Shop premises that provide the establishment a distinctive, memorable appearance.

Trade Secrets means the components of the System, the contents of the Brand Standards Manual and of all employee training materials and computer programs developed by Franchisor or in accordance with the Brand Standards, Confidential Information and any other confidential information that Franchisor imparts to Franchisee with respect to a Summer Moon Coffee Shop's operation or management, whether through the Brand Standards Manual or otherwise.

Training Team means Franchisee's Controlling Principal, General Manager (if applicable) and one other designated and approved trainee (and any replacements or successors thereto) who must attend and timely and successfully complete Franchisor's initial training program for the first Summer Moon Coffee Shop to be opened by Franchisee and its Affiliates.

Transfer means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter vivos transfer, testamentary disposition or other disposition of (1) the Franchise, this Agreement or any interest in or right under this Agreement, or of all or substantially all of the assets of Franchisee's Summer Moon Coffee Shop or in an interest therein, including (a) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (b) any transfer upon Franchisee's death or the death of any of the Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (b) any foreclosure upon Franchisee's Summer Moon Coffee Shop or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee's Summer Moon Coffee Shop or (2) of any direct or indirect Ownership Interest in Franchisee or revenues or income of Franchisee's Summer Moon Coffee Shop, including (a) any transfer, redemption or issuance of a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has an Ownership Interest in Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has an Ownership Interest in Franchisee; (b) any merger or consolidation between Franchisee or any Business Entity that has an Ownership Interest in Franchisee and another Business Entity, whether or not Franchisee is the surviving Business Entity; (c) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (d) any transfer upon Franchisee's death or the death of any of the Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon Franchisee's Summer Moon Coffee Shop or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee's Summer Moon Coffee Shop. No Person (including any employee or

independent contractor) may hold any Ownership Interest in Franchisee's Summer Moon Coffee Shop other than an undivided interest in the Franchise as a whole, and then only in compliance with the transfer restrictions in this Agreement.

Transfer Fee means the transfer fee identified on the Summary Pages.

3. Grant of Franchise.

(a) Franchisor grants to Franchisee a Franchise, and Franchisee accepts the Franchise and obligation to develop and operate, a single fixed, physical bricks and mortar retail Summer Moon Coffee Shop at the physical premises located at the Summer Moon Coffee Shop Address set forth in the Summary Pages to this Agreement, and to offer and sell approved Proprietary Food and Beverage Products and Services or other products or services from the Summer Moon Coffee Shop, using the System and Marks in accordance with the Brand Standards.

(b) Franchisee's use of any of the Marks or any element of the System in the operation of a business at any other address or in any other channel of distribution without Franchisor's express prior written authorization will constitute willful infringement of Franchisor's rights in the Marks and the System. Franchisee is specifically prohibited from sublicensing, assigning, or delegating to others any of Franchisee's rights or obligations under this Agreement.

(c) Franchisee's right to operate the Summer Moon Coffee Shop and to use the Marks or any element of the System for the operation of the Summer Moon Coffee Shop is contingent upon Franchisee's full compliance with all federal, state and local laws, rules and regulations (including but not limited to any "dram shop" law or similar act), and Franchisee's timely procurement and maintenance of any and all permits, certificates or licenses necessary for the full and proper conduct of the Summer Moon Coffee Shop including, without limitation, licenses to do business, trade name registrations and sales tax permits.

(d) So long as Franchisee, its Affiliates and the Principals are in full compliance with this Agreement and all other agreements between Franchisee, its Affiliates and the Principals and Franchisor or its Affiliates, then Franchisor will not operate or authorize anyone except Franchisee to commence operation of a full size Summer Moon Coffee Shop from a fixed, physical bricks and mortar retail premises located within the Summer Moon Coffee Shop Territory.

(e) Franchisor and its Affiliates (and their respective successors and assigns, by purchase, merger, consolidation or otherwise) reserve all rights that this Agreement does not expressly grant to or confer upon Franchisee, including, without limitation and notwithstanding Section 3(d) above:

(i) The right to establish and operate and license others to establish and operate Special Facilities inside or outside the Summer Moon Coffee Shop Territory, regardless of proximity to or competitive impact upon the Summer Moon Coffee Shop.

(ii) The right to establish, operate and license others to establish and operate Summer Moon Coffee Shops at fixed, physical bricks and mortar retail premises located anywhere other than within the Summer Moon Coffee Shop Territory, regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop and regardless of whether these establishments market their products and services in, or draw Customers from, areas in or around the Summer Moon Coffee Shop Territory.

(iii) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel, memorabilia, and other related products and merchandise, whether or not identified by or associated with the Marks, to or through any fixed, physical bricks and mortar retail premises that are not affiliated with Franchisor or associated with the Summer Moon Network, including (for example) department stores, supermarkets and convenience stores, anywhere other than at the Summer Moon Coffee Shop Address, regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop.

(iv) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel, memorabilia, and other related products and merchandise whether or not identified by or associated with the Marks, to all Persons anywhere other than at the Summer Moon Coffee Shop Address through catalogs, telemarketing campaigns, an internet website and other direct-order techniques.

(v) The right to broadcast television and radio commercials for direct-order merchandise, initiate internet or telephone contact with and accept internet or telephone orders, and fill orders for direct-order merchandise anywhere other than at Franchisee's Summer Moon Coffee Shop Address, regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop.

(vi) The right to operate, and grant to others the right to operate, restaurant or food service businesses or other types of retail restaurant or food service-related businesses identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as Franchisor deems appropriate, anywhere other than at Franchisee's Summer Moon Coffee Shop Address, and regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop.

(vii) The right to advertise and promote sales of any products and/or services (including those offered by Summer Moon Coffee Shop) anywhere, and advertise and promote franchises for Summer Moon Coffee Shop anywhere, regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop.

(viii) The right to acquire or be acquired by (regardless of the form of the transaction) a business which operates or licenses others to operate restaurant or food service businesses or other types of retail restaurant or food service-related businesses, and Franchisor, Franchisor's affiliates or any successors or assigns will have the right to operate and/or license others to operate such restaurant or food service businesses or other types of retail restaurant or food service-related businesses under the trademarks or service marks of such other restaurant or food service or other retail restaurant or food service-related businesses at, from and/or physically contiguous to such businesses premises or anywhere else, regardless of proximity to or competitive impact upon Franchisee's Summer Moon Coffee Shop.

(f) Franchisee acknowledges and agrees that Franchisor has no express obligation or implied duty to insulate or protect Franchisee's revenues from erosion as the result of the Summer Moon Coffee Shop's competing with other restaurant or food service businesses in the ways and to the extent this Section provides or contemplates. Franchisee expressly waives and relinquishes any right to assert any claim against Franchisor based on the existence, actual or arguable, of any such obligation or duty.

(g) If Franchisee is a Business Entity, Franchisee acknowledges and agrees that no individual, including the Principals and employees of the Summer Moon Coffee Shop, has, and no provision of this Agreement confers, any personal right to use the Marks at or from any location for any purpose, including on Social Media. Franchisee agrees to immediately notify Franchisor if Franchisee becomes aware of such use of the Marks. Franchisee will take all reasonable actions required by

Franchisor to eliminate such use of the Marks and will reimburse Franchisor for any expense incurred by Franchisor as a result of such use of the Marks.

4. Business Entity Requirements. If Franchisee is a Business Entity, the following requirements apply:

(a) Franchisee must be properly organized and in good standing under applicable law, and its Charter Documents must provide that Franchisee's purposes and activities are restricted exclusively to developing and operating Summer Moon Coffee Shops.

(b) True, complete and duly authenticated copies of Franchisee's Charter Documents and of a resolution of Franchisee's board of directors, general partner or other managing body authorizing Franchisee to enter into and perform this Agreement must be furnished to Franchisor prior to the execution of this Agreement.

(c) Franchisee's Charter Documents will impose Transfer restrictions that give effect to the rights and obligations related to Transfers in this Agreement, and each certificate representing an Ownership Interest in Franchisee will contain or have conspicuously noted upon its face a statement in a form satisfactory to Franchisor to the effect that any assignment or Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers.

(d) Franchisee will maintain a list of all record and beneficial owners of Ownership Interests in Franchisee and will furnish a current version of the list to Franchisor between December 15th and 31st of each year and upon request.

5. Primary Fees.

(a) In consideration of Franchisor's granting the Franchise and for Franchisor's lost or deferred opportunities in the Summer Moon Coffee Shop Territory, Franchisee will pay Franchisor the Initial Franchise Fee concurrent with Franchisee's execution of this Agreement. The Initial Franchise Fee will be fully-earned upon receipt and is not refundable under any circumstances.

(b) In consideration of Franchisor's performance of certain pre-opening services for the Summer Moon Coffee Shop, Franchisee will pay Franchisor the Development Services Fee concurrent with Franchisee's execution of this Agreement. The Development Services Fee will be fully-earned upon receipt and is not refundable under any circumstances.

(c) In consideration for Franchisee's continuing use of the Marks and the System, Franchisee agrees to pay Franchisor the Royalty Fee each Accounting Period during the Term based on Franchisee's operation of the Summer Moon Coffee Shop.

(d) Franchisee agrees to pay to Franchisor or its designee the Advertising Fee each Accounting Period during the Term.

(e) Franchisee agrees to pay to Franchisor or its designee the Summer Moon Technology Fee each Accounting Period during the Term. Franchisee also agrees to pay additional support services fees for additional service beyond the base level of support paid for through the Summer Moon Technology Fee.

(f) By noon on 3rd day of each Accounting Period, Franchisor will calculate and report to Franchisee the amount of Gross Sales and corresponding Continuing Fees due for the immediately preceding Accounting Period in accordance with this Agreement. Unless Franchisee contests the amount

of Gross Sales or the Continuing Fees payable to Franchisor within 24 hours of receipt of Franchisor's report, Franchisor will draft Franchisee's account based on the amount in Franchisor's report. If Franchisor's ability to determine Gross Sales for any Accounting Period is obstructed (whether or not due to Franchisee's acts, errors or omissions), Franchisor will calculate Continuing Fees based on Gross Sales on the basis of 110% of Gross Sales for the last Accounting Period in which Franchisor had access to Gross Sales information and will draft Franchisee's account accordingly; provided that adjustments in the Continuing Fees actually due will be calculated and settled within 10 days after Franchisee furnishes the required Gross Sales information.

(g) All Continuing Fees due under this Agreement will be payable each Accounting Period by automatic debit of Franchisee's account on the 5th day following each Accounting Period with respect to Franchisee's Gross Sales for the immediately preceding Accounting Period. Franchisee will authorize Franchisor and its bank to debit Franchisee's account directly for the payment of all Continuing Fees and other amounts due hereunder by signing and delivering an Authorization Agreement for Pre-authorized Payments in the form attached as Exhibit C to this Agreement or such other form provided by Franchisor. Franchisee will at all times maintain a balance of not less than \$15,000 in the account designated in the Authorization Agreement for Pre-authorized Payments on file with Franchisor. Royalty Fees, Summer Moon Technology Fees and Advertising Fees will be payable without notice or demand. All other payments will be due upon demand. By notice in writing to Franchisee, Franchisor may from time to time change the payment interval, the payment date and/or the manner of payment of such Continuing Fees, and may require any payments be made by wire or check in lieu of automatic debit at Franchisor's sole discretion.

(h) Franchisee will not be entitled to withhold Continuing Fees or other payments (including reimbursable expenses, as applicable) due hereunder on account of Franchisor's breach or alleged breach of its obligations under this Agreement or any other agreement between the parties or their respective Affiliates. Franchisee acknowledges and agrees that Franchisor's performance under this Agreement constitutes no part of the consideration for Franchisee's obligation to pay Continuing Fees and other amounts due in accordance with this Agreement.

(i) If Franchisee fails to pay any Continuing Fees or other payments (as applicable) or any trade account by the date on which such payment is due, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (i) 1.5% per calendar month, or (ii) the highest lawful rate of interest permitted by applicable state and federal law, and/or Franchisee will pay to Franchisor, at Franchisor's election, a late fee of U.S. \$150 per calendar month the respective payment remains unpaid. Such late fee will be paid to Franchisor in addition to, and not in lieu of, any other rights Franchisor may have at law or in equity as a result of late payment by Franchisee. Nothing in this Agreement will obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Franchisor or its designee to collect, interest in excess of the maximum rate applicable law permits. If, for any reason, Franchisor or its designee charges or receives interest in excess of the maximum rate permitted by applicable law, the excess will be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement. If no other obligations are due, Franchisor or its designee will promptly refund the excess payment to the party that paid it.

6. Modification of Franchise, Trade Dress and Equipment Brand Standards.

(a) Franchisor reserves the right to modify the System and Marks from time to time, including, without limitation, the right to (1) add new and different Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services to the list of authorized Proprietary Food and Beverage Products and Services and related products and services, (2) withdraw Approved Food and Beverage Products and Services, Proprietary

Food and Beverage Products and Services and related products and services from the list of authorized Proprietary Food and Beverage Products and Services and related products and services, or to change their names, Brand Standards and/or image, (3) change the Trade Dress and Brand Standards for furniture, fixtures, equipment and leasehold improvements for Summer Moon Coffee Shop, (4) add or change the Brand Standards for Customer engagement, (5) abandon the use of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that Franchisor withdraws from the list of authorized Proprietary Food and Beverage Products and Services and related products and services, and (6) require the use of new or different Technology and Information Systems, some of which may be paid for through the Summer Moon Technology Fee and some of which may require additional fees or costs be paid or incurred by Franchisee to implement and use. Franchisee will promptly comply with and adopt, at its own expense, all such modifications, including but not limited to, modifications of the Marks, Trade Dress, Technology and Information Systems, signage, stationery, business cards, promotional materials and other items related to, or used in the operation of, Franchisee's Summer Moon Coffee Shop. Franchisor will not be liable to Franchisee for any expenses or revenue losses associated with any modification to the System, including but not limited to any modification to Franchisor's current Brand Standards which adversely impacts Franchisee's Summer Moon Coffee Shop's revenues.

(b) If the addition of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services to the authorized list would not require the installation of new furniture, fixtures, equipment and leasehold improvements, Franchisor may instruct Franchisee to begin offering the new Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services as of a date specified in a supplement to the Brand Standards Manual. Similarly, if the deletion of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from the authorized list would not require the removal of furniture, fixtures, equipment and leasehold improvements, Franchisor may direct Franchisee to cease offering the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services as of a date specified in a supplement to the Brand Standards Manual. Franchisee will comply with Franchisor's instructions as of the date Franchisor specifies, which need not be more than 30 days after Franchisor distributes the Brand Standards Manual supplement.

(c) If Franchisor abandons or adopts changes in the Brand Standards that necessitate the addition or removal of furniture, fixtures, equipment, leasehold improvements, signs or Trade Dress items, Franchisor may instruct Franchisee to adapt Franchisee's Summer Moon Coffee Shop to the Brand Standards through a supplement to the Brand Standards Manual. Franchisor, in consultation with Franchisee, will establish a schedule for Franchisee to implement such changes that will depend, among other factors, on Franchisee's Summer Moon Coffee Shop's size, age, and the amount Franchisee has spent in recent periods to refurbish and upgrade Franchisee's Summer Moon Coffee Shop. Franchisee will remove from Franchisee's Summer Moon Coffee Shop any items Franchisor designates as obsolete and will purchase and/or lease and install any different or additional items Franchisor specifies as meeting its new Standards, all in accordance with the schedule Franchisor establishes for Franchisee's Summer Moon Coffee Shop.

(d) If Franchisor allows Franchisee's Summer Moon Coffee Shop to participate in any new Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and other related products and services test, then Franchisee will participate in the test in accordance with the Brand Standards and will discontinue offering any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and other related products and services that Franchisor decides not to permanently add to the authorized list. Following any such Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and

Services and other related products and services test, upon request from Franchisor, Franchisee will provide to Franchisor such results and data from such tests as Franchisor may reasonably request.

(e) If Franchisee develops or suggests an innovation or improvement at Franchisee's Summer Moon Coffee Shop that Franchisor decides to incorporate into the System for use in other Summer Moon Coffee Shops (whether on a temporary or permanent basis and whether applicable to all or select franchisees), the innovation or improvement will become Franchisor's Confidential Information without compensation to Franchisee or any Principals. Franchisee hereby assigns ownership of each such innovation or improvement to Franchisor and agrees to execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's ownership of the innovation or improvement.

7. Franchisor Services and Assistance.

(a) **Development Stage Assistance.** Franchisor (or its designee) will provide the following services and assistance to Franchisee before Franchisee opens Franchisee's Summer Moon Coffee Shop.

(i) Furnish Franchisee a list that describes or shows the Brand Standards for the leasehold improvements, furniture, fixtures, equipment, trade dress and signage that Franchisee must purchase, use and install in Franchisee's Summer Moon Coffee Shop. Except for uniforms, menus, coffee mugs, gift cards and other promotional materials, merchandise and supplies that Franchisor or its Affiliates may manufacture or purchase in bulk from a third party supplier and resell to Franchisee, Franchisor does not provide fixtures or equipment directly, nor does Franchisor deliver or install any fixture or equipment in the Summer Moon Coffee Shop, but Franchisor reserves the right to require Franchisee to contract with a third party vendor of Franchisor's designation who provides Franchisee with and/or installs certain furniture, fixtures, equipment, signage and leasehold improvements in the Summer Moon Coffee Shop. Franchisor may also provide Franchisee's architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a Summer Moon Coffee Shop.

(ii) Provide Franchisee lists of the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products, supplies, and other incidentals needed to stock and operate the Summer Moon Coffee Shop, together with the names of any suppliers Franchisor has designated or approved. Franchisor or its Affiliates are currently the sole source of certain Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services for the Summer Moon Coffee Shop, and will sell to Franchisee an initial inventory of certain Approved Food and Beverage Products and Services and Proprietary Food and Beverage Products and Services for the Summer Moon Coffee Shop, but Franchisor is not currently a source for, or performs delivery or installation for, supplies and other incidentals in the Summer Moon Coffee Shop.

(iii) If the Summer Moon Coffee Shop is the first Summer Moon Coffee Shop to be opened by Franchisee and its Affiliates, conduct initial training for Franchisee's Training Team in partial consideration for the payment of the Initial Training and Grand Opening Support Fee. Prior to rendering their services to Franchisee's Summer Moon Coffee Shop, the entire Training Team will attend and complete, to Franchisor's satisfaction, initial training conducted by Franchisor. The Training Team must begin training at least 4 to 6 weeks before the expected opening date of the Summer Moon Coffee Shop, and must complete training at least two weeks before the expected opening date of the Summer Moon Coffee Shop. When Franchisee's Training Team arrives for training, Franchisor will loan Franchisee 1 copy of the Brand Standards Manual. Franchisor reserves the right to charge an additional fee to Franchisee for any additional required or optional training before or after the Summer Moon Coffee Shop opens for

business and training for other or subsequent personnel in addition to the Training Team. Initial training will consist of a maximum of five days of training in or around the Austin, Texas metropolitan area, or at another location designated by Franchisor; provided that Franchisor may agree to reduce the length of training based on the experience of one or more members of the Training Team. Franchisee will be solely responsible for Franchisee's Training Teams' travel expenses and room, board and wages during such training. Franchisee may send additional persons to training, or replacement persons to initial training, subject to payment of a fee per person equal to Franchisor's travel expenses and room, board and wages. Franchisor may periodically make other mandatory or optional training available to Franchisee's employees as well as other programs, seminars and materials, and Franchisee will ensure that all employees, as Franchisor may direct, satisfactorily complete any such additional initial or refresher required training within the time specified.

(iv) If the Summer Moon Coffee Shop is the first Summer Moon Coffee Shop to be opened by Franchisee and its Affiliates, provide Franchisee with opening assistance from up to 3 of Franchisor's opening and operations representatives in partial consideration for the payment of the Initial Training and Grand Opening Support Fee. Franchisor's representatives will provide on-site pre-opening and opening training, supervision, and assistance to Franchisee for approximately 5 consecutive days in the aggregate before, during and after the actual opening date of the first Summer Moon Coffee Shop.

(v) If the Summer Moon Coffee Shop is the second or other additional Summer Moon Coffee Shop to be opened by Franchisee and its Affiliates, Franchisee is responsible for providing its own initial training and opening support team for the Summer Moon Coffee Shop, but Franchisee may request some lesser level of initial training and/or opening support (or, Franchisor may deem some lesser level of initial training and/or opening support necessary), in which case Franchisor will charge Franchisee a reduced Initial Training and Grand Opening Support Fee based on the cost for Franchisor's time, travel, accommodation and other related labor costs associated with such lesser level of initial training and/or opening support provided, not to exceed 62.5% of the then-current initial training and grand opening support fee for such Summer Moon Coffee Shop.

(vi) Implement (if/when available) and connect Franchisee to the Summer Moon Operating System.

(b) **Operational Assistance.** Franchisor (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee after Franchisee's Summer Moon Coffee Shop opens.

(i) Send its Franchisor's opening and operations representatives to Franchisee's first Summer Moon Coffee Shop in the manner set forth above to verify that Franchisee is operating Franchisee's Summer Moon Coffee Shop in accordance with the Brand Standards.

(ii) Implement (if/when available) and maintain Franchisee's connection to the Summer Moon Operating System.

(iii) Provide such advice and assistance to Franchisee as Franchisor deems advisable in planning publicity and promotions for Franchisee's Summer Moon Coffee Shop's promotion, including print media and display advertising.

(iv) Make its staff accessible to Franchisee's personnel, to the extent Franchisor deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication during regular business hours. Franchisor may periodically visit Franchisee's

Summer Moon Coffee Shop to conduct QSC Reviews and to consult with Franchisee regarding Brand Standards compliance as Franchisor deems appropriate, but will not provide routine field supervision.

(v) Loan Franchisee additions and supplements to the Brand Standards Manual as they become available, and will disclose to Franchisee additional Trade Secrets, if any, Franchisor develops that relate to the operation of a Summer Moon Coffee Shop.

(vi) So long as Franchisee is in full compliance with this Agreement and all other agreements with Franchisor, invite Franchisee to attend (at Franchisee's expense) all conventions, seminars and franchisee-oriented functions, if any, which Franchisor from time to time plans and sponsors and which are applicable to Franchisee or Franchisee's Summer Moon Coffee Shop. Attendance to such conventions, seminars and other franchisee-oriented functions will be mandatory, unless otherwise agreed by Franchisor in writing.

(vii) Sell to Franchisee, or cause Franchisor's affiliates to sell to Franchisee, the then current array of Approved Food and Beverage Products and Services, including Proprietary Food and Beverage Products and Services, that Franchisor or its Affiliates manufacture or distribute and have mandated or authorized for use, offer or sale in Summer Moon Coffee Shops.

8. Site Selection. All of the following provisions will apply if a site for the establishment and operation of the Summer Moon Coffee Shop has not obtained Franchisor's consent and been fully described in the Summary Pages as of the Effective Date. If a site has already obtained Franchisor's consent and been fully described in the Summary Pages as of the Effective Date, Sections 8(f) and (g) will still apply to the Summer Moon Coffee Shop to the extent such purchase or lease has not been executed as of the Effective Date.

(a) If the site for the Summer Moon Coffee Shop has not yet been determined as of the date of this Agreement, then the Summer Moon Coffee Shop will be located at a location approved by Franchisor within the Target Area set forth in the Summary Pages. Franchisee acknowledges and understands that the Target Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. At such time as the site and Summer Moon Coffee Shop Address for the Summer Moon Coffee Shop has been determined and approved in accordance with this Agreement, the Summer Moon Coffee Shop Address and Summer Moon Coffee Shop Territory will be added into a replacement Summary Pages that will be initialed by both parties and supersede the original Summary Pages.

(b) Within 90 days after the execution of this Agreement, Franchisee must locate and obtain Franchisor's consent for a site within an agreed area (which may be the Summer Moon Coffee Shop Development Area under a valid Development Agreement) for the establishment and operation of the Summer Moon Coffee Shop. Franchisee must submit to Franchisor:

(i) a completed site review form designated by Franchisor, which will include, among other things, demographic information, a site plan, and traffic-related information;

(ii) if the premises for the proposed site are to be leased, satisfactory evidence that the lessor will agree to the minimum requirements contained in this Agreement; and

(iii) any other information or materials as Franchisor requires, such as a letter of intent or other document which confirms Franchisee's favorable prospects for obtaining the proposed site.

(c) Upon receipt of all requested documentation, Franchisor will notify Franchisee of its consent to or rejection of the site in writing within a period of 30 days. Franchisee agrees to accept all of Franchisor's decisions as final. Franchisee hereby acknowledges and agrees that Franchisor's consent regarding a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for Summer Moon Coffee Shop or for any other purpose or of the financial success of operating Summer Moon Coffee Shop at such site. Upon consent to the site, the Summer Moon Coffee Shop Address in the Summary Pages will be completed.

(d) Upon Franchisee's written request, Franchisor, without obligation, may grant a written extension or extensions to the period for obtaining Franchisor's consent for a proposed site.

(e) If Franchisee will occupy the premises of the Summer Moon Coffee Shop under a lease, Franchisee will submit a copy of the lease containing a lease rider in the form attached as Exhibit E to Franchisor for written approval prior to its execution and will furnish to Franchisor a copy of the executed lease within 10 days after execution. No lease for Summer Moon Coffee Shop premises will be executed by Franchisee unless first consented to by Franchisor, which consent will be subject to inclusion of the Lease Rider attached as Exhibit E and the satisfaction of the conditions set forth above.

(f) If Franchisee will purchase the premises for Summer Moon Coffee Shop, Franchisee will submit a copy of the proposed contract of sale to Franchisor for its written consent prior to its execution and will furnish to Franchisor a copy of the executed contract of sale within 10 days after execution.

9. Build-Out, Relocation and Operations. In connection with the build-out and operation of Franchisee's Summer Moon Coffee Shop, Franchisee agrees to fulfill the requirements, to perform the obligations and to observe the restrictions stated in this Section.

(a) Franchisee will construct, finish out, equip, furnish and decorate Franchisee's Summer Moon Coffee Shop in compliance with this Agreement and Franchisor's Brand Standards for leasehold improvements, furniture, fixtures, equipment, signage, Trade Dress and Technology and Information Systems. Franchisee will acquire all proprietary and other leasehold improvements, furniture, fixtures, equipment, signage, Trade Dress and Technology and Information Systems for use on or at the premises of Franchisee's Summer Moon Coffee Shop from suppliers designated by Franchisor in writing. Franchisee will pay to Franchisor or its designee the then current design coordination packet layout fee and design fee in the amounts and at the times set forth in the Brand Standards. After Franchisee's Summer Moon Coffee Shop opens, Franchisee will not alter its leasehold improvements, furniture, fixtures, equipment, signage, Trade Dress and Technology and Information Systems in any fashion without Franchisor's express prior written permission.

(b) Franchisee will display at such location on Franchisee's Summer Moon Coffee Shop premises as Franchisor designates, a placard of such size as Franchisor prescribes containing the following statement: "This Summer Moon Coffee Shop is owned and operated by an independent third-party franchisee business owner under a franchise license from "Summer Moon Franchising LLC". Franchisee will never make a statement or representation to any Person that is contrary to or inconsistent with this Agreement.

(c) Franchisee will appoint one Principal who is approved by Franchisor to be the Controlling Principal. The Controlling Principal will be Franchisee's sole contact with Franchisor and its staff for purposes of administering and coordinating the relationship created by this Agreement. Franchisee will also recruit and hire a full-time General Manager who satisfies the Brand Standards for eligibility as stated in the Brand Standards Manual; provided that if Franchisee's Summer Moon Coffee Shop is the first Summer Moon Coffee Shop developed by Franchisee and its Affiliates then the Controlling Principal and

the General Manager may be the same person. If the initial or any successor Controlling Principal or General Manager resigns or otherwise leaves Franchisee's employment, Franchisee will notify Franchisor within 5 days and will appoint a suitably qualified replacement Controlling Principal or General Manager within a reasonable time which will in no case exceed 30 days from the date of departure.

(d) The Controlling Principal and the General Manager are part of the Training Team and will attend Franchisor's initial training program for the first Summer Moon Coffee Shop to be opened by Franchisee and Franchisee's Affiliates, at Franchisee's sole expense. The Controlling Principal and the General Manager must timely complete Franchisor's training program to Franchisor's satisfaction before Franchisee's Summer Moon Coffee Shop may open for business. Notwithstanding the foregoing, Franchisor and Franchisee acknowledge and agree that Franchisor will not, and will have no right or authority to, control the employees of the Summer Moon Coffee Shop or Franchisee's other employees. Franchisor will have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the Summer Moon Coffee Shop or of Franchisee. Franchisee acknowledges and agrees that all employees of the Summer Moon Coffee Shop and of Franchisee will be the exclusive employees of Franchisee and will not be employees of Franchisor nor joint employees of Franchisee and Franchisor.

(e) As soon as Franchisee obtains a telephone number for Franchisee's Summer Moon Coffee Shop and also when Franchisee signs agreements for or obtains any type of directory listing (both web-based and print) for Franchisee's Summer Moon Coffee Shop, Franchisee will provide Franchisor with information regarding such telephone numbers and directory listings and copies of all agreements with any third parties that will be hosting information regarding for Franchisee's Summer Moon Coffee Shop and/or containing the Marks. Franchisee will also sign any transfer acknowledgement agreements that Franchisor may require for a particular type of directory listing. Franchisee will promptly update Franchisor if any such information changes during the term of this Agreement. Franchisee hereby consents to Franchisor contacting all such third parties in connection with the termination or expiration of this Agreement.

(f) Franchisee will begin construction of Franchisee's Summer Moon Coffee Shop at least 90 days before the Required Opening Date, and will notify Franchisor in writing of Franchisee's anticipated opening date for Franchisee's Summer Moon Coffee Shop within 10 days of beginning construction of Franchisee's Summer Moon Coffee Shop. Franchisee will open Franchisee's Summer Moon Coffee Shop for business not later than the Required Opening Date and will operate it continuously throughout the entire Term solely under the Marks and System and in accordance with the Brand Standards Manual. If Franchisee's Summer Moon Coffee Shop's construction or opening is interrupted by an Event of Force Majeure, Franchisee will promptly notify Franchisor and provide Franchisor details of such Event of Force Majeure and its anticipated schedule for opening. In such event, the Required Opening Date will be extended up to 180 days at Franchisor's discretion unless Franchisor otherwise agrees to a longer extension; provided that failure to open Franchisee's Summer Moon Coffee Shop within any such extended period will be a material default of this Agreement.

(g) If the lease for Franchisee's Summer Moon Coffee Shop expires before the end of the Term, or if Franchisee loses possession of the original Summer Moon Coffee Shop's premises on account of condemnation or eminent domain proceedings, Franchisee may move Franchisee's Summer Moon Coffee Shop to another location approved by Franchisor in accordance with Franchisor's site selection procedure. Franchisee must initiate the relocation procedure in time to lease, build-out and open the new Summer Moon Coffee Shop for business within 90 days after the original Summer Moon Coffee Shop closes. The new location (i) must be in the original Summer Moon Coffee Shop's Summer Moon Coffee Shop Territory, (ii) must be consented to by Franchisor in accordance with the site consent guidelines under this Agreement and (iii) may in no case infringe upon a Franchise Agreement or other agreement

applicable to another Summer Moon Coffee Shop. Franchisor reserves the right to reduce or eliminate the Summer Moon Coffee Shop Territory following an approved relocation depending on the new site of the Summer Moon Coffee Shop.

(h) Franchisee must (i) comply with and adhere to the brand-based operational policies and procedures set forth in the Brand Standards Manual, as revised and supplemented from time to time, related to the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services, used, offered or sold at the Summer Moon Coffee Shop; (ii) purchase only permitted Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services set forth in the Brand Standards Manual; (iii) purchase permitted Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services only from approved manufacturers, distributors and suppliers, including but not limited to, the purchase of certain Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from Franchisor and/or its Affiliates, who may be the sole source for certain Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services required or permitted to be used in the operation of the Summer Moon Coffee Shop; (iv) follow Franchisor's procedures in the handling, storage, preparation, presentation and dispensing of all Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services, and (v) offer all Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services included on Franchisor's authorized lists, as revised from time to time, and refrain from offering any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services that are not included on Franchisor's authorized lists, as revised from time to time, without Franchisor's prior written consent.

(i) If Franchisee desires to purchase any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services from an unapproved manufacturer, distributor or supplier, Franchisee will submit to Franchisor a written request for such approval, or will request the manufacturer, distributor or supplier itself to do so. Franchisee will not purchase from any manufacturer, distributor or supplier until and unless such manufacturer, distributor or supplier has been approved in writing by Franchisor. Franchisor will have the right to require that its representatives be permitted to inspect the manufacturer's, distributor's or supplier's facilities, and that samples from the manufacturer, distributor or supplier be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test will be paid by Franchisee or the manufacturers, distributors or suppliers. Franchisor reserves the right, at its option, to reinspect from time to time the facilities and products or services of any such approved manufacturer, distributor or supplier and to revoke its approval upon the manufacturer's, distributor's or supplier's failure to continue to meet any of Franchisor's then current criteria. Nothing in the foregoing will be construed to require Franchisor to approve any particular manufacturers, distributors or suppliers or their proposed products and services, and to the extent permissible under then applicable law, Franchisor will have the right to limit the number of approved manufacturers, distributors or suppliers for any particular Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services used or offered for sale at Summer Moon Coffee Shop generally, as Franchisor deems appropriate. Franchisee will require all of its proposed manufacturers, distributors or suppliers to execute a confidentiality agreement with respect to Franchisor's Confidential Information, in a form acceptable to Franchisor.

(j) Franchisee acknowledges and agrees that Franchisor and its Affiliates have developed branded and/or proprietary products and services (such as the Proprietary Food and Beverage Products and Services) that Franchisor may require Franchisee to purchase from Franchisor, its Affiliates or specific

approved vendors, and then require Franchisee to offer, sell or use in the Summer Moon Coffee Shops. Franchisor may add to or eliminate the list of required or optional branded and/or proprietary products and services from time to time, Franchisee will purchase, use, offer and/or sell such then currently designated branded and/or proprietary products and services (including the Proprietary Food and Beverage Products and Services) at Summer Moon Coffee Shop.

(k) If Franchisor receives any cash rebates, volume discounts, concessions, advertising allowances, or discount bonuses (collectively “Discounts”), whether by way of cash, in-kind or credit, from any manufacturer, distributor or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee’s account, or franchisees generally, or (ii) by Franchisee directly for its own account, Franchisor will be entitled to retain the whole of the amount or any part of such Discounts as Franchisor deems appropriate.

(l) With respect to the offer and sale of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services on the Summer Moon Coffee Shop’s approved list, Franchisor may from time to time offer guidance with respect to the selling price for such Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services, and may run advertising and promotions stating a specific selling price for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services. Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee will have the right to sell its Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services at any price that Franchisee may determine. If Franchisee elects to sell any or all of its Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services at the recommended price will enhance Franchisee’s sales or profits. Notwithstanding the foregoing, Franchisor reserves all rights available under then applicable law to condition participation in special or voluntary programs and offerings on Franchisee’s adherence to Franchisor’s requirements, including with respect to pricing standards.

(m) If Franchisor institutes a program regarding pre-paid goods or services (including, without limitation, gift cards, gift certificates or vouchers) and the delivery and redemption thereof, for Summer Moon Coffee Shops, Franchisee will participate in such program and will adhere to all such policies regarding the program set forth in the Brand Standards Manuals or otherwise in writing from time to time, including by signing any third-party agreements or paying any third-party fees that are required for participation in such programs. Franchisee shall purchase and maintain a minimum inventory of gift certificates, gift cards or vouchers, shall offer such gift certificates, gift cards or vouchers for sale and shall honor any such gift certificates, gift cards or vouchers presented at the Summer Moon Coffee Shop for the purchase of food or beverage items. Franchisee may not create or issue its own gift certificates, gift cards or vouchers and shall only sell gift certificates, gift cards or vouchers approved by Franchisor. Nor may Franchisee sell gift cards, gift certificates or vouchers in bulk or to any retailers for resale. Franchisee must adhere to Franchisor’s then current specifications with respect to any voucher programs such as Groupon, Living Social or other similar offerings, including with respect to the calculation of Gross Sales based on the sale and redemption of vouchers and similar certificates.

(n) If Franchisor institutes a customer loyalty program for Summer Moon Coffee Shops, Franchisee will participate in such customer loyalty program established by Franchisor and pay all participation fees due to any third-party vendor.

(o) If Franchisor institutes programs regarding online or mobile ordering and/or third-party delivery service providers, Franchisee will participate in and use any such ordering and/or delivery program or service provider that Franchisor designates, and refrain from using any other ordering and/or delivery program or service provider without Franchisor's prior written approval. Franchisor may designate an ordering and/or delivery program or service provider in Franchisor's sole and absolute discretion. Franchisee can request the approval of an ordering and/or delivery program or service provider by notifying Franchisor in writing and submitting such information and the draft agreement with such ordering and/or delivery program or service provider as Franchisor may request. Franchisor may require Franchisee to pre-pay any reasonable charges connected with Franchisor's review and evaluation of any proposal. Franchisor will notify Franchisee of Franchisor's decision within a reasonable time after Franchisor's receipt of all required information and the applicable agreement. Franchisor may approve, or revoke or deny approval, of any ordering and/or delivery program or service provider in Franchisor's sole and absolute discretion. Designation of an ordering and/or delivery program or service provider may be conditioned on factors, including without limitation, Franchisor's right to obtain and verify Gross Sales placed through the ordering and/or delivery program or service provider platform and amount of service charges paid to the ordering and/or delivery program or service provider and the ordering and/or delivery program or service provider's standard for handling food, order and delivery. If Franchisor deems appropriate, Franchisee shall include Franchisor as a party or third-party beneficiary to the delivery service agreement between the ordering and/or delivery program or service provider and Franchisee. Failure to obtain Franchisor's approval shall be a default under this Agreement for which Franchisor may terminate this Agreement or charge liquidated damages equal to 10% of two times of any amount not being reported for the calculation of Royalty Fee, including any ordering and/or delivery program or service provider fee. In such event, Franchisor have the right to conduct a full audit of Franchisee's sales. Notwithstanding the foregoing, nothing in the foregoing will be construed to require Franchisor to approve any particular ordering and/or delivery program or service provider, and to the extent permissible under then applicable law, Franchisor will have the right to designate a single approved third-party food service or limit the number of approved third-party food service for the Summer Moon Network, as Franchisor deem appropriate, and contract for rebates, discounts, allowances or other benefits with any such sole ordering and/or delivery program or service provider or other approved ordering and/or delivery program or service provider.

(p) Franchisee will imprint the Marks on all leasehold improvements, furniture, fixtures, equipment, trade dress, signage, paper products and other disposables used in Franchisee's Summer Moon Coffee Shop in accordance with instructions in the Brand Standards Manual, and will purchase items imprinted with the Marks only from manufacturers, distributors or suppliers Franchisor designates or approves in the Brand Standards.

(q) Franchisee will display in Franchisee's Summer Moon Coffee Shop all (i) product and service identification materials, (ii) point-of-purchase promotional materials, (iii) promotional memorabilia, merchandise and prizes, and (iv) other advertising and marketing materials Franchisor provides to Franchisee pursuant to the Brand Standards for use by Summer Moon Coffee Shops. At Franchisor's request, Franchisee will display in a prominent, accessible place a "franchise opportunity" display furnished by Franchisor at its expense for the purpose of increasing public awareness of the availability of franchises.

(r) Franchisee will at a minimum maintain the physical appearance and integrity of Franchisee's Summer Moon Coffee Shop and its leasehold improvements, furniture, fixtures, equipment, trade dress and signage in accordance with the Brand Standards, and will at a minimum maintain Franchisee's Summer Moon Coffee Shop premises, including all interior and exterior areas, in a clean, safe and sanitary condition at all times. In all cases, Franchisee will routinely clean and maintain all leasehold improvements, furniture, fixtures, equipment, trade dress and signage used in connection with Franchisee's Summer Moon Coffee Shop in good order and repair and cause the same to be promptly replaced as they

become worn, damaged, obsolete, out of style or mechanically impaired, and when offered or applicable, enter into preventative maintenance programs as further described in the Brand Standards Manual. Notwithstanding, upon the 5th anniversary of the Effective Date or such later date during the Term that Franchisor designates, Franchisee will renovate, refurbish, upgrade and/or make such capital improvements to Franchisee's Summer Moon Coffee Shop that Franchisor deems appropriate to conform it to Franchisor's then-current standards and specifications.

(s) Franchisee will maintain minimum Summer Moon Coffee Shop business hours and days of operation in accordance with the Brand Standards, except to the extent that Franchisor grants a written exception.

(t) Franchisee will comply strictly with all federal, state and local laws and government regulations applicable to Franchisee's Summer Moon Coffee Shop, including those relating to restaurant or food service, tobacco, taxation, employment and promotion practices, employee wages, child and immigrant labor, disabled persons, environmental, truth-in-advertising, occupational safety and health, firearms and other weapons and sanitation. Franchisee will submit to Franchisor any and all health inspection or similar report for Franchisee's Summer Moon Coffee Shop within 7 days of its receipt of such report.

(u) Franchisee will not offer and sell alcoholic beverages at Franchisee's Summer Moon Coffee Shop unless expressly authorized by Franchisor in writing, and will comply with all requirements that Franchisor may set for any such authorization and a continuing condition to such authorization.

(v) Franchisee will provide appropriate training, supervision and security for all personnel employed in Franchisee's Summer Moon Coffee Shop, provide an environment where safety and courtesy are paramount, while maintaining excellence in business operations and standards, and instruct all employees of Franchisee's Summer Moon Coffee Shop in the proper use and display of the Marks and the confidential handling of the Confidential Information, all as stated in the Brand Standards. Franchisee will provide appropriate training for maintaining the Brand Standards. Franchisee will ensure that all Franchisee's Summer Moon Coffee Shop's employees follow Franchisor's grooming and dress code and wear the Summer Moon Coffee Shop logoed items developed or approved by Franchisor. In all cases, Franchisee has the sole responsibility and authority for Franchisee's employees' terms and conditions of employment.

(w) Franchisee will (i) adopt and follow Franchisor's fiscal year for accounting purposes, (ii) adopt and follow the accounting principles, policies and practices Franchisor prescribes, including use of Franchisor's standard chart of accounts, (iii) acquire, install and use the Technology and Information Systems Franchisor specifies from time to time in the Brand Standards Manual, (iv) obtain and at all times utilize the services of a credit card processor approved by Franchisor, (v) install and continually maintain a primary broadband internet connection and backup telephone line (or wireless) connection (or future equivalent) that facilitates communication between Franchisor's computer system and Franchisee's Technology and Information Systems, and (vi) furnish Franchisor for the primary and backup connections telephone line email address, web address, telephone number, IP addresses and firewall configurations as originally assigned and as changed from time to time.

(x) Franchisee must implement and maintain an approved Payment Card Industry (PCI) compliance program for Franchisee's Summer Moon Coffee Shop. Franchisor may suggest third-party PCI compliance vendors occasionally, but Franchisee is free to submit alternative PCI compliance vendors to Franchisor for approval or seek approval to perform Franchisee's own PCI compliance, and Franchisee is in all cases solely responsible for Franchisee's and the Summer Moon Coffee Shop's PCI compliance programs. Franchisee must submit PCI compliance reports to Franchisor in the manner and

frequency Franchisor sets in the Brand Standards Manual. Franchisee's failure to comply will be a material default under this Agreement. In all cases, Franchisee is solely responsible for protecting the Summer Moon Coffee shop from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.

(y) Franchisee will accurately calculate and report Gross Sales and Customer counts to Franchisor at the times and through the procedures Franchisor from time to time specifies (which may include use of the Summer Moon Operating System, if applicable). Franchisee acknowledges that Franchisor may electronically poll the Summer Moon Coffee Shop's Technology and Information Systems to obtain Gross Sales data, as well as other financial and operating information through the Intranet (if implemented), which will be available to Franchisor twenty-four hours every day. Franchisee agrees to maintain continual data network access to Franchisee's Summer Moon Coffee Shop's Technology and Information Systems for use by Franchisor.

(z) Franchisee will maintain complete and accurate books and records relating to the operation of Franchisee's Summer Moon Coffee Shop in accordance with this Section, permit Franchisor representatives to inspect such books and records at any time with or without notice to Franchisee and, within 45 days after the end of each fiscal year of Franchisee's Summer Moon Coffee Shop, submit to Franchisor a balance sheet, income statement and statement of cash flow for the year then ended. These financial statements will be prepared and certified by an independent certified public accountant, disclose separately the items specified by Franchisor on forms it provides, and will be prepared in accordance with the accounting principles and practices Franchisor prescribes. If Franchisee is at any time required to furnish any lender, lessor, government agency or other Person audited financial statements with respect to Franchisee's Summer Moon Coffee Shop, Franchisee will concurrently furnish Franchisor a copy of such audited financial statements. In addition to the annual reports required above, no later than the last business day of the month following the close of each fiscal quarter (other than the fourth fiscal quarter), Franchisee will deliver to Franchisor an unaudited balance sheet as of the end of such fiscal quarter and an income statement for such fiscal quarter.

(aa) Franchisee is solely responsible for the payment of all taxes owed by Franchisee and preparation of all tax returns required to be filed by Franchisee. At Franchisor's request, Franchisee will furnish Franchisor copies of all federal and state income and sales tax returns filed by Franchisee with respect to Franchisee's Summer Moon Coffee Shop's income or sales.

(bb) Franchisee shall process and handle all Customer or other complaints connected with or relating to the Summer Moon Coffee Shop, and shall promptly notify Franchisor by telephone and in writing of all: (a) food related illnesses, (b) safety or health violations, (c) claims exceeding \$1,000.00, and (d) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain any communications with governmental authorities affecting the Summer Moon Coffee Shop during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof. Further, upon the occurrence of a Crisis Management Event, Franchisee must immediately inform Franchisor by telephone or electronic means, must cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event, and must implement such remediation plan as may be instituted by Franchisor, which may include Franchisor requiring a temporary closure of the Summer Moon Coffee Shop as part of the Crisis Management Event remediation plan.

(cc) Franchisee will permit Franchisor representatives to conduct unannounced QSC Reviews of Franchisee's Summer Moon Coffee Shop at any time during normal business hours. Franchisee will promptly correct any condition noted as "unsatisfactory" or "needs improvement" in a QSC Review or staff evaluation report.

(dd) Franchisee will permit Franchisor to conduct special audits of Franchisee's books and records relating to Franchisee's Summer Moon Coffee Shop's operation at any time during the Term, and for three years after this Agreement expires, terminates or is transferred. All such books and records will be kept available for at least three years after the termination, expiration or Transfer of this Agreement for any reason. To assist Franchisor in planning and conducting its audit program, Franchisee expressly authorizes Franchisor to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with the vendor. If an audit establishes that Continuing Fees or profit and loss statements have understated Gross Sales for any fiscal year by more than 2%, Franchisee will pay the audit's cost, including the professional fees and travel, lodging and meal expenses of the individuals who conduct the audit. Otherwise, Franchisor will bear the audit's entire cost. Franchisee will promptly pay Franchisor any deficiencies established by an audit, together with interest as provided in this Agreement. If there is a deficiency two times in any 12-month period, this second deficiency will be considered a material default for which Franchisor will have the right to terminate this Agreement without any cure rights.

(ee) Franchisee will:

(i) carry continuously during the Term insurance of the types, in the amounts and with the coverage specified from time to time in the Brand Standards Manual and in any lease between Franchisee and Franchisor. Until the Brand Standards Manual specifies otherwise, Franchisee will carry insurance with the policy limits specified in the Summary Pages. Each policy must (1) be primary and non-contributory; (2) be issued by an insurance company(ies) with a rating of not less than "AVII" in the current Best Insurance Guide or approved by Franchisor; (3) name Franchisor and such Affiliates of Franchisor as Franchisor may designate as "additional insureds" and will contain an "Additional Insured-Designated Person or Organization" endorsement (or equivalent), without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon 30 days advance written notice to Franchisor; (5) contain a waiver of subrogation rights of the insurer(s) against Franchisor and its designated Affiliates, which waiver will be effective regardless of whether any loss is caused by the act, omission or negligence of Franchisor and its designated Affiliates, and (6) will contain a "Waiver of Transfer Rights of Recovery Against Others" endorsement (or its equivalent).

(ii) furnish Franchisor certificates of insurance, all insurance policy endorsements and a copy of the insurance policy(ies), if requested by Franchisor to prove that such insurance coverage is in effect, both prior to the opening of Franchisee's Summer Moon Coffee Shop and thereafter, as requested by Franchisor (but in no event less than once per calendar year). Renewal insurance certificates of insurance will be delivered to Franchisor 30 days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder will be disclosed in writing to and approved in advance by Franchisor and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Franchisor may, but will not be obligated to, obtain coverage on Franchisee's behalf and charge the cost to Franchisee. Franchisee agrees to reimburse Franchisor for the premium costs it incurs to provide such coverage, plus interest as provided in this Agreement, within ten days after Franchisor submits a statement for its costs.

10. Advertising and Promotions.

(a) **Local Advertising.**

(i) Franchisee may spend amounts on local advertising as it deems fit. However, any marketing materials not created by Franchisor are subject to Franchisor's approval, and must be submitted to, and approved by, Franchisor in advance of their distribution, publication or broadcast, and

such use must be discontinued upon written notice from Franchisor, including in connection with any approved uses of Social Media.

(ii) Franchisee agrees to participate in all system-wide promotions and advertising campaigns Franchisor originates. This obligation includes paying directly to the third party vendor or reimbursing Franchisor its costs for specific expenditures Franchisor makes for certain promotional activities, including advertising focused technology and applications. Such advertising payments or reimbursable costs may include pre-opening and grand opening materials as well as continuing marketing materials such as window decals, posters, table tents, recipe cards, rack cards, yard signs, coffee variety posters, supplemental menus (secret menu, light speed menu), recipe ring cards and a nutritional binder.

(b) Advertising Fee.

(i) Franchisor may require Franchisee to pay Franchisor an Advertising Fee (up to the maximum percentage of Gross Sales set forth in the Summary Pages) in accordance with this Agreement upon at least 30 days' written notice to Franchisee. Funds received as Advertising Fees will be used to reimburse Franchisor and its Affiliates for administrative costs and expenses related to implementing advertising programs and assistance for Summer Moon Coffee Shops. Permitted administrative costs may in all cases include, but are not limited to, (i) creating advertising and marketing materials relating to the System and the Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services Summer Moon Coffee Shops offer and sell, including the local advertising material, (ii) paying for public relations services and projects (including sponsorships) intended to enhance the goodwill and public image of the System, (iii) conducting market research, focus groups and advertising tracking studies, and (iv) reimbursing Franchisor and its Affiliates (based on allocations calculated by Franchisor's management): (a) for salaries and other overhead expenses that are directly related to projects of a character described above, depending on markets and population, and (b) for part of the cost of maintaining the Summer Moon Website.

(ii) If implemented, Franchisor will attempt to use the Advertising Fee in a manner that provides marketing benefits to all Summer Moon Coffee Shops, but may allocate Advertising Fees to various permitted uses as it sees fit and Franchisor makes no guarantees that all Summer Moon Coffee Shops will receive equal advertising benefits from funds received through the Advertising Fee.

(iii) Franchisor has no obligation to prepare or to provide financial statements reflecting the use of funds received through the Advertising Fee.

11. Concerning the Internet, Customer Information and Privacy Laws.

(a) **Internet Domain Name.** Franchisee and each of the Principals acknowledge that Franchisor or its Affiliates are the lawful, rightful and sole owners of the internet domain names used by Franchisor in connection with the Summer Moon Network and unconditionally disclaim any ownership interest in that phrase or any colorably similar internet domain name (i) such domain names and any domain names that may be confusingly similar and (ii) the word "Summer Moon" and any abbreviation, acronym or variation of such word. Franchisee and the Principals agree not to register any internet domain name in any class or category that contains the words "Summer Moon" or any abbreviation, acronym or variation of those words or letters.

(b) Summer Moon Website.

(i) Franchisor has established and plans to maintain the Summer Moon Website to provide information about the Franchise and the Approved Food and Beverage Products and Services,

Proprietary Food and Beverage Products and Services and related products and services that Summer Moon Coffee Shop offer. Franchisor will have control over the Summer Moon Website's design and contents. Franchisor will have no obligation to maintain the Summer Moon Website indefinitely, and may dismantle it (and if dismantled may reinstate it) at any time without liability to Franchisee.

(ii) The Summer Moon Website may include a series of interior pages that identify participating Summer Moon Coffee Shops by address and telephone number. At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Franchisor, Franchisor will, technology permitting, include at the Summer Moon Website one or a series of interior pages dedicated to information about Franchisee's Summer Moon Coffee Shop. Franchisee may propose the content of the page(s), but such content must be developed by Franchisor or its webmaster at Franchisee's expense, with a template that Franchisor provides and will be subject to Franchisor approval prior to posting as to form, content and programming quality. Franchisee will not have the capability to modify its page(s) except in coordination with Franchisor's webmaster and in compliance with the Brand Standards.

(c) **Social Media.** Unless otherwise expressly agreed, neither Franchisee nor any of the Principals, employees or agents may use the Marks or otherwise mention the Summer Moon Coffee Shops, Summer Moon Network or System in connection with any business or personal uses of Social Media. In all cases, Franchisor has sole discretion and control over any profiles using or relating to the Marks, Summer Moon Coffee Shops, Summer Moon Network or System, or that display the Marks, that are maintained or posted on Social Media. Franchisor has established guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on Social Media. In all cases, Franchisee must comply with such standards, protocols and restrictions that Franchisor imposes from time to time on such use, and Franchisor will have the right to revoke any prior permissions as it deems appropriate due to any violations thereof. Franchisor may use part of the Advertising Fee monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of profiles on Social Media. In all cases, Franchisee will indemnify the Indemnitees with respect to any Losses and Expenses incurred by the Indemnitees arising from third-party claims with respect to any such authorized or unauthorized use of Social Media.

(d) **Summer Moon Intranet.**

(i) Franchisor may, at its option, establish and maintain a so-called intranet through which members of the Summer Moon Franchise Network may communicate with each other and through which Franchisor may disseminate updates and supplements to the Brand Standards Manual and other information. Franchisor will have no obligation to maintain the Summer Moon Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

(ii) Franchisor may establish policies and procedures for the Summer Moon Intranet's use, and Franchisee will adhere to any such policies and procedures as a condition to participation and use of the Summer Moon Intranet.

(e) **Customer Information.** All Customer Information that Franchisor obtains from Franchisee and that Franchisee collects from Summer Moon Coffee Shop Customers and all revenues Franchisor derives from such Customer Information will be Franchisor's property and Franchisor's Confidential Information that Franchisor may use for any reason without compensation to Franchisee, including making a financial performance representation in Franchisor's franchise disclosure documents. Franchisee assigns and will be deemed to have assigned all rights in Customer Information to Franchisor. Franchisee will provide copies of all Customer Information to Franchisor upon request. At Franchisee's sole risk and responsibility, Franchisor grants Franchisee the right to use such Customer Information that Franchisee acquires from Customers and other third parties solely in connection with operating the

Summer Moon Coffee Shop at any time during the Term of this Agreement, to the extent that Franchisee's use is permitted by applicable law. Upon expiration of the Term, all copies of Customer Information must be returned to Franchisor and removed from Franchisee's Technology and Information Systems.

(f) **Privacy and Data Protection.** Franchisee will take all necessary actions to independently: (i) learn and comply with all applicable Privacy Laws; (ii) learn and comply with the Brand Standards as they relate to Privacy Laws and the privacy and security of Customer Information; (iii) learn and comply with any posted privacy policy and other representations made to the individual identified by Customer Information that Franchisee processes, and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (iv) refrain from any action or inaction that could cause Franchisor or its Affiliates to breach any Privacy Laws; (v) maintain, and cause adherence by Franchisee's personnel to all reasonable physical, technical and administrative safeguards and related policies for Customer Information that is in Franchisee's possession or control in order to protect such Customer Information from unauthorized processing, destruction, modification, or use that would violate this Agreement, the Brand Standards (which may include a non-exhaustive list of the minimum types of policies that must be implemented) or any Privacy Law; (vi) do and execute, or arrange to be done and executed, each act, document and thing Franchisor deems necessary in its business judgment to keep Franchisor and its Affiliates in compliance with the Privacy Laws; and (vii) immediately report to Franchisor the breach of any requirements in this Agreement or the Brand Standards regarding Customer Information or any Privacy Law, or the theft or loss (or any apparent or alleged theft or loss) of Customer Information (other than the Customer Information of Franchisee's own officers, directors, shareholders, employees or service providers). Franchisee will, upon request, provide Franchisor with information, reports, and the results of any audits performed regarding Franchisee's data security policies, security procedures, or security technical controls related to Customer Information. Franchisee will, upon Franchisor's request, provide Franchisor or its representatives with access to Franchisee's Technology and Information Systems, records, processes and practices that involve processing of Customer Information in order to mitigate a security incident or so that an audit may be conducted. Franchisee will indemnify, defend and hold Franchisor and its Affiliates, and their respective officers, directors, shareholders, members, managers, partners, employees, servants, independent contractors, attorneys, representatives, agents and associates harmless in connection with any claim or action arising out of or relating to: (i) any theft, loss or misuse (including any apparently or alleged theft, loss or misuse) of Customer Information; and (ii) Franchisee's breach of any of the terms, conditions or obligations relating to data security, Privacy Laws or Customer Information set forth in this Agreement. Franchisee will immediately notify Franchisor upon discovering or otherwise learning of any theft, loss or misuse of Customer Information. Franchisee will, at Franchisor's direction, but at Franchisee's sole expense, (i) undertake remediation efforts on its own in concert with Franchisor's directions, (ii) reasonably cooperate with any remediation efforts undertaken by Franchisor and (iii) undertake efforts to prevent the recurrence of the same type of incident, including by paying for any remediation and post-breach monitoring process deemed appropriate by Franchisor. Franchisee will not make any public comment regarding and data security incident without Franchisor's approval. Any notifications to the media Customers regarding theft or loss of Customer Information will be handled exclusively by Franchisor at Franchisor's election and neither Franchisee nor its personnel may contact Customers relating to such theft or loss unless Franchisee is under a legal obligation to do so, in which case (i) Franchisee must notify Franchisor in writing promptly after concluding that Franchisee has the legal obligation to notify any Customers and (ii) Franchisee will limit the notices to Customers to those required by the legal obligation or as pre-approved by Franchisor. Franchisee will reasonably cooperate in connection with any notices to Customers regarding theft or loss and Franchisee will assist with sending such notices upon request by Franchisor.

12. Term and Successor Agreement.

(a) The Franchise will continue for the Term, subject to earlier termination in accordance with the terms and conditions of this Agreement.

(b) If, upon the expiration of the Term, Franchisee is in full compliance with Franchisee's agreements and obligations under this Agreement and each other franchise agreement or other agreement with Franchisor and its Affiliates (if any), then Franchisee will have the option to enter into up to 2 consecutive successor Franchise Agreements for a term of 5 years each by (1) notifying Franchisor in writing of Franchisee's intention to enter into such successor agreement not earlier than 240 days nor later than 180 days before the then-current Franchise Agreement's scheduled expiration date, (2) signing Franchisor's then-current successor form of Franchise Agreement (which will define Franchisee's subsequent successor rights and the terms of which may be materially different from this agreement, including new and higher fees, rights or obligations), (3) executing (and causing all Principals to execute) a release of all claims against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees in such form prescribed by Franchisor, (4) not later than 180 days before the then-current Franchise Agreement's scheduled expiration date, completing the remodeling, refurbishing and modernizing of Franchisee's Summer Moon Coffee Shop, including its leasehold improvements, furniture, fixtures, equipment, signage, Trade Dress, Technology and Information Systems and promotional supplies, and taking any other actions otherwise required by Franchisor to bring the Summer Moon Coffee Shop into full compliance with the Brand Standards Franchisor then stipulates, subject to Franchisee's prior remodel activities and any specific remodel limitations set forth in this Agreement, (5) paying the Successor Fee, (6) completing to Franchisor's satisfaction such additional training of Franchisee and its employees as Franchisor deems necessary, (7) satisfying all monetary obligations owed to Franchisor and its Affiliates under, or in connection with, this Agreement, and (8) upon request by Franchisor, presenting satisfactory evidence that Franchisee has the right to remain in possession of the Summer Moon Coffee Shop premises for the duration of the successor term.

(c) Franchisee's failure or refusal to comply with any of the conditions to execute a successor Franchise Agreement stated in this Agreement will be interpreted as a conclusive, irrevocable election on Franchisee's part not to enter into a successor Franchise Agreement.

(d) The relationship between Franchisor and Franchisee during the successive period(s) will be governed by the provisions of Franchisor's then current successor Franchise Agreement, including those pertaining to Continuing Fees due under this Agreement, advertising, competitive protection and Brand Standards. Whether or not Franchisee actually signs a then current successor Franchise Agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate Franchisee's Summer Moon Coffee Shop for 1 day past the Term's expiration date.

(e) If Franchisee does not qualify to enter into a successor Franchise Agreement, or elects not to do so, immediately after expiration of the Term, Franchisee must comply with the post-termination requirements of this Agreement, and Franchisor will have the post-termination rights and remedies provided in this Agreement.

13. Use of Intellectual Property.

(a) **Marks and Copyrighted Materials.** Franchisee acknowledges that Franchisor is authorized by law to prevent the unauthorized use of the Marks, to control the quality of goods and services associated with the Marks, and to control the copying and distribution of the Copyrighted Materials.

Recognizing the importance to Franchisor of the protection and preservation of the Marks and Copyrighted Materials, Franchisee agrees to perform and abide by the following provisions:

(i) Franchisee acknowledges that Franchisor or its Affiliate is the lawful and rightful owner of each and all of the Marks and the Copyrighted Materials, that Franchisor has the right to use the Marks and to license to Franchisee the right to use the Marks and Copyrighted Materials in accordance with this Agreement, that Franchisee's interest in the Marks and the Copyrighted Materials is solely that of a Franchisee, and that all uses of the Marks and the Copyrighted Materials by Franchisee will inure to the benefit of Franchisor and its Affiliate. Franchisee unconditionally disclaims any ownership interest in any of the Marks and the Copyrighted Materials.

(ii) Franchisee will not use the term "Summer Moon", any Marks, or any abbreviation, acronym or variation of them as part of its name or as part of the name of any Business Entity in which Franchisee owns or holds an interest. However, Franchisee may, if required by law, file an assumed name or fictitious name certificate to the effect that Franchisee is operating Franchisee's Summer Moon Coffee Shop under a trade name that includes the Summer Moon trademark.

(iii) Franchisee will not use any of the Marks or the Copyrighted Materials in connection with the advertisement, promotion, sale or distribution of any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products or services not listed in Franchisor's authorized list.

(iv) Franchisee will not copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement.

(v) Franchisee will not use any of the Marks or the Copyrighted Materials in connection with the development or operation of any business (other than Franchisee's Summer Moon Coffee Shop) until Franchisor and Franchisee have both signed a Franchise Agreement for the additional Summer Moon Coffee Shop.

(vi) Franchisee will (i) adopt and use all additional trade names, trademarks, brand names, copyrighted materials, slogans, commercial symbols and logos Franchisor develops from time to time, (ii) use all the Marks in the precise form Franchisor prescribes, and (iii) observe Franchisor directions regarding the use, copying and distribution of the Copyrighted Materials, the presentation of the Marks and the manner of the Marks' display and use. Franchisee will promptly abandon and discontinue the use of any Mark or Copyrighted Materials as directed by Franchisor for any reason. Franchisee will submit to Franchisor all advertisements and promotional materials not furnished by Franchisor for its approval prior to use and will use no such item unless and until Franchisor provides its approval thereof.

(vii) Franchisee will not use any of the Marks on, or in association with, any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products or services other than in compliance with the Brand Standards, and with such other quality control measures that Franchisor may adopt from time to time to promote and defend the goodwill associated with the Marks.

(viii) Franchisee will not knowingly permit, and will promptly report to Franchisor, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and will actively cooperate with the Franchisor in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. Franchisor reserves the right to

make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims.

(ix) At no time will Franchisee make any written or oral admission that any Marks or any of Franchisor's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack, but will promptly notify Franchisor of any allegation of invalidity or infringement of which Franchisee becomes aware. Franchisor intends to defend its rights in the Marks and the Copyrighted Materials vigorously, but does not warrant to Franchisee that Franchisor's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third-party.

(x) Upon the expiration or termination of the Franchise, all goodwill associated with the Marks and Copyrighted Materials will inure to Franchisor. Further, Franchisee will immediately discontinue all further uses of the Marks and Copyrighted Materials and will take appropriate action to remove the Marks from the premises in which Franchisee's Summer Moon Coffee Shop is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including social media postings, yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Franchisor's trade name. Franchisee acknowledges and agrees that failure or refusal to comply fully with these requirements will constitute willful trademark and copyright infringement.

(b) **The System, Trade Secrets and Brand Standards Manual.** Franchisee and the Principals acknowledge that the System and the Trade Secrets belong exclusively to Franchisor and its Affiliates and that, as between Franchisor, Franchisee and the Principals, the ideas and information in the Brand Standards Manual are Franchisor's sole and exclusive property. Franchisee and the Principals further acknowledge that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Brand Standards Manual contains may adversely affect the business, competitive position and goodwill of Franchisor and its Franchisees. Accordingly, Franchisee and the Principals agree to perform and abide by the following provisions and restrictions, each of which will survive the expiration or termination of this Agreement and will be perpetually binding upon Franchisee.

(i) Franchisee and the Principals will hold the elements of the System, the Trade Secrets and the contents of the Brand Standards Manual in strict confidence, will not disclose any Trade Secret or any operating or management procedure to any Person other than the Controlling Principal and bona fide employees of Franchisee's Summer Moon Coffee Shop to whom such disclosure is necessary in relation to their job duties, and will instruct and routinely remind Franchisee's employees and Principals that the System, the Trade Secrets and the contents of the Brand Standards Manual are confidential and may not be disclosed or appropriated. Franchisee and the Principals will not disclose any element of the System, any of the Trade Secrets or the contents of the Brand Standards Manual, or make the Brand Standards Manual available, to any other Principal, shareholder, director, officer, partner, member or manager of Franchisee other than its Controlling Principal and other senior executive officers, if any, who are actively and regularly involved in Franchisee's Summer Moon Coffee Shop's management.

(ii) Franchisee and the Principals will not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures the Brand Standards Manual contains in connection with the operation of any establishment or enterprise other than Franchisee's Summer Moon Coffee Shop, and will promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures contained in the Brand Standards Manual upon the expiration or termination of the Franchise.

(iii) Franchisee and the Principals will not, without Franchisor's prior written consent, copy or permit any Person to copy or reproduce any part of the Brand Standards Manual and any

other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets or otherwise permit their use or inspection by any Person other than Franchisee and bona fide employees of Franchisee's Summer Moon Coffee Shop to whom such disclosure is necessary in relation to their job duties, and authorized Franchisor representatives.

(iv) Franchisee and the Principals acknowledge and agree that the version of the Brand Standards Manual on file in Franchisor's offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Brand Standards Manual' contents.

(v) Franchisee will obtain from the General Manager and each of Franchisee's managerial level employees of Franchisee's Summer Moon Coffee Shop a Confidentiality Agreement and Covenant Not to Compete in substantially the form attached hereto as Exhibit B, or such other form as Franchisor may designate, that is valid and enforceable under the laws of the state in which Franchisee's Summer Moon Coffee Shop operates and that imposes the restrictions and limitations of this Section on each such individual for the longest period applicable law permits. Each Confidentiality Agreement and Covenant Not to Compete will, at Franchisor's option, designate Franchisor as a party to the Confidentiality Agreement and Covenant Not to Compete or as a third-party beneficiary and will entitle Franchisor to enforce its provisions directly against the signatory General Manager or other managerial level employee.

(vi) Franchisee will keep the Brand Standards Manual and any other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets in a safe and secure location at all times and will promptly return them to Franchisor upon the expiration or termination of the Franchise. Franchisee will be provided on loan 1 copy of the Brand Standards Manual, either in hardcopy or electronically. If Franchisee is provided on loan a hardcopy of the Brand Standards Manual and such hardcopy is lost, destroyed or significantly damaged, Franchisee agrees to pay a replacement fee of \$1,000.

(vii) Franchisee and the Principals expressly acknowledge that all training materials (regardless of format) and all computer software and other programs developed by Franchisor or in accordance with the Brand Standards contain information, embody procedures or facilitate business practices that are proprietary to Franchisor and fall within the parameters of its Trade Secrets.

(viii) Franchisor reserves the right and privilege, at its sole and absolute discretion, to vary the System and Brand Standards to accommodate special needs of Franchisee, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition that Franchisor deems to be of importance to the successful operation of such franchisee's business. Further, Franchisor may periodically allow certain franchisees to depart from normal Brand Standards and routines in certain respects in order to experiment with or test new Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products or services, leasehold improvements, furniture, fixtures, equipment, trade dress and signage and the like. In no event will such variance, or such testing, be deemed a waiver of any of Franchisor's rights, or an excuse from performance of any of Franchisee's duties hereunder. Franchisor will not under any circumstances be required to grant any variance to Franchisee. Nothing contained in this Section is intended to confer on Franchisee any right to compel Franchisor to grant a variance to Franchisee or to grant, withdraw or modify any variance given to any other franchisee.

(ix) Franchisee acknowledges and agrees that in no case will the System or Brand Standards include any personnel policies or procedures or security-related policies or procedures that Franchisor (at its option) may make available to Franchisee in the Brand Standards Manual or otherwise for Franchisee's optional use. Franchisee will determine to what extent, if any, personnel or security-

related policies and procedures might apply to operations at the Summer Moon Coffee Shop. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees and Franchisor is not responsible for the safety and security of the Summer Moon Coffee Shop employees or patrons.

14. Confidentiality; Covenant Against Competition.

(a) Franchisee and the Principals acknowledge that the System and the Trade Secrets belong exclusively to Franchisor and that, as between Franchisor, Franchisee and the Principals, the ideas and information in the Brand Standards Manual are Franchisor's sole and exclusive property. Franchisee and the Principals further acknowledge that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Brand Standards Manual contains may adversely affect the business, competitive position and goodwill of Franchisor and its franchisees. Accordingly, Franchisee and the Principals will hold the elements of the System, the Trade Secrets and the contents of the Brand Standards Manual in strict confidence, will not disclose any Trade Secret or any operating or management procedure to any Person other than the bona fide employees to whom such disclosure is necessary in relation to their job duties, and will instruct and routinely remind Franchisee's employees that the System, the Trade Secrets and the contents of the Brand Standards Manual are confidential and may not be disclosed or appropriated. The obligations of Franchisee and the Principals relating to the System, any Trade Secret and any other information contained in the Brand Standards Manual will survive the expiration or termination of this Agreement and will be perpetually binding upon Franchisee and the Principals.

(b) In consideration of Franchisor's granting franchise rights to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee and the Principals covenant and agree that, during the Term, Franchisee and the Principals will not own, operate, or develop, directly or indirectly, or accept employment by or hold an Ownership Interest in any Competing Business, except as a Franchisee of Franchisor, which is located (i) at the Summer Moon Coffee Shop Address; or (ii) within the Summer Moon Coffee Shop Territory, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory, or (iv) within 25 miles of the perimeter of the "Summer Moon Coffee Shop Territory" of any other Summer Moon Coffee Shop; or (v) within the United States of America; or (vi) within the world.

(c) In addition, Franchisee and the Principals covenant and agree that, for 2 years after the expiration or termination of this Agreement (or for Principals, after such person ceases to be a Principal), Franchisee and the Principals will not own, operate, or develop, directly or indirectly, or accept employment by or hold an Ownership Interest in any Competing Business, except as a Franchisee of Franchisor, which is located (i) at the former Summer Moon Coffee Shop Address; or (ii) within the former Summer Moon Coffee Shop Territory, or (iii) within 25 miles of the perimeter of the former Summer Moon Coffee Shop Territory, or (iv) within 25 miles of the perimeter of the "Summer Moon Coffee Shop Territory" of any other Summer Moon Coffee Shop. For purposes of calculating the duration of the 2-year period, any time during which Franchisee or the Principals (as applicable) are in violation or breach of the covenant will be excluded.

(d) Franchisee and the Principals acknowledge that Franchisee's and the Principals' covenant not to compete is reasonable and necessary to protect the business and goodwill of the Summer Moon Network and to avoid misappropriation or other unauthorized use of the System and Franchisor's other Trade Secrets. Franchisee and the Principals acknowledge and confirm that Franchisee and the Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating or developing a Competing Business or other similar business.

(e) The parties agree that the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(f) Franchisee and the Principals understand and acknowledge that Franchisor will have the right to reduce the scope of any covenant, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Principals agree that they will comply forthwith with any covenant as so modified, which will be fully enforceable in all cases.

(g) Franchisee and the Principals expressly agree that the existence of any claims that any of them may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section. Franchisee and the Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section against any of them.

(h) Franchisee and the Principals further acknowledge that a violation of the terms of this Section 14 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee and the Principals accordingly consent on their behalf to the issuance of an injunction prohibiting any conduct by any of them in violation of the terms of this Section.

(i) At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon termination of a Person's relationship with Licensee) from each and every Principal and any other Person who has received or shall receive training or confidential information from Franchisor. The covenants required by this Section shall be substantially in the form contained in Exhibits B and C. Failure by Franchisee to obtain execution of agreements containing the covenants required by this Section shall constitute an Event of Default under Section 16.

15. Transfers.

(a) **Transfer by Franchisor.** Franchisor and any holder of an Ownership Interest in Franchisor may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security, collateral or conditional interest, intervivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in Franchisor to any Person without Franchisee's consent. Specifically, and without limitation to the foregoing, Franchisor may sell its assets, Marks or the System to a third-party; may offer its securities privately or publicly; may merge, spin-off, acquire other Business Entities, or be acquired by another Business Entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor to any other party. If Franchisor assigns its rights in this Agreement, such assignment will constitute a novation as to Franchisor and Franchisor will be released from all further liability to Franchisee under this Agreement after the effective date of such transfer, and the transferee will be liable to Franchisee as if it was the original party to this Agreement. Nothing contained in this Agreement requires Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee if Franchisor assigns its rights in this Agreement.

(b) **Limitations on Franchisee Transfer.** Franchisee and the Principals acknowledge that the integrity of the Franchise and the stability of the Summer Moon Network depend on the business qualifications, financial capabilities, honesty and integrity of Franchisor's developers and franchisees. Franchisee and the Principals further acknowledge that Franchisor's lack of opportunity to evaluate and approve each potential franchisee's qualifications and the terms of each proposed Transfer could irreparably damage the System. Consequently, Franchisee and the Principals agree not to effectuate a Transfer, except as permitted by this Section, and in no event will Franchisee or any Principal attempt to effectuate any Transfer, without Franchisor's prior written consent. Any Transfer or attempted Transfer lacking Franchisor's prior written consent or that otherwise violates the restrictions in this Section will be null and void, will be ineffective against Franchisor and will constitute a material default under this Agreement.

(c) **Conditions to Voluntary Transfer of Rights.** Any Transfer by Franchisee or any Principal will be subject to Franchisor's prior written consent, which may be conditioned on, among other things, any or all of the following:

(i) At the time of Transfer, Franchisee, the Principals and their respective Affiliates are in full compliance with their respective obligations under this Agreement and all other agreements with Franchisor and its Affiliates, including payment of all monetary obligations due Franchisor and its Affiliates.

(ii) If the proposed Transfer involves the complete disposition of the Franchise, Franchisee relinquishes the Franchise and related rights under this Agreement in writing.

(iii) If Franchisee is exiting the Summer Moon Network, Franchisee returns the Brand Standards Manual and all Copyrighted Materials to Franchisor, including the Brand Standards.

(iv) The transferee meets Franchisor's criteria for qualifying as a new Franchisee, including having no existing relationship with a Competing Business.

(v) Franchisee furnishes Franchisor a copy of the contract of sale, including price and payment terms, and Franchisor determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from Franchisee's Summer Moon Coffee Shop's operation.

(vi) If a Transfer of Control over Franchisee is contemplated, the transferee executes then current forms of Franchise Agreement (which will limit the term of the transferee's Franchise to the unexpired Term of Franchisee's Franchise and which will supersede the terms of this Agreement) and other collateral agreements Franchisor may then require.

(vii) The transferee upgrades Franchisee's Summer Moon Coffee Shop to meet Franchisor's then-current Brand Standards for new Summer Moon Coffee Shops, including the furniture, fixtures, equipment, Trade Dress, Technology and Information Systems and promotional supplies, subject to Franchisee's prior Brand Standards satisfaction activities.

(viii) The transferee and its Affiliates provides Franchisor a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee.

(ix) Each new Principal designated by Franchisor executes a Personal Guaranty and Principals' Undertaking.

(x) The transferee and one or more of transferee's key management personnel satisfactorily complete Franchisor's training program.

(xi) Franchisee pays a Transfer Fee to Franchisor.

(xii) Franchisee, the Principals and Franchisee's transferees must provide to Franchisor an unconditional, general release of all claims any of them may have against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees

(d) **Special Transfers.**

(i) If Franchisee is an individual Person or multiple individual Persons, then such individual Person(s) may apply to Franchisor to transfer the Franchise and this Agreement to a Business Entity that is solely owned by such individual Person or such multiple individual Persons and is formed solely for the purpose of holding development rights for and/or operating the Summer Moon Coffee Shop, and Franchisor will waive payment of a Transfer Fee and its right of first refusal and consent to such transfer so long as Franchisee first provides Franchisor such documentation and information concerning the Business Entity and the resulting ownership of Franchisee as Franchisor may request, and the existing and New Franchisee and such Principals designated by Franchisor sign the new, current form of franchise agreement or an amendment to this Agreement, a transfer agreement and consent and/or Personal Guaranty and Principals' Undertakings, as deemed appropriate by Franchisor.

(ii) So long as the Controlling Principal will not change, Franchisor will consent to Transfers among Franchisee's original Principals and waive payment of a Transfer Fee and its right of first refusal upon its receipt of such documentation and information concerning an Transfer and the resulting ownership of Franchisee as Franchisor may request. The required documentation will include, without limitation, a Personal Guaranty and Principals' Undertaking signed by each Principal not having previously executed such documents.

(iii) Neither Franchisee nor any of its Affiliates or Principals may engage in a Securities Offering without the prior written consent of Franchisor (whether or not Franchisor's consent is otherwise required under this Section with respect to such Transfer). Franchisor's consent may be withheld for any reason, and may be conditioned upon its verification that the Prospectus does state or imply (by use of the Marks or otherwise) that Franchisor is sponsoring or otherwise participating in the Securities Offering or that Franchisor will receive any part of the proceeds from the Securities Offering. To seek Franchisor's consent, Franchisee must submit a complete copy of the Prospectus to Franchisor prior to the time the Prospectus is filed with a government agency or official or, if an exempt Securities Offering is contemplated, prior to the delivery of the Prospectus to any prospective investor. Franchisor will have 30 days after its receipt of the Prospectus either to provide its consent, withhold its consent or advise Franchisee of the deficiencies that must be corrected prior to Franchisor's providing its consent. Franchisor will have no obligation to provide its consent, including unless and until all deficiencies it notes have been corrected. Any consent by Franchisor will not constitute an endorsement or ratification of the offering or the prospectus, either express or implied. Franchisee and the other participants in a Securities Offering will fully indemnify Franchisor in connection with the offering. For each proposed Securities Offering, Franchisee will reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees and salaries of Franchisor's personnel; provided that Franchisor may request an advance on such costs and expenses before initiating its review.

(iv) Franchisee may grant a security interest in this Agreement or the Franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of Franchisee's Summer Moon Coffee Shop's operations and

may not under any circumstances entitle or permit the secured party to take possession of or operate Franchisee's Summer Moon Coffee Shop or to Transfer Franchisee's interest in the Franchise without Franchisor's express prior written consent. The grant of a security interest in a manner consistent with this Section will not be subject to the Transfer prohibitions in this Agreement.

(e) **Right of First Refusal.**

(i) If Franchisee or the Principal(s) wishes to effectuate a Transfer that will effect a direct or indirect change in Control of Franchisee, pursuant to any *bona fide* offer received from a third-party to purchase that interest, then the proposed seller will promptly notify Franchisor in writing of the offer, and will provide any additional information and documentation relating to the offer that Franchisor requires. Franchisor will have the option, exercisable within 45 days after receipt of all written documentation requested by Franchisor describing the terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third-party.

(ii) If an offer from a third-party provides for payment of consideration other than cash, Franchisor may elect to purchase the interest proposed to be sold for the cash equivalent. If the parties cannot agree within a reasonable time on the cash equivalent of the non-cash part of the offer, then the cash equivalent will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding valuation. In the event of an appraisal under this provision, each party will bear its own legal and other costs and will split the appraisal fees equally.

(iii) If Franchisor elects to purchase the seller's interest, closing on the purchase will occur no later than 60 days after the date Franchisor gives notice to the seller of the election to purchase, provided that Franchisor has received all necessary permits and approvals, or on such other date as the parties agree in writing. If Franchisor exercises its right of first refusal, it may set off all amounts due from Franchisee or any of its Affiliates (including, if applicable, all fees for any appraiser due from Franchisee) against any payment for the interest to be purchased.

(iv) A decision of the Franchisor not to exercise the right of first refusal granted by this Section will not constitute a waiver of any other provision of this Agreement, including all of the Transfer requirements of this Section, with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of the initial offer. Failure to comply with the provisions of this Section will constitute a material event of default under this Agreement.

(f) **Purchase Upon Franchisee's Death or Disability.**

(i) This Section applies only if (i) an individual Franchisee or a Principal owning a Controlling Interest in a Business Entity Franchisee dies or becomes Permanently Disabled during the Term, and (ii) the death or Permanent Disability results in a change in executive-level responsibility for managing Franchisee's Summer Moon Coffee Shop.

(ii) During the first 120 days after Franchisor receives notice of the death or Permanent Disability, Franchisor will evaluate the new management's willingness and ability to operate Franchisee's Summer Moon Coffee Shop in compliance with this Agreement. By the end of the 120-day evaluation period, Franchisor will decide whether the new management is qualified to manage Franchisee's Summer Moon Coffee Shop and will notify management of its decision. As conditions to continuing the Franchise relationship, each Principal must furnish Franchisor a signed Personal Guaranty and Principals'

Undertaking and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured. Further, Franchisor may require management to attend and satisfactorily complete Franchisor's initial training program.

(iii) If any of the conditions stated in this Section are not satisfied, or if Franchisor decides that the new management has not adequately demonstrated its business qualifications or commitment to the Franchise relationship, the remaining Principals will have 120 days after delivery of Franchisor's notice to (i) locate new management that is acceptable to Franchisor, or (ii) sign a binding contract to sell the Franchise or a Controlling Interest in the Franchise to a buyer approved by Franchisor in accordance with the requirements of this Agreement. The proposed sale will be subject to Franchisor's right of first refusal.

(iv) If any of the Principals fail to sign a binding contract of sale before the 120-day selling period expires, or if a contract is signed, but the proposed sale is not concluded within 30 days after Franchisor relinquishes its right of first refusal, Franchisor will have an additional option during the next 30 days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Franchisor delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period.

(v) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Franchisor's notice, the purchase price will be determined by two appraisers in accordance with the appraisal process specified in the right of first refusal provision.

(g) **Involuntary Transfers.** No involuntary Transfer or partitioning of Franchisee's or the Principals' interest in the Franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Franchisor unless and until (1) the transferee furnishes Franchisor a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) the Transfer encompasses Franchisee's and the Principals' total interest in the Franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Franchisor may deal for all purposes expressed in or contemplated by this Agreement.

(h) **Waiver of Interference Claims.** Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Franchisor takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

16. **Default.**

(a) If any Event of Default occurs, Franchisee will be in default under this Agreement, whether or not Franchisor gives notice of the default. Franchisor's failure to take prompt action with

respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default.

(b) Except as otherwise described in this Section, the following are Events of Default that Franchisee may cure by taking appropriate remedial action within the applicable cure period. If Franchisee fails to cure such an Event of Default, Franchisor may terminate the Franchise or take any of the other actions this Agreement permits.

(i) Franchisee fails to pay or expend in full when due any Continuing Fees and other payments to Franchisor, or any trade account (including shipping charges) payable to Franchisor or its Affiliates, including for any Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and other products and services, and fails to cure such default by making payment in full, including any applicable interest as provided by this Agreement, within 15 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(ii) Franchisee fails to pay any trade obligation due to a vendor with whom Franchisor or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Franchisor, any Franchisor Affiliate or another Franchisee, and fails to cure such default within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(iii) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in this Agreement or the Brand Standards Manual, including without limitation obligations or restrictions regarding the development, participation in initial training, opening and operations of the Summer Moon Coffee Shop and use, offer or sale of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products and services in connection with the Summer Moon Coffee Shop, or any other condition or restriction contained in this Agreement and not otherwise addressed in this Section, and fails to cure such default within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(iv) Franchisee fails to fulfill any requirement or to perform any obligation set forth in Section 10 with respect to advertising and promotions (other than with respect to payment or expenditure of Continuing Fees) and fails to cure such default within 15 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(v) Franchisee or any other Person bound under this Agreement fails or refuses to honor a request for indemnification under this Agreement and fails to cure such default within 10 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(vi) Franchisee or any other Person bound under this Agreement breaches (a) any restriction or obligation relating to advertising or use of the internet set forth in this Agreement or any related terms of use agreement, or (b) any covenant or obligation relating to Franchisor's intellectual property set forth in this Agreement or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System and fails to cure such default within 10 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(vii) Any lease for Franchisee's Summer Moon Coffee Shop premises expires or is terminated and Franchisee fails to renew or obtain approved replacements for Franchisee's Summer Moon Coffee Shop in accordance with this Agreement within 15 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(viii) Franchisee or any agent, representative or employee of Franchisee (a) violates any law, rule or regulation in connection with the operation of Franchisee's Summer Moon Coffee Shop, or (b) fails to obtain, prior to opening, one or more of the licenses, permits or certificates required to operate a Summer Moon Coffee Shop (including any licenses to operate the motor vehicles) in accordance with the Brand Standards, or if such certificates are suspended or terminated for any reason and fails to cure such default by promptly notifying Franchisor and taking all necessary action as approved by Franchisor to cure such violation within 72 hours after Franchisee receives notice of the violation.

(ix) Franchisee fails to comply with any notification, investigation and/or remediation requirements implemented by Franchisor during any Crisis Management Event, and/or fails to cure such default within 48 hours after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(c) Following are Events of Default that are irreversible and cannot be cured, and this Agreement will terminate immediately upon notice to Franchisee, unless otherwise indicated below.

(i) Franchisee or any other Person bound under this Agreement fails to observe or comply with the requirements of this Agreement regarding (a) any actual or purported or attempted sale, assignment or Transfer of interests or assets related to this Agreement or the Summer Moon Coffee Shop, (b) any non-competition and confidentiality covenants, (c) any unauthorized use or duplication of any aspect of the System, any offer and/or sale of unauthorized Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products or services to Customers or any purchase or use of any unauthorized leasehold improvements, furniture, fixtures, equipment, signage, Approved Food and Beverage Products and Services Proprietary Food and Beverage Products and Services or other products or services in connection with the Summer Moon Coffee Shop or for other purposes, or (d) any representation, warranty or covenant with respect to terrorist activities and money laundering.

(ii) Franchisee abandons Franchisee's Summer Moon Coffee Shop, including without limitation failing to respond to Franchisor or to Customer inquiries during normal business hours on more than 5 consecutive days, excluding major changes to the furniture, fixtures, equipment, leasehold improvements used in the Summer Moon Coffee Shop in accordance with a schedule approved by Franchisor.

(iii) Franchisee and/or any Person bound under this Agreement commits or allows to occur the same Events of Default 2 or more times in any 12-month period, whether or not notified to Franchisee and whether or not cured in accordance with this Agreement.

(iv) Franchisee and/or any Person bound under this Agreement commits or allows to occur three or more similar or different Events of Default in any 12-month period, whether or not notified to Franchisee and whether or not cured in accordance with this Agreement.

(v) Franchisee or any guarantor of Franchisee's monetary obligations to Franchisor becomes insolvent, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the Summer Moon States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute or a receiver or other custodian is appointed for Franchisee's business or business assets. In such event, this Agreement will terminate automatically and immediately without notice to Franchisee.

(vi) Franchisee or one or more of the Principals is convicted of or pleads guilty or no contest to a felony or crime involving fraud, sexual harassment, battery, drug possession, moral turpitude or any other crime or offense that that is injurious to the System or the goodwill associated with the Marks.

(vii) Franchisee knowingly maintains false books or records or submits any false reports to Franchisor, its Affiliates or any third-party vendor or supplier.

(d) Franchisor and Franchisee acknowledge that the franchise rights contemplated under this Agreement are granted on the assumption that there will be no Adverse Change of Law during the term of this Agreement. If, at any time during the term of this Agreement, there occurs an Adverse Change of Law, the parties agree to use their best efforts and to cooperate with each other in good faith to amend this Agreement either to bring it into conformity with the requirements of the Adverse Change of Law or to seek an alternative way to comply with the Adverse Change of Law which allows both parties to continue to enjoy the economic benefits of this Agreement. If, in Franchisor's or Franchisee's judgment, this Agreement cannot be modified to comply with the Adverse Change of Law without undermining material elements of the franchise relationship or the enjoyment of the economic benefits thereunder, Franchisor or Franchisee (as applicable) may, at its option, without liability for such action or any further obligation to the other, terminate this Agreement and the territorial rights granted hereby upon 60 days' written notice to Franchisor or Franchisee (as applicable); provided that Franchisee shall be required to comply with all post-termination obligations set forth in this Agreement as a continuing condition to any such termination.

17. Termination; Other Remedies.

(a) If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Franchisor may, at its option, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the Franchise and Franchisee's rights under this Agreement or compel Franchisee to sell the Franchised Summer Moon Coffee Shop in accordance with this Agreement. Upon termination or expiration of the Franchise, Franchisee's right and privilege to use the System, the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Brand Standards Manual will absolutely and unconditionally cease. Franchisee will immediately:

(i) Cease offering and selling Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and any other products and services, and either sell to or otherwise dispose of all unsold Proprietary Food and Beverage Products and Services and related products and services, as directed by Franchisor.

(ii) discontinue use of the Marks, the Copyrighted Materials, the System, Trade Secrets and all components of the Brand Standards Manual, and permanently remove and delete all such items from Franchisee's Technology and Information Systems;

(iii) return to Franchisor the entire Brand Standards Manual and any other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets;

(iv) unless such items are sold to Franchisor or another Franchisee in the Summer Moon Network, remove from the Summer Moon Coffee Shop premises all interior and exterior Summer Moon Coffee Shop signs and other uses of the Marks;

(v) unless such items are sold to Franchisor or another Franchisee in the Summer Moon Network, alter the Summer Moon Coffee Shop premises and related furniture, fixtures, equipment and leasehold improvements to remove all Trade Dress items and otherwise eliminate any and all distinctive features of the Franchise and to eliminate the ability of Franchisee or any third-party to use the

Summer Moon Coffee Shop premises and related furniture, fixtures, equipment and leasehold improvements for the offer or sale of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products or services;

(vi) cease use of and/or transfer to Franchisor (at Franchisor's direction) all email addresses used in connection with the Summer Moon Coffee Shop, regardless of whether such email addresses contain or reference one or more of the Marks;

(vii) cease use of and/or return to Franchisor all Customer Information in accordance with this Agreement; and

(viii) cease use of and/or remove to the extent possible all Social Media or other online profiles that use one or more of the Marks to advertise, promote or operate the Summer Moon Coffee Shop. and cancel all rights in and to any accounts for such Social Media or other online profiles.

(b) Upon the Franchise's termination or expiration, Franchisor may immediately instruct the telephone company and all other directory publishers (both web-based and print) to transfer use and control of Franchisee's Summer Moon Coffee Shop's telephone number(s) and all directory listings to Franchisor or its designee. Franchisee irrevocably constitutes and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of Franchisee's Summer Moon Coffee Shop's telephone number(s) and directory listings, including authority to execute and deliver on Franchisee's behalf any transfer of service agreement the telephone company or other directory listing providers requires, and to revoke any call-forwarding or similar instructions Franchisee has given the telephone company. Franchisor will have no liability to Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of Franchisee's Summer Moon Coffee Shop's telephone number(s) and other directory listings in accordance with this Section. In addition, Franchisor will be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under this Agreement to enforce compliance with these requirements.

(c) If Franchisee does not comply with the requirements of this Section within seven days after the Franchise's termination or expiration, Franchisor may, at Franchisee's expense, enter Franchisee's Summer Moon Coffee Shop's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to effect compliance with these requirements, and Franchisor will have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Franchisor will be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under this Agreement to enforce compliance with these requirements.

(d) In lieu of immediately terminating the Franchise in accordance with Section 17(a), Franchisor may:

(i) suspend Franchisee's right to participate in one or more advertising, marketing, or promotional programs otherwise available to the Summer Moon Network;

(ii) suspend or terminate Franchisee's participation in any temporary or permanent fee reductions to which Franchisor might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(iii) refuse to provide any operational support this Agreement requires; or

(iv) demand and require Franchisee to sell Franchisee's Summer Moon Coffee Shop and transfer Franchisee's rights under this Agreement to a purchaser acceptable to Franchisor. After Franchisor demands such sale, Franchisee will have no further right or opportunity to cure a default or to reinstate Franchisee's right to continue operating Franchisee's Summer Moon Coffee Shop. Except for Franchisor's right to approve a proposed purchaser and to ensure that all Continuing Fees and other amounts due Franchisor and/or Franchisee's trade creditors are paid at the closing of the sale, Franchisee will be entitled to establish and negotiate the terms of sale. If Franchisee does not execute a binding agreement with an approved purchaser and deliver a copy of such agreement to Franchisor within 90 days after Franchisee receives Franchisor's demand to sell, or does not consummate the sale within 45 days after negotiations are completed, Franchisor may terminate the Franchise under Section 17(a) without further notice. Franchisee acknowledges and agrees Franchisor will not act as a broker for any transaction contemplated by this Section and that actions to be taken by Franchisor in connection with approving a transfer pursuant to this Section will not make Franchisor a broker for such transfer.

(e) In addition to any other rights and remedies (and in lieu of immediately exercising its rights under Section 17(a)), Franchisor may notify each supplier, distributor or vendor of Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products and services that Franchisee is no longer authorized to purchase these Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products and services, and that sales of such items to Franchisee must therefore be discontinued until further notice from Franchisor.

(f) In addition to any other rights and remedies, Franchisee will immediately pay to Franchisor, and Franchisor is entitled to recover, all amounts owed to Franchisor in connection with this Agreement, and all trade obligations due Franchisor, plus interest and any late fees under this Agreement (as applicable), with or without terminating the Franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Franchisor's attorneys' fees and costs of collection, plus a charge for the staff and administrative time Franchisor expends to enforce its claims.

(g) In addition to any other rights and remedies, Franchisor may remove information on Franchisee and the Summer Moon Coffee Shop from the Summer Moon Website, cancel Franchisee's access and use of the Technology and Information Systems, including the Summer Moon Operating System if applicable), cancel Franchisee's account on the Summer Moon Intranet network and/or deny Franchisee further access to communication via the Intranet, with or without terminating the Franchise.

(h) In addition to any other rights and remedies, Franchisor may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under this Agreement restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the Franchise.

(i) In addition to any other rights and remedies, Franchisor may recover damages from Franchisee and any other Person bound under this Agreement for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of customer or future Franchisee goodwill in the vicinity of Franchisee's Summer Moon Coffee Shop.

(j) In addition to any other rights and remedies and regardless of whether Franchisor purchases Franchisee's Summer Moon Coffee Shop, Franchisor will have an option (but no obligation) to purchase all or any part of Franchisee's Summer Moon Coffee Shop's signs (not owned by Franchisor), equipment, fixtures, useable Approved Food and Beverage Products and Services, Proprietary Food and

Beverage Products and Services or other products, and Franchisee's ownership interest (if any) in Franchisee's Summer Moon Coffee Shop premises from Franchisee free and clear of all liens, restrictions or encumbrances, exercisable by giving written notice thereof to Franchisee within 60 days after the Franchise expires or is terminated. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise. The purchase price for signs and equipment will equal their net book value (cost, less depreciation) or fair market value, whichever is lower; the purchase price for useable Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services or other products will equal to its invoiced cost to Franchisee; and the purchase price for the premises will be fair market value. Fair market value will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding market value. Each party will bear its own legal and other costs and will split the appraisal fees equally. The purchase price will be payable in cash (except that Franchisor may assume any note or lease covering furniture, fixtures, equipment, signage and any note covering Franchisee's Summer Moon Coffee Shop premises). Franchisee agrees to provide Franchisor the information necessary to establish the purchase price, to sign and deliver to Franchisor a deed, bill of sale or an assignment of lease, transfer good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to Franchisor, if any) with all sales and other transfer taxes paid by Franchisee and all licenses and permits of Franchisee's Summer Moon Coffee Shop which may be assigned, and otherwise to cooperate with Franchisor in its taking title to and possession and delivery of the items Franchisor purchases. The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. Franchisor may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not necessary (in function or quality) to Franchisee's Summer Moon Coffee Shop's operation or that Franchisor has not approved as meeting standards for Summer Moon Coffee Shop, and the purchase price will reflect such exclusions. Additionally, Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or the Principals owe to Franchisor. If Franchisee fails or refuses to comply with its obligations under this Section during the option period, Franchisor's option will be extended until 15 days after Franchisee complies.

(k) In addition to any other rights and remedies, Franchisor or Franchisor's designee will have the option (but no obligation) to assume any lease or sublease for Franchisee's Summer Moon Coffee Shop premises. If Franchisor or its designee assumes any lease or sublease for Franchisee's Summer Moon Coffee Shop premises, the assignee must assume all of Franchisee's obligations under the lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment. Franchisee will be solely responsible for any assignment fee or similar charge, or any increase or acceleration of rent under all leases or subleases in connection with an assignment to Franchisor or its designee.

18. Indemnification.

(a) Franchisee and the Principals, jointly and severally, will, at all times and to the fullest extent permitted by law, indemnify the Indemnified Parties from and defend them against all Losses and Expenses of any of the Indemnified Parties that arise out of or are based upon any of the following:

(i) The operation or condition of any part of the Summer Moon Coffee Shop or the site on which the Summer Moon Coffee Shop is located, the conduct of business at the Summer Moon Coffee Shop and any acts or omissions of Franchisee or Franchisee's employees, agents or contractors, including with respect to the collection or use of Customer Information.

(ii) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any patent, trademark, copyright, or other proprietary right owned or controlled by third parties unless, and to the extent that, the Action is based upon or arises from Franchisee's authorized use of the Marks in strict compliance with the terms of this Agreement.

(iii) The violation or breach by Franchisee or any of the Principals of any law, regulation, ruling or industry standard, including but not limited to any restaurant or food service, tobacco or smoking related law, labor and employment law, regulation, ruling or industry standard related to Franchisee's employees and agents and any national and municipal laws governing the generation, use or disposal of hazardous waste or hazardous materials and any and all other laws designed to protect the environment.

(iv) Franchisee's failure to obtain and maintain the types and amount of insurance coverage set forth in the Brand Standards Manual or otherwise required by Franchisor.

(v) Libel, slander, or any other form of defamation of the Indemnified Parties, the System or any other Franchisee by Franchisee or any of the Principals.

(vi) The violation or breach by Franchisee, or any of its Affiliates or Principals of any warranty, representation, agreement or obligation in this Agreement or other agreement between Franchisee or its Affiliates and one or more of the Indemnified Parties.

(vii) Acts, errors, or omissions of Franchisee, its Affiliates, the Principals and their respective owners, officers, employees, agents and representatives in connection with the establishment and operation of the Summer Moon Coffee Shop pursuant to this Agreement.

(viii) Any and all encumbrances, liens, assessments, levies, charges, surcharges, demands for payment, taxes or any other liabilities imposed on Franchisor or on or as a result of any payment due to or paid to Franchisor under this Agreement, by any taxing authority or any political subdivision, instrumentality, agency or other body of any governmental or taxing authority.

(b) Franchisee and each of the Principals agrees to give Franchisor immediate notice of any Action subject to indemnification under this Agreement. At the expense and risk of Franchisee and each of the Principals, Franchisor may elect to control (but under no circumstance is obligated to undertake), and associate counsel of its own choosing with respect to, the defense and/or settlement of any such Action. Such an undertaking by Franchisor will, in no manner or form, diminish the obligation of Franchisee and each of the Principals to indemnify the Indemnified Parties and to hold them harmless.

(c) In order to protect persons or property or the reputation or goodwill of itself or others, Franchisor may, at any time and without notice, as it deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the Action if, in Franchisor's judgment, there are grounds to believe that:

(A) Any of the acts or circumstances enumerated in this Section has occurred; or

(B) Any act, error or omission as described in this Section may result directly or indirectly in damage, injury or harm to any Person or any property.

(d) All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee or any of the Principals pursuant and subject to their respective obligations of indemnity under

this Section, regardless of any action, activity, or defense undertaken by Franchisor or the subsequent success or failure of that action, activity, or defense.

(e) THE INDEMNIFIED PARTIES DO NOT ASSUME ANY LIABILITY WHATSOEVER FOR ACTS, ERRORS, OR OMISSIONS OF THOSE WITH WHOM FRANCHISEE, ANY OF ITS AFFILIATES OR ANY OF THE PRINCIPALS, MAY CONTRACT. FRANCHISEE AND EACH OF FRANCHISEE'S PRINCIPALS THAT EXECUTES THE PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING WILL HOLD HARMLESS AND INDEMNIFY THE INDEMNIFIED PARTIES FROM ALL LOSSES AND EXPENSES THAT MAY ARISE OUT OF ANY ACTS, ERRORS, OR OMISSIONS OF FRANCHISEE, ITS AFFILIATES AND THE PRINCIPALS AND ANY SUCH THIRD PARTIES, WITHOUT LIMITATION AND WITHOUT REGARD TO THE CAUSE OR CAUSES OF THE ACTS, ERRORS OR OMISSIONS OR THE NEGLIGENCE (WHETHER THAT NEGLIGENCE IS SOLE, JOINT, OR CONCURRENT, AND WHETHER ACTIVE OR PASSIVE) OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES OR ANY OTHER PARTY OR PARTIES ARISING IN CONNECTION THEREWITH, IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE SUMMER MOON COFFEE SHOP, INCLUDING, BUT NOT LIMITED TO, ANY ACTS, ERRORS OR OMISSIONS OF ANY OF THE FOREGOING IN THE OPERATION OF ANY MOTOR VEHICLES, IN THE ESTABLISHMENT OR IMPLEMENTATION OF SECURITY FOR THE SUMMER MOON COFFEE SHOP, IN THE USE OF ANY INTERNET SITE OR INTRANET NETWORK DEVELOPED BY FRANCHISOR, ACTS OF ANY THIRD PARTIES, OR ACTS OR CLAIMS ARISING FROM THIS AGREEMENT.

19. Terrorist and Money Laundering Activities. Franchisee and the Principals represent and warrant to Franchisor that neither Franchisee, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee and the Principals represent and warrant that neither they nor any Principal or Affiliate referred to above has violated, and each of them agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epINC.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee and the Principals will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

20. Law Governing; Dispute Resolution.

(a) **Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 *et. seq.*), this Agreement will for all purposes be governed by and interpreted and enforced in accordance with the internal laws of the State of Texas, except that its choice of law and conflict of law rules will not apply. Notwithstanding the above, Franchisee and the Principals agree that the Texas Business Opportunity Act and the Texas Deceptive Trade Practice Act (and any successor laws, rules or regulations thereto) do not apply to the transactions contemplated by this Agreement.**

WAIVER OF CONSUMER RIGHTS

I waive my rights under the Deceptive Trade Practices-Consumer Protection Act, Section 17.41 et seq., Business & Commerce Code, a law that gives consumers special rights and protections. After consultation with an attorney of my own selection, I voluntarily consent to this waiver.

(b) The parties mutually agree that the state and federal courts located in the county in which Franchisor has its then current principal place of business (currently the U.S. District Court for the Western District of Texas, or if such court lacks jurisdiction, the state courts located in Travis County, Texas), will be the exclusive venue and exclusive forum in which to adjudicate any Action arising from or relating to this Agreement and any guarantees hereof, undertakings hereunder provided and relationship established thereby, however, with respect to any Action which seeks monies owed, injunctive relief or other extraordinary relief, Franchisor may bring such action in any court of competent jurisdiction. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction of or venue in such courts. This Agreement was executed and accepted at Franchisor's current place of business in Travis County, Texas. The parties anticipate that the performance of certain of Franchisee's obligations arising under this Agreement, including the payment of certain monies due Franchisor, will initially occur in Travis County, Texas.

(c) **Except with respect to Franchisee's and each Principal's obligation to indemnify Franchisor and claims Franchisor brings for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Trade Secrets, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other and agree that, in the event of any Action between the parties, the parties bringing the Action will be limited to equitable relief and to recovery of any direct or general damages it sustains; provided, however that Franchisor will have the right to seek and recover lost profits and/or all applicable liquidated damages afforded under this Agreement in the event of termination of this Agreement.**

(d) **Except for an Action arising from Franchisee's nonpayment or underpayment of amounts Franchisee owes Franchisor pursuant to this Agreement, or an Action related to Franchisee's unauthorized use of the Marks, any and all Actions arising out of or relating to this Agreement or the relationship created hereby will be barred unless an Action is commenced within 2 years and one day after the date on which the party asserting such Action knew or should have known of the facts giving rise to such Action. Notwithstanding the foregoing, with respect to any Actions arising out of or in connection with an Event of Force Majeure, the 2 years limit on Actions provided for in this Section will be extended for a period equal to the extended performance period resulting from the Event of Force Majeure, provided that such period will not exceed 90 days.**

(e) **Franchisee and the Principals agree that any Action arising from or relating to this Agreement and any guarantees hereof, undertakings hereunder provided and the relationship established thereby shall be conducted on an individual basis, and not as part of a common, consolidated or class action.**

21. JURY TRIAL WAIVER. THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR CURE HEREUNDER. THE PARTIES ACKNOWLEDGE THEIR RIGHT TO A JURY TRIAL, THAT THEY HAVE HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL AND THAT THIS WAIVER IS ENTERED INTO KNOWINGLY AND VOLUNTARILY.

22. Liquidated Damages.

(a) If Franchisee unilaterally abandons the Franchise prior to the natural expiration of the term or Franchisor otherwise terminates this Agreement in accordance with the terms of this Agreement, then, in addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to collect from Franchisee, and Franchisee agrees to pay within 15 days of demand by Franchisor, an amount equal to the average aggregated Royalty Fees that Franchisee paid or owed to Franchisor during the 12 months of operation preceding the effective date of termination multiplied by the lesser of (a) 24, or (b) the total number of months remaining in the Term of this Agreement had it not been terminated.

(b) If after (1) the expiration of the Franchise, or (2) the termination of the Franchise by Franchisor in accordance with this Agreement, Franchisee continues to use any of the Marks or element of the System in connection with the continued operation of Franchisee's Summer Moon Coffee Shop or otherwise, then, in addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to collect from Franchisee, and Franchisee agrees to pay within 15 days of demand by Franchisor, Continuing Fees for such use of the Marks and/or the System equal to 200% of the Continuing Fees that Franchisee would otherwise have been obligated to pay under this Agreement with respect to the operations of the Summer Moon Coffee Shop.

(c) If Franchisee directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in this Agreement), then, in addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay within 15 days of demand by Franchisor, a monthly fee equal to 15% of the competing businesses' revenues, measured in accordance with same parameters that Continuing Fees are measured under this Agreement.

(d) Any demand for payment of liquidated damages under this Agreement does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

23. Miscellaneous.

(a) This Agreement will be binding upon and inure to the benefit of Franchisor and Franchisee and their respective successors, assigns, executors, heirs and personal representatives. If Franchisee is, or subsequently Transfers the Franchise to, a Business Entity, each Principal will also be personally and individually bound by the provisions of this Agreement that expressly.

(b) This Agreement will not be binding on Franchisor and the Franchise will not be granted unless and until each Principal designated by Franchisor executes and delivers a Personal Guaranty and Principals' Undertaking in the form attached as Exhibit A. Additionally, all Persons who receive Confidential Information as a result of Franchisee's operations hereunder, that do not satisfy the term "Principal" under this Agreement, will be required to execute a copy of the Confidentiality Agreement and Covenant Not To Compete attached to this Agreement as Exhibit B.

(c) The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding will not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision will be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, will continue in full force and effect.

(d) The term “Franchisee” includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

(e) This Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Franchisor and Franchisee. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party’s conduct. This provision does not apply to changes in the Brand Standards Manual, which Franchisor may modify unilaterally.

(f) Notwithstanding any contrary provisions contained in this Agreement, Franchisor and Franchisee acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee’s explicit rights and obligations hereunder that may affect favorably or adversely Franchisee’s interests; (b) Franchisor will use its business judgment in exercising such discretion based on Franchisor’s assessment of Franchisor’s own interests and balancing those interests against the interests, promotion and benefit of the System and Summer Moon Coffee Shops generally (including Franchisor, and its Affiliates and other Franchisees), and specifically without considering Franchisee’s individual interests or the individual interests of any other particular Franchisee (examples of items that will promote or benefit the System and Summer Moon Coffee Shops generally include, without limitation, enhancing the value of the Marks, improving Customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner; and (d) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action will substitute its judgment for Franchisor’s judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR’S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR FRANCHISOR’S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

(g) This Agreement is not intended to create, and will not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other “special” relationship between Franchisor and Franchisee, and no representation to the contrary will be binding upon Franchisor.

24. Notices. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the address listed on the Summary Pages for Franchisor and to the Summer Moon Coffee Shop Address for Franchisee or such other address as the parties will specify by written notice, and will be deemed so delivered: (a) at the time delivered by hand; (b) 1 day after transmission by email (provided that the sender confirms the email by sending an original confirmation

copy by expedited delivery service within 5 days after transmission); or (c) 1 day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; and must be addressed to the party to be notified at the addresses as described above for Franchisor and Franchisee or such other address as the parties will specify by written notice.

25. Franchisee's Acknowledgments.

(a) Franchisee acknowledges and agrees that this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein and therein; provided that to the extent applicable nothing in this Agreement, the Exhibits or any related agreement is intended to disclaim Franchisor's representations contained in the franchise disclosure document provided to Franchisee in connection with this Agreement. No supplement, modification, waiver or termination of this Agreement will be binding unless executed in writing by the party hereto to be bound thereby. No waiver of any of the provisions of this Agreement will be deemed or will constitute a waiver of any other provisions (whether or not similar), nor will such waiver constitute a continuing waiver unless otherwise expressly provided.

(b) Franchisee confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Franchisee that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement.

(c) Franchisee acknowledges that no document that this Agreement requires will be binding on Franchisor unless it is signed on Franchisor's behalf by its authorized representative.

(d) Franchisee acknowledges and agrees that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Franchisor bestows on Franchisee, or by inference from a party's conduct.

(e) Franchisee acknowledges and agrees that Franchisee received (i) Franchisor's then current franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least 14 days prior to execution of this Agreement as required by such Trade Regulation Rule and (ii) a fully completed copy of this Agreement at least 7 days prior to execution as required by such Trade Regulation Rule, as further described on the Summary Pages.

(f) The following only applies in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by Franchisor in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

Name: _____

Title: _____

Effective Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Summer Moon Coffee Shop Franchise Agreement with the date set forth below, including any appendices and amendments thereto (the "Franchise Agreement"), by and between Summer Moon Franchising LLC, a Texas limited liability company ("Franchisor") and the Franchisee named below ("Franchisee"), each of the undersigned Principals hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the Term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee will punctually pay and perform the Franchise Agreements and covenants expressly provided by the terms of the Franchise Agreement; and (2) acknowledges that each is included in the term "Principal" as described in the Franchise Agreement and without limiting any guarantee of Franchisee's obligations under the Franchise Agreement, jointly and severally makes all of the covenants, representations, warranties and agreements of Principals set forth in the Franchise Agreement and is jointly and severally obligated to perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Franchise Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following sections of the Franchise Agreement: Sections 14 (regarding confidentiality and non-competition), 15 (regarding Transfer), 18 (regarding indemnification), 20 (regarding governing law and dispute resolution) and 22 (Liquidated Damages); and (3) represents that each and every representation of Franchisee made in connection with the Franchise Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Principals' Undertaking. Any capitalized terms used but not defined in this Personal Guaranty and Principals' Undertaking will have the meaning set forth in the Franchise Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the Franchise Agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty and Principals' Undertaking will be joint and several; (ii) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability will not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Personal Guaranty and Principals' Undertaking, which will be continuing and irrevocable until satisfied in full.

Each of the undersigned agrees that the state and federal courts in the county which Franchisor has its then current principal place of business (currently the U.S. District Court for the Western District of Texas, or if such court lacks jurisdiction, the state courts located in Travis County, Texas), will be the exclusive venue and exclusive forum in which to adjudicate any case or controversy arising from or relating to this Agreement and this Personal Guaranty and Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of such courts and waives any objections to either the

jurisdiction of or venue in such courts. Each of the undersigned irrevocably waives, to the fullest extent the undersigned may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action or proceeding need not be personally served or served within the State of Texas but may be served with the same effect as if served within the State of Texas, by means permitted by law addressed to the undersigned at the address set forth herein. Nothing contained herein will affect Franchisor's rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought to enforce any judgment against one or more of the undersigned entered by a state or federal court.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Personal Guaranty and Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Franchisor would not have granted such rights without the execution of this Personal Guaranty and Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Principals' Undertaking will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

This Personal Guaranty and Principals' Undertaking will continue and will be enforceable notwithstanding any change in the name or the constitution of the Franchisor or Franchisee.

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a full description of the nature and extent of each Principal's Ownership Interest in Franchisee. Franchisee, and each Principal as to his Ownership Interest, represents and warrants that each Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Principals' Undertaking.

Name of Franchisee: _____ **Date of Franchise Agreement:** _____

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Franchise Agreement was executed.

**OWNERSHIP INTEREST IN
FRANCHISEE:**

CONTROLLING PRINCIPAL(S):

(Signature)

(Print Name)

(Signature)

(Print Name)

EXHIBIT B

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

This Confidentiality Agreement (this “Agreement”) is made and entered into as of the Effective Date set forth below, between Summer Moon Franchising LLC, a Texas limited liability company with its principal business address at 1800 Elder Hill Road, Driftwood, Texas 78619 (“Franchisor”), the Franchisee entity described in the signature below (“Franchisee”) and the owner, manager or employee described as the Recipient below (“Recipient”).

RECITALS

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has acquired the right to use and license others to use a distinctive System for the development and operation of the Summer Moon Coffee Shops that operate under the Summer Moon trade name; and

WHEREAS, the System includes, but is not limited to, the development guidelines, opening guidelines, operational guidelines, initial and ongoing training programs, business methods, designs, arrangements and Brand Standards for developing and operating Summer Moon Coffee Shops, including those pertaining to site selection, conversion, construction, exterior and interior building design, signage and layouts, furniture, fixtures, equipment, specifications for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered to Customers, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information and technology systems, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor’s Confidential Information developed and used in connection with the System provides economic advantages to Franchisor and includes information and know-how not generally known to, and not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the limited right to develop a Summer Moon Coffee Shop using the System, the Marks and Confidential Information for the period defined in the Franchise Agreement made and entered into on the date described below (“Franchise Agreement”), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain personnel, agents, independent contractors, officers, directors, partners and interest holders of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee’s business using the System; and

WHEREAS, Franchisee has agreed to obtain from recipients of Confidential Information written Agreements protecting the System against unfair competition; and

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Franchisee; and

WHEREAS, Recipient wishes and needs to receive and use the Confidential Information in the course of his or her employment or association in order to effectively perform services for Franchisee; and

WHEREAS, Recipient acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Recipient expressly acknowledges that Recipient possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Agreement will not deprive Recipient of any personal goodwill or ability to earn a living.

2. Franchisor and/or Franchisee will disclose to Recipient some or all of the Confidential Information relating to the System. As used in this Agreement, "Confidential Information" will include all items contemplated in the Franchise Agreement's definition "Confidential Information" as well as any and all other information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Recipient.

3. Recipient will receive the Confidential Information in confidence and will, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee and then only in connection with the development and/or operation by Franchisee of the Summer Moon Coffee Shops using the System for so long as Franchisee is licensed by Franchisor to use the System.

4. Recipient will not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's written permission.

5. Recipient will not at any time disclose or permit the disclosure of the Confidential Information except to other personnel of Franchisee and only to the limited extent necessary to train or assist other personnel of Franchisee in the development or operation of a Summer Moon Coffee Shop using the System.

6. **If Recipient has a direct or indirect, legal or beneficial Ownership Interest of any type in Franchisee**, including but not limited to (i) in relation to a corporation, the ownership of shares in the corporation; (ii) in relation to a partnership, the ownership of a general partner or limited partnership interest; (iii) in relation to a limited liability company, the ownership of a membership interest; or (iv) in relation to a trust, the ownership of the beneficial interest of such trust, Recipient covenants and agrees that, during the term of the Franchise Agreement and for 2 years after Recipient ceases to have such Ownership Interest or for 2 years after the Franchise Agreement has terminated for any reason, whichever occurs earlier, Recipient will not own or operate, directly or indirectly, or accept employment by or hold an interest in a Competing Business (defined as any business that offers and sells coffee and tea products or services to third parties through any means of distribution as its primary product or service offering), which is located (i) at the Summer Moon Coffee Shop Address; or (ii) within the Summer Moon Coffee

Shop Territory, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Territory, or (iv) within 25 miles of the perimeter of the territory of any other Summer Moon Coffee Shop. For purposes of calculating the duration of the 2-year period, any time during which Recipient (as applicable) is in violation or breach of the covenant will be excluded. Recipient acknowledges that Recipient's covenant not to compete is reasonable and necessary to protect the business and goodwill of Franchisor and to avoid misappropriation or other unauthorized use of the System and Franchisor's Confidential Information. Recipient acknowledges and confirms that Recipient possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a Competing Business.

The parties agree that the foregoing covenant will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

Recipient understands and acknowledges that Franchisor will have the right to reduce the scope of any covenant set forth in this Section, or any portion thereof, without his or her consent, effective immediately upon notice to Recipient; and Recipient agrees that he or she will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Agreement.

7. Recipient will surrender any material containing some or all of Franchisor's Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

8. Recipient will not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

9. All manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

10. Any capitalized terms used but not defined in this Agreement will have the meaning set forth in the Franchise Agreement.

11. Franchisee will make all efforts to ensure that Recipient acts as required by this Agreement.

12. Recipient agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate cure at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor will be entitled to enforce the provisions of this Agreement and will be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Franchise Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

13. Recipient agrees to pay all expenses (including court costs and attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

14. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

15. THIS AGREEMENT WILL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAW OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY APPLICABLE LAW. RECIPIENT FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT WILL BE ANY COURT OF COMPETENT JURISDICTION WITH JURISDICTION OVER THE COUNTY IN WHICH FRANCHISOR HAS ITS THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY AUSTIN, TEXAS); PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT THAT HAS JURISDICTION.

16. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

17. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

18. For any breach of the non-competition/Competing Business obligations of this Agreement, and due to the difficulty of establishing the precise amount of damages for breach of these obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Franchisor, Recipient agrees to pay Franchisor an amount equal to 20% of the gross revenues generated by a Competing Business with which Recipient is associated for a period equal to the duration Recipient is associated with the Competing Business. Demand for payment of liquidated damages does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies to Franchisor at law or in equity.

19. This Agreement is not intended to create, and will not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other "special" relationship between Franchisor and Recipient, and no representation to the contrary will be binding upon Franchisor.

20. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the appropriate address listed in the signature blocks for Franchisor, Franchisee and Recipient, or such other address as the parties will specify by written notice, and will be deemed so delivered: (a) at the time delivered by hand; (b) 1 day after transmission by email (provided that the sender confirms the email by sending an original confirmation copy by expedited

delivery service within 5 days after transmission); or (c) 1 day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt.

21. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Recipient hereunder may not be assigned by Franchisee or Recipient, without the prior written consent of Franchisor. Any assignment or attempted assignment lacking Franchisor's prior written consent or that otherwise violates the restrictions in this Section will be ineffective against Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____
Effective Date: _____
Date of Franchise Agreement _____

By: _____
Print Name: _____
Its: _____
Date: _____

Franchisor's Address for Notice Purposes:

Franchisee's Address for Notice Purposes:

Summer Moon Franchising LLC
1800 Elder Hill Road
Driftwood, Texas 78619
Email: franchise@summermoon.com

Attention: _____
Email: _____

RECIPIENT:

By: _____
Name: _____
Title: _____
Date: _____

Recipient's Address For Notice Purposes:

Attention: _____
Email: _____

EXHIBIT C

**AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS**

Summer Moon Franchising LLC (“FRANCHISOR”)

FEDERAL TAX ID NUMBER: _____

The undersigned (“DEPOSITOR”) authorizes FRANCHISOR to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries FRANCHISOR initiates.

DEPOSITORY

NAME _____ BRANCH _____

CITY _____ STATE _____

CHECKING ACCOUNT NO. _____

ROUTING NUMBER _____

DEPOSITOR agrees that this authorization will remain in full force and effect until DEPOSITOR has given FRANCHISOR written notice of its revocation in such time and in such manner as to afford FRANCHISOR and DEPOSITORY a reasonable opportunity to act on the notice.

DEPOSITOR’S
NAME _____ ID NUMBER _____

DEPOSITOR’S SIGNATURE _____

TITLE OF PERSON SIGNING (if signed in a representative capacity) _____

DATE _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (FRANCHISOR) IN THE MANNER SPECIFIED IN THE AUTHORIZATION

EXHIBIT D

LEASE RIDER

This Lease Rider is executed as of the date set forth below by and among Summer Moon Franchising LLC, a Texas limited liability company with its principal business address at 1800 Elder Hill Road, Driftwood, Texas 78619 (“Franchisor”), the Franchisee entity described in the signature below (“Franchisee”) and the landlord described (“Landlord”), as a Rider to the lease (as amended, renewed, and/or extended from time to time, “the Lease”) for the premises described below (the “Location”).

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement (the Franchise Agreement”) with Franchisor” for the operation of a Summer Moon Coffee Shop at the Location, and as a requirement thereof, the lease for the Location must include the provisions contained in this Rider; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein will supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

- A. Landlord will deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.
- B. Notwithstanding anything to the contrary contained in the Lease, Franchisee will have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to Franchisor or its affiliate, or to a business entity with which Franchisee or Franchisor may merge or consolidate, without Landlord’s approval, written or otherwise, and without execution of a guarantee of Franchisor’s obligations thereunder.
- C. Franchisee will, if requested by Franchisor, assign to Franchisor, and Landlord hereby irrevocably and unconditionally consents to such assignment, all of Franchisee’s rights, title and interest to and under the Lease upon any termination or expiration, or if no successor franchise agreement is executed, but no such assignment will be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a successor franchise agreement; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee’s obligations under the Lease.
- D. Franchisor will have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to cure any breach of the Lease and, if so stated in the notice, to also succeed to Franchisee’s rights, title and interests there under.
- E. The Lease may not be modified, amended, renewed or extended in any manner or assigned by Franchisee without Franchisor’s prior written consent.
- F. Franchisee and Landlord acknowledge and agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to its rights under this Lease Rider. In such case of assignment, Franchisor will assume all of Franchisee’s obligations under the lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment.

- G. If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate Franchisee’s Summer Moon Coffee Shop at the Location, subject to Landlord’s consent which consent will not be unreasonably withheld, conditioned or delayed. Landlord agrees to execute such further documentation to confirm its consent to the assignments and subleases permitted under this Rider as Franchisor may request.

- H. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its personnel or agents will have the right to enter the Location for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its personnel or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without execution of a successor franchise agreement) or is terminated; Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Summer Moon Coffee Shop. Landlord agrees to permit Franchisor, its personnel or agents, to enter the Location and remove signs, decor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor will bear the expense of repairing any damage to the Location as a result thereof.

- I. Copies of any and all notices required or permitted hereby or by the Lease pursuant to this Lease Rider will also be sent to the party at the addresses set forth below or such other address as a party will specify by written notice to the others.

- J. Under the Franchise Agreement, any lease for the location of Franchisee’s Summer Moon Coffee Shop is subject to Franchisor’s approval. Accordingly, the Lease is contingent upon such approval.

IN WITNESS WHEREOF, the undersigned have entered into this Lease Rider as witnessed by their signatures below.

FRANCHISOR
Summer Moon Franchising LLC,
a Texas limited liability company

FRANCHISEE
_____,

By: _____
Print Name: _____
Its: _____
Effective Date: _____
Date of Franchise Agreement _____

By: _____
Print Name: _____
Its: _____
Date: _____

Franchisor’s Address for Notice Purposes:

Franchisee’s Address for Notice Purposes:

Summer Moon Franchising LLC
1800 Elder Hill Road
Driftwood, Texas 78619
Email: franchise@summermoon.com

Attention: _____
Email: _____

LANDLORD:

By: _____
Name: _____
Title: _____
Date: _____

Landlord's Address For Notice Purposes:

Attention: _____
Facsimile: _____
Email: _____

EXHIBIT E

**MAP OF THE TARGET AREA OR SUMMER MOON COFFEE SHOP TERRITORY
(IF DEEMED NECESSARY BY FRANCHISOR)**

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning termination, transfer and nonrenewal of the Franchise Agreement. The Federal Bankruptcy Code also provides rights to Franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. To the extent the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.
- b. If Franchisee is required in the Franchise Agreement to execute a release of claims, such release will exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.
- c. If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.
- d. If the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Franchise Agreement, the covenant may be unenforceable under California law.
- e. If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.
- f. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.
- g. If the Franchise Agreement requires an interest rate greater than 10% per annum (the highest amount allowed in California), such interest rate will be reduced to 10% per annum.
- h. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor furnished to Franchisee.

2. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the

enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994) (the “Act”). To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

- a. Sections 705/19 and 705/20 of the Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, are unenforceable with respect to claims under the Act.
- c. Any provision that designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.
- d. If this Agreement requires that it be governed by a state’s law, other than the State of Illinois, to the extent that such law conflicts with Illinois law, Illinois law will control.
- e. To the extent that the Act prohibits the disclaimer of representations contained in Franchisor’s Franchise Disclosure Document, the Franchise Agreement is amended to include representations made in Franchisor’s Franchise Disclosure Document to the extent required by law.
- f. Section 41 of the Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in this Agreement is inconsistent with Illinois law, Illinois law will control.
- g. Illinois Franchise Disclosure Act paragraph 705/27 provide rights to Franchisee concerning periods of limitation for bring claims under this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. § 14-201 et. seq. (2015 Repl. Vol.). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Franchisee is required in this Agreement to execute a release of claims and/or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act. Such release will exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments will be void with respect to claims under the Law.
- b. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement will not be interpreted to limit any rights Franchisee may have under Sec. 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.
- b. The general release required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- c. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. All representations in this Agreement requiring prospective franchisees to assent to any release, estoppel or waiver of liability are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any

provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Franchise Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that Franchisee’s use of the Marks infringes trademark rights of the third-party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Marks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within 10 days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement will be superseded by the Act’s requirements and will have no force or effect.

b. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that Franchisee be given written notice of a Franchisor’s intention not to renew 180 days prior to expiration of the franchise and that Franchisee be given sufficient opportunity to operate the franchise in order to enable Franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement will be superseded by the Act’s requirements and will have no force or effect.

c. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure). If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement will be superseded by the Act’s requirements and will have no force or effect.

d. If the Franchise Agreement and/or the Franchise Disclosure Document requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release will exclude claims arising under the Franchise Act, and such acknowledgments will be void with respect to claims under the Act.

e. If the Franchise Agreement and/or the Franchise Disclosure Document requires that it be governed by a state’s law, other than the State of Minnesota, those provisions will not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right

to submit matters to the jurisdiction of the courts of Minnesota.

f. If the Franchise Agreement and/or the Franchise Disclosure Document requires Franchisee to sue Franchisor outside the State of Minnesota, those provisions will not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

g. Minn. Rule 2860.4400J. prohibits Franchisor from requiring Franchisee to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement and/or the Franchise Disclosure Document will be superseded by the Minn. Rule's requirements and will have no force or effect.

2. Each provision of this Agreement and/or the Franchise Disclosure Document will be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release will exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments will be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.
- c. Notwithstanding any rights Franchisee may have in the Franchise Agreement permitting Franchisee to terminate the Franchise Agreement, Franchisee may also have additional rights to terminate the Franchise Agreement on any grounds available by law.
- d. With respect to any transfer or assignment by Franchisor, no assignment will be made except to an assignee who, in good faith and judgment of Franchisor, is willing and financially able to assume Franchisor’s obligations under the Franchise Agreement.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate North Dakota Law, or a rule or order under North Dakota Law, such release will exclude claims arising under North Dakota Law, and such acknowledgments will be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under North Dakota Law.
- d. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under North Dakota Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. Section 21 of the Franchise Agreement entitled “Jury Trial Waiver” is deleted in its entirety.
- g. Section 22 of the Franchise Agreement entitled “Liquidated Damages” is deleted in its entirety.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of North Dakota Law, with respect to each such provision, are met

independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee have initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.
- c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments will be void with respect to claims under the Act.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee have initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

The Summer Moon Coffee Shop Franchise Agreement between _____ (“Franchisee” or “Franchisee”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

WASHINGTON LAW MODIFICATIONS

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor 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 the franchisor including the areas of termination and renewal of your franchise.

3. 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, a franchisee 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.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

6. 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.

7. 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.

8. The terms of the Confidentiality Agreement and Covenant Not To Compete attached as Exhibit B to the Franchise Agreement must be disclosed to a prospective employee in writing no later than the time of the acceptance of the employment offer. Depending on the employee’s lack of any ownership interest and compensation, this agreement may not be enforceable at the time of the employment offer. You must specifically disclose (a) whether the non-competition covenant is currently

enforceable on the date this agreement is executed, and (b) if it is not currently enforceable, that the non-competition covenant may be enforceable against the employee at a later date due to changes in the employee's compensation.

9. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

10. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the Effective Date set forth below.

FRANCHISOR

FRANCHISEE

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

EXHIBIT C

DEVELOPMENT AGREEMENT

**SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT**

[INSERT DESCRIPTION OF SUMMER MOON COFFEE SHOP DEVELOPMENT AREA]

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Summary Pages

Exhibits:

- A. Personal Guaranty and Principals' Undertaking
- B. Confidentiality Agreement and Covenant Not To Compete
- C. Summer Moon Coffee Shop Franchise Agreement
- D. Map of the Summer Moon Coffee Shop Development Area

State Addenda to Development Agreement

SUMMARY PAGES

Effective Date: _____

Developer: _____

Developer’s Corporate Address: _____

Phone Number: _____ Email Address: _____

Controlling Principal: _____

Summer Moon Coffee Shop Development Area: _____,
as further reflected on the map attached as Exhibit D (if deemed necessary by Franchisor).

Development Area Rights Fee: \$ _____ (\$10,000 multiplied by the total number of the Summer Moon Coffee Shops to be developed pursuant to the Development Schedule).

Extension Fee: \$2,500 per 75-day extension

Development Schedule:

SUMMER MOON COFFEE SHOP NUMBER	FRANCHISE AGREEMENT EXECUTION DATE	SITE APPROVAL DATE	REQUIRED OPENING DATE	REQUIRED NUMBER OF OPERATING SUMMER MOON COFFEE SHOPS
1				1
2				2
3				3
4				4

Term: From the Effective Date of this Agreement until the earlier of (i) the Required Opening Date for the last Summer Moon Coffee Shop Developer is required to open as indicated in the Summary Pages, or (ii) the date Developer’s last Summer Moon Coffee Shop described in the Development Schedule is actually Open and in Operation, unless earlier terminated in accordance with this Agreement.

Transfer Fee: An amount equal to the sum of \$5,000 multiplied by the number of remaining Summer Moon Coffee Shops to be opened under this Agreement.

Disclosure Law Compliance:

Delivery Date of Disclosure Document: _____, 202_.

Delivery Date of completed copy of this Agreement: _____, 202_.

Ownership Information and Principals:

The following is a list of stockholders, members or other interest holders in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
1.	
2.	
3.	

The following is a list of Developer’s “Principals” described in and designated pursuant to the Development Agreement, each of whom will execute the Personal Guaranty and Principals’ Undertaking form set forth in Exhibit A unless otherwise agreed by Franchisor.

<u>Name</u>	<u>Address</u>
1.	
2.	
3.	

Addresses for Notices:

Franchisor: Summer Moon Franchising LLC
1800 Elder Hill Road
Driftwood, Texas 78619
Email: franchise@summermoon.com

Developer: Developer’s Corporate Address shown above.

SUMMER MOON COFFEE SHOP DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement”) is entered into by and between Franchisor and Developer and is effective as of the Effective Date.

1. Recitals. Franchisor and its Affiliates have, through the expenditure of time, skill, effort and money, developed the System for the establishment and operation of the Summer Moon Coffee Shops that offer and sell Approved Food and Beverage Products and Services and related products and services. Developer wishes to obtain the right to develop multiple Summer Moon Coffee Shops within the Summer Moon Coffee Shop Development Area. The parties have entered into this Agreement to evidence the terms and conditions of their relationship.

2. Definitions. The following terms are used in this Agreement with the meanings assigned below:

Action means a suit, proceeding, claim, demand, investigation, or inquiry, whether formal or informal.

Adverse Change of Law means the adoption, promulgation, modification or reinterpretation after the Effective Date by any governmental authority in the United States (as to Franchisor) or the state or local jurisdiction in which the Summer Moon Coffee Shops will be located (as to Developer), of any law, regulation, policy, order, circular or similar directive which action materially and adversely affects Franchisor’s or Developer’s ability to enjoy the economic benefits of this Agreement) or to enforce its rights hereunder or thereunder, including the ability to manufacture, distribute, advertise, offer or sell Proprietary Food and Beverage Products and Services. An Adverse Change of Law does not constitute an Event of Force Majeure.

Affiliate means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

Approved Food and Beverage Products and Services means all approved or permitted food and other products and services that are used, offered or sold in Summer Moon Coffee Shops generally, including Franchisee’s Summer Moon Coffee Shops, including all Proprietary Food and Beverage Products and Services.

Brand Standards means the mandatory and suggested specifications, standards, operating procedures and rules that Franchisor prescribes from time to time for the development and operation of a Summer Moon Coffee Shop and any other information Franchisor provides to Developer during the Term relating to Developer’s operation of Developer’s Summer Moon Coffee Shop or to any other of Developer’s obligations under this Agreement and related agreements, whether or not provided in writing in the Brand Standards Manual.

Brand Standards Manual means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended standards, procedures, policies and advice (i.e., the Brand Standards) relating to a Summer Moon Coffee Shop’s operation and management and to marketing the Proprietary Food and Beverage Products and Services and other products and services offered and sold by Summer Moon Coffee Shops. The Brand Standards Manual discloses certain elements of Franchisor’s proprietary System, and its contents are and will remain Franchisor’s Trade Secrets and exclusive property.

Business Entity means a corporation, a general or limited partnership, a limited liability corporation or any other type of business entity.

Charter Documents means a corporation's articles of incorporation, by-laws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership; a limited liability corporation's articles of association and regulations or operating agreement; and comparable governing documents of any other type of Business Entity.

Competing Business means any business that offers and sells coffee or tea-related products and services to third parties through any means of distribution as its primary product or service offering.

Confidential Information means the proprietary and confidential information relating to the development and operation of the Summer Moon Coffee Shops, which Franchisor owns or is licensed to use and license third parties to use, including:

1. Technology and Information Systems prescribed for use in a Summer Moon Coffee Shop, including the Summer Moon Operating System (if applicable);
2. Identity of suppliers and knowledge of Brand Standards for and suppliers of furniture, fixtures, equipment, signage, Approved Products and Services, Proprietary Food and Beverage Products and Services and any other related products and services;
3. Methods of scheduling, training and management relating to a Summer Moon Coffee Shop;
4. The Brand Standards, the Brand Standards Manual, any other proprietary materials and knowledge, know-how or experience used or obtained in developing and operating a Summer Moon Coffee Shop;
5. Sales, marketing and advertising programs and techniques for a Summer Moon Coffee Shop;
6. Knowledge of operating results and financial performance of a Summer Moon Coffee Shop, other than Developer's Summer Moon Coffee Shops;
7. General Manager and employee recruiting, interviewing, orientation, training and evaluation policies and procedures;
8. Franchisor's culture and all initial and refresher training programs;
9. Site selection criteria, general contractor and architect criteria and Trade Dress for Summer Moon Coffee Shops, and plans and specification for the development of the Summer Moon Coffee Shops;
10. Customer Information and other information (including earnings information) regarding Franchisor's personnel and Customers and those of other franchisees and licensees of Franchisor;
11. Developer recruiting methods and procedures, and selection criteria;
12. Business performance measurement systems;

13. Business planning process and procedures used by Franchisor and Developer related to the development of one or more Summer Moon Coffee Shops; and
14. All other information that Franchisor provides Developer and designates proprietary or confidential, including information provided to Developer through the Summer Moon Intranet.

Confidentiality Agreement and Covenant Not To Compete means the confidentiality agreement and covenant not to compete form attached to this Agreement as Exhibit B.

Control or **Controlling Interest** means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

Controlling Principal means one of the Principals who is appointed by Developer, who meets Developer's requirements and who is approved by Franchisor, and who will supervise and manage all aspects of Developer's business and with whom Franchisor and its staff may deal exclusively for purposes of administering and coordinating the relationship created by this Agreement. Developer's first Controlling Principal is identified on the Summary Pages.

Copyrighted Materials refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Franchisor, produced on its behalf as works for hire, or derived from works produced by or on behalf of Franchisor: (i) all manuals used in a Summer Moon Coffee Shop's development, operation and marketing activities, including but not limited to the Brand Standards Manual, (ii) all training and other training materials (including printed, audio, video or electronic materials), (iii) Summer Moon Coffee Shop plans and specifications, (iv) designs and graphics, (v) product and services identification posters, photographs and graphics, (vi) advertising and marketing materials, (vii) labels, forms and reports provided by Franchisor, (viii) any proprietary computer software developed for use in the operation of a Summer Moon Coffee Shop, including but not limited to the Summer Moon Operating System, (ix) all Trade Dress and Trade Dress elements for the furniture, fixtures, equipment, signage, Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services for the Summer Moon Coffee Shop, and (x) any other materials protected by copyright law or marked or identified by Franchisor as protected by copyright.

Crisis Management Event means any event that occurs at or otherwise involves a Summer Moon Coffee Shop premises, or that occurs generally at a local, regional, national or even global scale, which has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, food borne illnesses or any other similar circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

Customer is a paying or other customer of the Summer Moon Coffee Shop who purchases or considers purchasing products or services at a Summer Moon Coffee Shop.

Customer Information means any information that: (i) can be used (alone or when used in combination with other information within Developer's control) to identify, locate or contact an individual; or (ii) pertains in any way to an identified or identifiable individual. Customer Information can be in any media or format, including computerized or electronic records as well as paper-based files.

Developer means the developer identified on the Summary Pages.

Developer's Corporate Address means the developer's address identified on the Summary Pages.

Development Area Rights Fee means the Development Area Rights Fee identified on the Summary Pages paid in connection with the reservation of rights to the Summer Moon Coffee Shop Development Area set forth in this Agreement.

Development Schedule means the schedule pursuant to which the Developer must establish Summer Moon Coffee Shops as set forth in the Summary Pages to this Agreement.

Dispute means any claim, controversy or dispute that arises under, or in relation to, this Agreement or concerns the relationship created by this Agreement.

Dollar or \$ means currency of the United States of America.

Effective Date means the date Franchisor signs the Agreement, as indicated on the Summary Pages and/or in its signature block.

Event of Force Majeure means acts of God, strikes, war, riot, epidemic, pandemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other similar extraordinary or unnatural forces beyond Developer's or Franchisor's control which, as applicable, materially and adversely affect Developer's ability to comply with the Development Schedule or which effect Franchisor's ability to perform its obligations under this Agreement.

Event of Default means any breach of this Agreement, including, without limitation, those breaches listed in this Agreement.

Extension Fee means a fee payable to Franchisor in connection with a request for an extension of the time period to comply with the Development Schedule with respect to a specific Summer Moon Coffee Shop required to be developed pursuant to this Agreement.

Franchise means the right to develop Summer Moon Coffee Shops pursuant to this Agreement and/or the right to operate a specific Summer Moon Coffee Shop at a defined Summer Moon Coffee Shop Address within a defined Summer Moon Coffee Shop Territory, as more fully described in the Summer Moon Coffee Shop Franchise Agreement.

Franchisor means Summer Moon Franchising LLC, a limited liability company organized under the laws of the State of Texas, or its successors and assigns to this Agreement.

Indemnified Parties means Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, attorneys, accountants, employees, successors and assigns.

Initial Franchise Fee means the initial franchise fee payable under each Summer Moon Coffee Shop Franchise Agreement executed or to be executed pursuant to this Agreement.

Losses and Expenses means all compensatory, exemplary, incidental, consequential, or punitive damages (including lost profits); all fines, charges, costs, or expenses imposed by courts or other governmental authorities or by arbitrators; reasonable attorneys' fees and all court or arbitration costs, settlement amounts, or judgments relating to litigation or arbitration; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from Developer's delays, costs of any necessary corrective advertising material and media time/space, and costs of changing, substituting, or replacing advertising; and all expenses of recall, refunds, compensation to third parties, public notices, and other similar amounts incurred in connection with the matters for which Losses and Expenses are to be paid.

Marks refers to and includes (i) the Summer Moon service marks and logos, (ii) the Summer Moon trade name, (iii) the elements and components of a Summer Moon Coffee Shop's Trade Dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that Franchisor adopts from time to time to identify the System and the products and services offered by Summer Moon Coffee Shops.

Open and in Operation means that Franchisor has approved the opening of Developer's Summer Moon Coffee Shop and Developer's Summer Moon Coffee Shop is open to and servicing the general public.

Ownership Interest means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability corporation, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

Permanent Disability means any physical, emotional or mental injury, illness or incapacity that would prevent an individual from performing the obligations set forth in this Agreement or in the Personal Guaranty and Principals' Undertaking for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether an individual is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the individual; or if the individual refuses to submit to an examination, then the individual automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Franchisor.

Person means an individual or a Business Entity.

Personal Guaranty and Principals' Undertaking means the Personal Guaranty and Principals' Undertaking attached to this Agreement at Exhibit A.

Principal means collectively or individually, all officers and directors of Developer or any Affiliate of Developer and Persons holding a direct or indirect interest in Developer or in any Affiliate of Developer, in this Agreement or any interest in or right under this Agreement as designated by Franchisor. The initial Principals are listed on the Summary Pages to this Agreement.

Proprietary Food and Beverage Products and Services means any food, beverage or other products and derivative menu items, and any related services, used, offered or sold in Summer Moon Coffee Shops that are either branded with the Marks or developed, produced, created or manufactured using Franchisor's or its Affiliates' proprietary recipes, trade secrets or other Confidential Information, and designated as proprietary by Franchisor from time to time.

Prospectus means a statutory prospectus (preliminary or final), a private placement memorandum or any similar document that a company may use to convey information about Securities Offering.

Required Number of Operating Summer Moon Coffee Shops means the number of the Summer Moon Coffee Shops required to be Open and Operating as described in the Development Schedule set forth in the Summary Pages.

Required Opening Date means the specific date by which each Summer Moon Coffee Shop is required to be open and operating to paying Customers in accordance with the Development Schedule set forth in the Summary Pages.

Securities Offering means a public offering or private placement of any equity or debt securities or of any securities convertible into or exchangeable for equity securities by Developer or, if any of the proceeds of the offering are to be invested in or loaned to Developer, or if the Prospectus an Affiliate uses in connection with the offering mentions Franchisor or describes the relationship between Franchisor and Developer, by any Affiliate of Developer.

Site Approval Date means the date that Developer must acquire by purchase or lease the premises for each Summer Moon Coffee Shop described in the Development Schedule set forth in the Summary Pages, which date will be designated by Franchisor in its sole discretion and which will generally be within 90 days of the execution of the Franchise Agreement for the Summer Moon Coffee Shop.

Social Media means any and all existing or future forms of electronic communication, whether for business or personal use (including via internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos) through which users create or use online networks or communities (including but not limited through online communities such as Facebook, Twitter, Instagram, SnapChat, LinkedIn, YouTube, Yelp or Wikipedia and other similar content sharing outlets) to share information, ideas, personal messages, and other online content.

Special Facilities mean both (a) an express unit, a mini-Summer Moon Coffee Shop, or similar fixed installation that contains all necessary items to offer and sell a full or limited range of Proprietary Food and Beverage Products and Services, and is located in an airport, sports arena, train or bus station, theme park, military base, higher education campus, office building, convention centers or other special use facility (excluding enclosed shopping malls); and (b) a kiosk, booth, mobile dispensing unit (such as a cart or customized RV) or other mobile installation at or from which select Proprietary Food and Beverage Products and Services may be sold to Customers, any of which may operate on a permanent, temporary or seasonal basis.

Summary Pages means the pages that appear at the beginning of this Agreement that summarizes certain key information concerning the parties' relationship and the terms of this Agreement.

Summer Moon Network means all Franchisor-owned or affiliated and franchisee-owned Summer Moon Coffee Shops in the United States.

System means development guidelines, opening guidelines, operational guidelines, initial and ongoing training programs, business methods, designs, arrangements and Brand Standards for developing and operating Summer Moon Coffee Shops, including those pertaining to site selection, conversion, construction, exterior and interior building design, signage and layouts, furniture, fixtures, equipment, specifications for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered to Customers, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information and technology systems, all of which Franchisor may improve, further develop or otherwise modify from time to time.

Trade Dress means decorative, non-functional components of a Summer Moon Coffee Shop premises that provide the establishment a distinctive, memorable appearance.

Trade Secrets means the components of the System, the contents of the Brand Standards and of all employee training materials and computer programs developed by Franchisor or in accordance with its Standards, Confidential Information and any other confidential information that Franchisor imparts to Developer with respect to a Summer Moon Coffee Shop's operation or management, whether through the Brand Standards or otherwise.

Transfer means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of (1) the Franchise, this Agreement or any interest in or right under this Agreement, or of all or substantially all of the assets of Developer's Summer Moon Coffee Shops or in an interest therein, including (a) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (b) any transfer upon Developer's death or the death of any of the Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (b) any foreclosure upon Developer's Summer Moon Coffee Shops or the transfer, surrender or loss by Developer of possession, control or management of Developer's Summer Moon Coffee Shops or (2) of any direct or indirect Ownership Interest in Developer or the revenues or income of Developer's Summer Moon Coffee Shops, including (a) any transfer, redemption or issuance of a legal or beneficial Ownership Interest in Developer or any Business Entity that has an Ownership Interest in Developer or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Developer or any Business Entity that has an Ownership Interest in Developer; (b) any merger or consolidation between Developer or any Business Entity that has an Ownership Interest in Developer and another Business Entity, whether or not Developer is the surviving Business Entity; (c) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (d) any transfer upon Developer's death or the death of any of the Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon Developer's Summer Moon Coffee Shops or the transfer, surrender or loss by Developer of possession, control or management of Developer's Summer Moon Coffee Shops. No Person (including any employee or independent contractor) may hold any Ownership Interest in Developer's Summer Moon Coffee Shops other than an undivided interest in the Franchise as a whole, and then only in compliance with the transfer restrictions in this Agreement.

Transfer Fee means the transfer fee identified on the Summary Pages.

3. Area Development Rights.

(a) Subject to the terms and conditions of this Agreement and in consideration of the Development Area Rights Fee Developer pays in accordance with Section 7, Franchisor grants to Developer the right, and Developer undertakes the obligation, to develop and have Open and in Operation in the Summer Moon Coffee Shop Development Area the total number of the Summer Moon Coffee Shops indicated in the Development Schedule.

(b) To obtain the Franchise for each Summer Moon Coffee Shop described in the Development Schedule, Developer must satisfy the Conditions as set forth below and otherwise in this Agreement:

“Operational”: Developer and its Affiliates are in compliance with any existing Summer Moon Coffee Shop Franchise Agreements, this Agreement and any other agreement between Developer or its Affiliates and Franchisor or its Affiliates. Developer is conducting the operation of its existing Summer Moon Coffee Shops, if any, and is capable of conducting the operation of the proposed Summer Moon Coffee Shop (a) in accordance with the terms and conditions of this Agreement, (b) in accordance with the provisions of the respective Summer Moon Coffee Shop Franchise Agreements, and (c) in accordance with the Brand Standards as such Brand Standards Manual may be amended from time to time, or otherwise in writing.

“Financial”: Developer and the Principals satisfy Franchisor's then-current financial criteria for developers and principals of the Summer Moon Coffee Shops with respect to Developer's operation of its existing Summer Moon Coffee Shops, if any, and the proposed Summer Moon Coffee Shop. No Event of Default relating to any monetary obligations owed to Franchisor or its Affiliates under this Agreement, any Summer Moon Coffee Shop Franchise Agreement or other agreement between Developer or any of its

Affiliates and Franchisor or any of its Affiliates either has (i) occurred and is continuing or (ii) occurred during the 7 years preceding Developer's request for consent, whether or not such Event of Default was cured or curable.

“Legal”: Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor prior to and as a basis for the issuance of individual Franchises or pursuant to any right granted to Developer by this Agreement or by any Summer Moon Coffee Shop Franchise Agreement, and has taken such additional actions in connection therewith as may be requested by Franchisor from time to time. Developer and Principals have been and are faithfully performing all terms and conditions of this Agreement, each of the existing Summer Moon Coffee Shop Franchise Agreements and any other agreement among Franchisor, Developer or any of their respective Affiliates.

(c) To retain the right to develop the total number of the Summer Moon Coffee Shops indicated in the Development Schedule in the Summer Moon Coffee Shop Development Area, Developer must comply with all terms and conditions of this Agreement, including the development procedures requirements of this Agreement for each Summer Moon Coffee Shop.

(d) Subject to earlier termination in accordance with this Agreement, this Agreement and Developer's development rights will continue for the Term. After this Agreement and Developer's development rights terminate or expire, except as provided in any Summer Moon Coffee Shop Franchise Agreement, Franchisor may grant franchises and development rights to other Persons and may operate its own Summer Moon Coffee Shops in the Summer Moon Coffee Shop Development Area.

4. Business Entity Requirements. If Developer is a Business Entity, the following requirements apply:

(a) Developer must be properly organized and in good standing under applicable law, and its Charter Documents must provide that Developer's purposes and activities are restricted exclusively to developing and operating Summer Moon Coffee Shops.

(b) True, complete and duly authenticated copies of Developer's Charter Documents and of a resolution of Developer's board of directors, general partner or other managing body authorizing Developer to enter into and perform this Agreement must be furnished to Franchisor prior to the execution of this Agreement.

(c) Developer's Charter Documents will impose Transfer restrictions that give effect to the Transfer rights and obligations in this Agreement, and each certificate representing an Ownership Interest in Developer will contain or have conspicuously noted upon its face a statement in a form satisfactory to Franchisor to the effect that any assignment or Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers.

(d) Developer will maintain a list of all record and beneficial owners of Ownership Interests in Developer and will furnish a current version of the list to Franchisor between December 15th and 31st of each year and upon request.

(e) Developer will appoint one Principal who is approved by Franchisor to be the Controlling Principal. The Controlling Principal will be Developer's main contact with Franchisor regarding Developer's business. If the initial or any successor Controlling Principal resigns or otherwise leaves Developer's employment, Developer will notify Franchisor within 5 days and appoint a suitably qualified replacement Controlling Principal within a reasonable time which will in no case exceed 30 days from the date of departure of such prior Controlling Principal.

5. Summer Moon Coffee Shop Development Procedures.

(a) Developer must have Open and in Operation in the Summer Moon Coffee Shop Development Area in accordance with and pursuant to fully executed Summer Moon Coffee Shop Franchise Agreements, the cumulative number of the Summer Moon Coffee Shops set forth in the Development Schedule by the corresponding dates set forth therein. Developer will execute a Summer Moon Coffee Shop Franchise Agreement for the first Summer Moon Coffee Shop described in the Development Schedule contemporaneous with the execution of this Agreement. With respect to each additional Summer Moon Coffee Shop, Developer will notify Franchisor in writing between 45 and 60 days before the next applicable Summer Moon Coffee Shop Franchise Agreement Execution Date that Developer is ready to execute a Summer Moon Coffee Shop Franchise Agreement, and will provide to Franchisor such information and documentation that Franchisor deems necessary to timely prepare a Summer Moon Coffee Shop Franchise Agreement for the Summer Moon Coffee Shop. Developer will execute Franchisor's then-current form of the Summer Moon Coffee Shop franchise agreement not later than the applicable Summer Moon Coffee Shop Franchise Agreement Execution Date described in the Development Schedule. Developer acknowledges and agrees that Franchisor's then-current form of the Summer Moon Coffee Shop franchise agreement may differ materially from its current form of the Summer Moon Coffee Shop franchise agreement, including, without limitation, additional and increased fees, rights or obligations. Developer further agrees and acknowledges that Developer is solely responsible for notifying Franchisor of its desire to execute a Summer Moon Coffee Shop Franchise Agreement for a Summer Moon Coffee Shop on a timely basis to enable Developer to comply with the Development Schedule. Franchisor will not be responsible for any delays in connection with the delivery of a Summer Moon Coffee Shop Franchise Agreement to Developer before or after execution by the parties, or for any failure by Developer to comply with the Development Schedule as a result of any such delay.

(b) Notwithstanding the terms and conditions of each Summer Moon Coffee Shop Franchise Agreement, Developer will purchase or lease the premises for each Summer Moon Coffee Shop to be developed pursuant to this Agreement on or before the Site Approval Date contained in the Development Schedule, but in no event prior to the date the applicable Summer Moon Coffee Shop Franchise Agreement is fully executed.

(c) At Franchisor's discretion, Franchisor may provide the Controlling Principal with one day of development training at Franchisor's headquarters in or near Austin, Texas to generally familiarize Developer with Franchisor's Summer Moon Coffee Shop development and opening process. Developer will be solely responsible for all of the Controlling Principal's expenses to attend development training, including air and ground transportation, meals and lodging.

(d) At such time that Developer or its Affiliates signs a Summer Moon Coffee Shop Franchise Agreement for a third Summer Moon Coffee Shop, Franchisor will have the right to require that Developer employ and retain a multi-unit supervisor who will be approved by Franchisor, who will successfully complete Franchisor's then current initial training for multi-unit supervisors (subject to Franchisor's then current training costs) and who will be charged with oversight of the Summer Moon Coffee Shops. Franchisor reserves the right to require additional district managers or multi-unit supervisors to be employed and retained as additional Summer Moon Coffee Shop Franchise Agreements in multiples of three are executed by Developer or its Affiliates.

6. Summer Moon Coffee Shop Development Extensions.

(a) If Developer is unable to adhere to the Development Schedule, Developer may apply for one (but only one) extension of the Summer Moon Coffee Shop Franchise Agreement Execution Date, Site Approval Date and/or Required Opening Date for each Summer Moon Coffee Shop to be developed. If the

grounds for the extension is an Event of Force Majeure, each extension will be for a period of not more than 180 days. If the grounds for the extension is any reason other than Force Majeure, the extension will be for a period of not more than 75 days. To obtain an extension, Developer must request it in writing not later than 15 days before the relevant Summer Moon Coffee Shop Franchise Agreement Execution Date, Site Approval Date and/or Required Opening Date. Franchisor will grant the extension if Developer has made a good faith effort to comply with the development requirements of this Agreement, but has experienced delays beyond Developer's reasonable control and pays the Extension Fee described in the Summary Pages.

(b) An extension obtained under this Section will apply only to Developer's Summer Moon Coffee Shop for which Developer obtained it; an extension will not delay the Summer Moon Coffee Shop Franchise Agreement Execution Date, Site Approval Date or the Required Opening Date of any subsequent Summer Moon Coffee Shop.

(c) Upon the occurrence of a Crisis Management Event, Developer must immediately inform Franchisor by telephone or electronic means, must cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event and must implement such remediation plan as may be instituted by Franchisor, which may include Franchisor requiring a temporary cessation of Developer's development of Summer Moon Coffee Shops as part of the Crisis Management Event remediation plan.

7. Fees.

(a) When Developer signs this Agreement, Developer must pay Franchisor the Development Area Rights Fee for the development rights, which amount is calculated by multiplying \$10,000 by the total number of the Summer Moon Coffee Shops to be developed hereunder. The Development Area Rights Fee is fully earned by Franchisor in consideration of the reservation of rights to the Summer Moon Coffee Shop Development Area set forth in this Agreement and is not refundable.

(b) Developer will pay to Franchisor an Initial Franchise Fee of \$25,000 for each Summer Moon Coffee Shop described in the Development Schedule. Contemporaneous with the execution of this Agreement, Developer will execute a Summer Moon Coffee Shop Franchise Agreement for the first Summer Moon Coffee Shop described in the Development Schedule, and will pay to Franchisor the Initial Franchise Fee described above.

8. Competitive Protection; Territorial Scope of Development Rights.

(a) So long as Developer, its Affiliates and the Principals are in full compliance with this Agreement and all other agreements between Developer, its Affiliates and the Principals and Franchisor or its Affiliates, then Franchisor will not operate or authorize anyone except Developer to commence operation of a full size Summer Moon Coffee Shop from a fixed, physical bricks and mortar retail premises located within the Summer Moon Coffee Shop Development Area.

(b) Franchisor and its Affiliates (and their respective successors and assigns, by purchase, merger, consolidation or otherwise) reserve all rights that this Agreement does not expressly grant to or confer upon Developer, including, without limitation and notwithstanding Section 8(a) above:

(i) The right to establish and operate and license others to establish and operate Special Facilities inside or outside the Summer Moon Coffee Shop Development Area, regardless of proximity to or competitive impact upon the Summer Moon Coffee Shops.

(ii) The right to establish, operate and license others to establish and operate Summer Moon Coffee Shops at fixed, physical bricks and mortar retail premises located anywhere other than within the Summer Moon Coffee Shop Development Area, regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops and regardless of whether these establishments market their products and services in, or draw Customers from, areas in or around the Summer Moon Coffee Shop Development Area.

(iii) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel, memorabilia, and other related products and merchandise, whether or not identified by or associated with the Marks, to or through any fixed, physical bricks and mortar retail premises that are not affiliated with Franchisor or associated with the Summer Moon Network, including (for example) department stores, supermarkets and convenience stores, anywhere other than at Developer's Summer Moon Coffee Shop Addresses, regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops.

(iv) The right to distribute private label Proprietary Food and Beverage Products and Services, pre-packaged Proprietary Food and Beverage Products and Services, apparel, memorabilia, and other related products and merchandise whether or not identified by or associated with the Marks, to all Persons anywhere other than at Developer's Summer Moon Coffee Shop Addresses through catalogs, telemarketing campaigns, an internet website and other direct-order techniques.

(v) The right to broadcast television and radio commercials for direct-order merchandise, initiate internet or telephone contact with and accept internet or telephone orders, and fill orders for direct-order merchandise anywhere other than at Developer's Summer Moon Coffee Shop Addresses, regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops.

(vi) The right to operate, and grant to others the right to operate, restaurant or food service businesses or other types of retail restaurant or food service-related businesses identified by tradenames, trademarks, service marks or trade dress, other than the Marks, pursuant to such terms and conditions as Franchisor deems appropriate, anywhere other than at Developer's Summer Moon Coffee Shop Addresses, and regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops.

(vii) The right to advertise and promote sales of any products and/or services (including those offered by Summer Moon Coffee Shops) anywhere, and advertise and promote franchises for Summer Moon Coffee Shop anywhere, regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops.

(viii) The right to acquire or be acquired by (regardless of the form of the transaction) a business which operates or licenses others to operate restaurant or food service businesses or other types of retail restaurant or food service-related businesses, and Franchisor, its Affiliates or any successors or assigns will have the right to operate and/or license others to operate such restaurant or food service businesses or other types of retail restaurant or food service-related businesses under the trademarks or service marks of such other restaurant or food service or other retail restaurant or food service-related businesses at, from and/or physically contiguous to such businesses premises or anywhere else, regardless of proximity to or competitive impact upon Developer's Summer Moon Coffee Shops.

(c) Developer acknowledges and agrees that Franchisor has no express obligation or implied duty to insulate or protect Developer's revenues from erosion as the result of Developer's Summer Moon Coffee Shops competing with other restaurant or food service businesses in the ways and to the extent this

Section provides or contemplates. Developer expressly waives and relinquishes any right to assert any claim against Franchisor based on the existence, actual or arguable, of any such obligation or duty.

(d) If Developer is a Business Entity, Developer acknowledges and agrees that no individual, including the Principals and employees of the Summer Moon Coffee Shops developed under this Agreement, has, and no provision of this Agreement confers, any personal right to use the Marks at or from any location for any purpose, including on Social Media. Developer agrees to immediately notify Franchisor if Developer becomes aware of such use of the Marks. Developer will take all reasonable actions required by Franchisor to eliminate such use of the Marks and will reimburse Franchisor for any expense incurred by Franchisor as a result of such use of the Marks.

9. Indemnification.

(a) Developer and the Principals, jointly and severally, will, at all times and to the fullest extent permitted by law, indemnify the Indemnified Parties from and defend them against all Losses and Expenses of any of the Indemnified Parties that arise out of or are based upon any of the following: (1) any violation or breach by Developer, or any of its Affiliates or Principals, of any warranty, representation, agreement or obligation in this Agreement or other agreement between Developer or its Affiliates and any of the Indemnified Parties, (2) any acts, errors, or omissions of Developer, its Affiliates, its Principals and their respective owners, officers, employees, agents and representatives, in connection with the performance of the development activities contemplated by this Agreement or the establishment and operation of the Summer Moon Coffee Shops pursuant to this Agreement; and (3) any and all encumbrances, liens, assessments, levies, charges, surcharges, demands for payment, taxes or any other liabilities imposed on Franchisor or on or as a result of any payment due to or paid to Franchisor under this Agreement, by any taxing authority or any political subdivision, instrumentality, agency or other body of any governmental or taxing authority.

(b) Developer and each of the Principals agrees to give Franchisor immediate notice of any Action subject to indemnification under this Section. At the expense and risk of Developer and each of the Principals, Franchisor may elect to control (but under no circumstance is obligated to undertake), and associate counsel of its own choosing with respect to, the defense and/or settlement of any such Action. Such an undertaking by Franchisor will, in no manner or form, diminish the obligation of Developer and each of the Principals to indemnify the Indemnified Parties and to hold them harmless.

(c) In order to protect persons or property or the reputation or goodwill of itself or others, Franchisor may, at any time and without notice, as it deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the Action if, in Franchisor's judgment, there are grounds to believe that:

(i) Any of the acts or circumstances enumerated in this Section has occurred; or

(ii) Any act, error or omission as described in this Section may result directly or indirectly in damage, injury or harm to any Person or any property.

(d) All Losses and Expenses incurred under this Section will be chargeable to and paid by Developer or any of the Principals pursuant and subject to their respective obligations of indemnity under this Section, regardless of any action, activity, or defense undertaken by Franchisor or the subsequent success or failure of that action, activity, or defense.

(e) THE INDEMNIFIED PARTIES DO NOT ASSUME ANY LIABILITY WHATSOEVER FOR ACTS, ERRORS, OR OMISSIONS OF THOSE WITH WHOM DEVELOPER, ANY OF ITS

AFFILIATES OR ANY OF THE PRINCIPALS, MAY CONTRACT. DEVELOPER AND EACH OF DEVELOPER'S PRINCIPALS THAT EXECUTES THE PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING WILL HOLD HARMLESS AND INDEMNIFY THE INDEMNIFIED PARTIES FROM ALL LOSSES AND EXPENSES THAT MAY ARISE OUT OF ANY ACTS, ERRORS, OR OMISSIONS OF DEVELOPER, ITS AFFILIATES AND PRINCIPALS AND ANY SUCH THIRD PARTIES, WITHOUT LIMITATION AND WITHOUT REGARD TO THE CAUSE OR CAUSES OF THE ACTS, ERRORS OR OMISSIONS OR THE NEGLIGENCE (WHETHER THAT NEGLIGENCE IS SOLE, JOINT, OR CONCURRENT, AND WHETHER ACTIVE OR PASSIVE) OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES OR ANY OTHER PARTY OR PARTIES ARISING IN CONNECTION THEREWITH, IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE SUMMER MOON COFFEE SHOPS, INCLUDING, BUT NOT LIMITED TO, ANY ACTS, ERRORS OR OMISSIONS OF ANY OF THE FOREGOING IN THE OPERATION OF ANY MOTOR VEHICLE, IN THE ESTABLISHMENT OR IMPLEMENTATION OF SECURITY FOR THE SUMMER MOON COFFEE SHOPS, IN THE USE OF ANY INTERNET SITE OR INTRANET NETWORK DEVELOPED BY FRANCHISOR, ACTS OF ANY THIRD PARTIES, OR ACTS OR CLAIMS ARISING FROM THIS AGREEMENT.

10. Confidentiality; Covenant Against Competition.

(a) Developer and the Principals acknowledge that the System and the Trade Secrets belong exclusively to Franchisor and that, as between Franchisor, Developer and the Principals, the ideas and information in the Brand Standards are Franchisor's sole and exclusive property. Developer and the Principals further acknowledge that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Brand Standards contains may adversely affect the business, competitive position and goodwill of Franchisor and its franchisees. Accordingly, Developer and the Principals will hold the elements of the System, the Trade Secrets and the contents of the Brand Standards in strict confidence, will not disclose any Trade Secret or any operating or management procedure to any Person other than the bona fide employees to whom such disclosure is necessary in relation to their job duties, and will instruct and routinely remind Developer's employees that the System, the Trade Secrets and the contents of the Brand Standards are confidential and may not be disclosed or appropriated. The obligations of Developer and the Principals relating to the System, any Trade Secret and any other information contained in the Brand Standards will survive the expiration or termination of this Agreement and will be perpetually binding upon Developer and the Principals.

(b) In consideration of Franchisor's granting development rights to Developer and disclosing to Developer the System and other Trade Secrets, Developer and the Principals covenant and agree that, during the Term, Developer and the Principals will not own, operate, or develop, directly or indirectly, or accept employment by or hold an Ownership Interest in any Competing Business, except as a Developer of Franchisor, which is located (i) at the Summer Moon Coffee Shop Address of any Summer Moon Coffee Shop developed pursuant to this Agreement; or (ii) within the Summer Moon Coffee Shop Development Area, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Development Area, or (iv) within 25 miles of the perimeter of the "Summer Moon Coffee Shop Development Area" or "Summer Moon Coffee Shop Territory" of any other Summer Moon Coffee Shop; or (v) within the "Summer Moon Coffee Shop Development Area" of any other Summer Moon franchisee; (vi) within the United States of America; or (vii) within the world.

(c) In addition, Developer and the Principals covenant and agree that, for two years after the expiration or termination of the this Agreement (or for Principals, after such person ceases to be a Principal), Developer and the Principals will not own, operate, or develop, directly or indirectly, or accept employment by or hold an interest in any Competing Business except as a Franchisee of Franchisor, which is located (i) at the Summer Moon Coffee Shop Address of any existing or former Summer Moon Coffee Shop developed

pursuant to this Agreement; or (ii) within the former Summer Moon Coffee Shop Development Area, or (iii) within 25 miles of the perimeter of the former Summer Moon Coffee Shop Development Area, or (iv) within 25 miles of the perimeter of the “Summer Moon Coffee Shop Territory” of any other Summer Moon Coffee Shop. For purposes of calculating the duration of the two-year period, any time during which Franchisee or the Principals (as applicable) are in violation or breach of the covenant will be excluded.

(d) Developer and the Principals acknowledge that Developer’s and the Principals’ covenant not to compete is reasonable and necessary to protect the business and goodwill of the Summer Moon Franchise Network and to avoid misappropriation or other unauthorized use of the System and Franchisor’s other Trade Secrets. Developer and the Principals acknowledge and confirm that Developer and the Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating or developing a Competing Business or other similar business.

(e) The parties agree that the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(f) Developer and the Principals understand and acknowledge that Franchisor will have the right to reduce the scope of any covenant set forth in this Section, or any portion thereof, without their consent, effective immediately upon notice to Developer; and Developer and the Principals agree that they will comply forthwith with any covenant as so modified, which will be fully enforceable in all cases.

(g) Developer and the Principals expressly agree that the existence of any claims that any of them may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section. Developer and the Principals agree to pay all costs and expenses (including reasonable attorneys’ fees) incurred by Franchisor in connection with the enforcement of this Section against any of them.

(h) Developer and the Principals further acknowledge that a violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and the Principals accordingly consent on their behalf to the issuance of an injunction prohibiting any conduct by any of them in violation of the terms of this Section.

(i) At Franchisor’s request, Developer shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon termination of a Person’s relationship with Developer) from each and every Principal and any other Person who has received or shall receive training or confidential information from Franchisor. The covenants required by this Section shall be substantially in the form contained in Exhibits B and C. Failure by Developer to obtain execution of agreements containing the covenants required by this Section shall constitute an Event of Default under Section 12.

11. Terrorist and Money Laundering Activities. Developer and the Principals represent and warrant to Franchisor that neither Developer, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Developer and the Principals represent and warrant that neither they nor any Principal or Affiliate referred to above has violated, and each of them agrees not to violate, any law prohibiting corrupt business practices, money laundering or the

aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and Developer and the Principals will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. Default and Termination. If Developer or any Principal:

(a) Purchases or signs a lease for any site for a potential Summer Moon Coffee Shop premises without express written authorization from Franchisor or otherwise proceeds with development of a Summer Moon Coffee Shop before signing a Summer Moon Coffee Shop Franchise Agreement or paying the Initial Franchise Fee for Developer's Summer Moon Coffee Shop without express written authorization from Franchisor;

(b) Fails to open any Summer Moon Coffee Shop in compliance with this Agreement on or before its Required Opening Date (taking into account any extension of that date that Developer obtains pursuant to this Agreement);

(c) Fails to timely purchase or lease the site for a Summer Moon Coffee Shop in compliance with this Agreement on or before its required Site Approval Date (taking into account any extension of that date that Developer obtains pursuant to this Agreement);

(d) Without Franchisor's express prior written permission, fails to have Open and Operating in the Summer Moon Coffee Shop Development Area the cumulative total number of the Summer Moon Coffee Shops indicated in the "Required Number of Operating Summer Moon Coffee Shops" column of the Development Schedule as of the Required Opening Date of any Summer Moon Coffee Shop (taking into account any extension of a particular Summer Moon Coffee Shop's Required Opening Date, Site Approval Date and/or Required Opening Date that Developer obtains pursuant to this Agreement);

(e) Allows any Summer Moon Coffee Shop Franchise Agreement to be terminated for cause;

(f) Allows an Event of Default to occur under any Summer Moon Coffee Shop Franchise Agreement that is not cured by the end of the related remedial period provided in the Summer Moon Coffee Shop Franchise Agreement;

(g) Receives three or more default notices in any calendar year with respect to its operation of any of the Summer Moon Coffee Shops developed pursuant to this Agreement, whether or not Franchisor terminates any Summer Moon Coffee Shop Franchise Agreement for any Summer Moon Coffee Shop on account of the default;

(h) Attempts to or effectuates a Transfer of any rights under this Agreement in contravention of this Agreement;

(i) Breaches the non-competition covenants in this Agreement;

(j) Breaches the anti-terrorist and money laundering covenants in this Agreement; or

(k) Is a Business Entity and fails to comply with the Business Entity requirements of this Agreement;

then Developer will be in default under this Agreement. If a default occurs then Franchisor may, in addition to all other rights and remedies that may be available, either (i) terminate or modify Developer's exclusive rights to develop Summer Moon Coffee Shops in the Summer Moon Coffee Shop Development Area; (ii) reduce the geographic scope of the Summer Moon Coffee Shop Development Area or the remaining number of the Summer Moon Coffee Shops to be developed; or (iii) terminate this Agreement and all of Developer's rights under this Agreement, in any of these cases by giving Developer written notice of Franchisor's election. Termination of this Agreement will not affect the status of any Summer Moon Coffee Shop Franchise Agreement then in effect between Franchisor and Developer, unless Developer or its Affiliate is in default of such Summer Moon Coffee Shop Franchise Agreement. All obligations of Developer and the Principals that expressly or by their nature survive the expiration, termination or transfer of this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration, termination or transfer of this Agreement until such obligations are satisfied or by their terms expire; including but not limited to obligations regarding indemnification, confidentiality, non-competition, choice of law and dispute resolution.

Franchisor and Developer acknowledge that the franchise rights contemplated under this Agreement are granted on the assumption that there will be no Adverse Change of Law during the term of this Agreement. If, at any time during the term of this Agreement, there occurs an Adverse Change of Law, the parties agree to use their best efforts and to cooperate with each other in good faith to amend this Agreement either to bring it into conformity with the requirements of the Adverse Change of Law or to seek an alternative way to comply with the Adverse Change of Law which allows both parties to continue to enjoy the economic benefits of this Agreement. If, in Franchisor's or Developer's judgment, this Agreement cannot be modified to comply with the Adverse Change of Law without undermining material elements of the franchise relationship or the enjoyment of the economic benefits thereunder, Franchisor or Developer (as applicable) may, at its option, without liability for such action or any further obligation to the other, terminate this Agreement and the territorial rights granted hereby upon 60 days' written notice to Franchisor or Developer (as applicable); provided that Developer shall be required to comply with all post-termination obligations set forth in this Agreement as a continuing condition to any such termination.

13. Transfers.

(a) **Transfer by Franchisor.** Franchisor and its Ownership Interest holders may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, collaterally assign, grant a security, collateral or conditional interest, intervivos transfer, testamentary disposition or other disposition all or any part of its rights or obligations under this Agreement or any Ownership Interest in Franchisor to any Person without Developer's consent. Specifically, and without limitation to the foregoing, Franchisor may sell its assets, Marks or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other Business Entities, or be acquired by another Business Entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Developer expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor to any other party. If Franchisor assigns its rights in this Agreement, such assignment will constitute a novation as to Franchisor and Franchisor will be released from all further liability to Developer under this Agreement after the effective date of such transfer, and the transferee will be liable to Developer as if it was the original party to this Agreement. Nothing contained in this Agreement requires Franchisor to offer any services or products, whether or not bearing the Marks, to Developer if Franchisor assigns its rights in this Agreement.

(b) **Limitations on Developer Transfer.** Developer and the Principals acknowledge that the integrity of the Franchise and the stability of the Summer Moon Network depend on the business qualifications, financial capabilities, honesty and integrity of Franchisor's developers and franchisees.

Developer and the Principals further acknowledge that Franchisor's lack of opportunity to evaluate and approve each potential developer's qualifications and the terms of each proposed Transfer could irreparably damage the System. Consequently, Developer and the Principals agree not to effectuate a Transfer, except as permitted by this Section, and in no event will Developer attempt to effectuate any Transfer without Franchisor's prior written consent. Any Transfer or attempted Transfer lacking Franchisor's prior written consent or that otherwise violates the restrictions in this Section will be null and void, will be ineffective against Franchisor and will constitute a material default under this Agreement.

(c) **Conditions to Voluntary Transfer of Rights.** Neither Developer nor any Principal will effectuate a Transfer of Control over Developer before Developer has opened for business at least one-half of the Required Number of Operating Summer Moon Coffee Shops to be developed under this Agreement. Any Transfer by Developer or any Principal will be subject to Franchisor's prior written consent, which may be conditioned on, among other things, any or all of the following conditions:

(i) At the time of Transfer, Developer, the Principals and their respective Affiliates are in full compliance with their respective obligations under this Agreement and all other agreements with Franchisor and its Affiliates, including payment of all monetary obligations due Franchisor and its Affiliates.

(ii) If the proposed Transfer involves the complete disposition of the Franchise, Developer relinquishes the Franchise and related rights under this Agreement in writing.

(iii) If the Transfer involves all the Summer Moon Coffee Shops developed under this Agreement, Developer returns the Brand Standards Manual and all Copyrighted Materials to Franchisor, including the Brand Standards.

(iv) The transferee meets Franchisor's criteria for qualifying as a new Developer, including having no existing relationship with a Competing Business.

(v) Developer furnishes Franchisor a copy of the contract of sale, including price and payment terms, and Franchisor determines that the transferee will be able to satisfy any debt obligations to Developer and still derive a reasonable profit from Developer's Summer Moon Coffee Shop's operation.

(vi) If a Transfer of Control over Developer is contemplated, the transferee executes then current forms of Development Agreement (which will limit the term of the transferee's Franchise to the unexpired Term of Developer's Franchise and which will supersede the terms of this Agreement) and other collateral agreements Franchisor may then require.

(vii) If the Transfer involves all the Summer Moon Coffee Shops developed under this Agreement, the transferee upgrades Developer's Summer Moon Coffee Shop to meet Franchisor's then-current Standards for new Summer Moon Coffee Shops.

(viii) The transferee and its Affiliates provides Franchisor a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Developer or its representatives provided the transferee.

(ix) Each new Principal designated by Franchisor executes a Personal Guaranty and Principals' Undertaking.

(x) The transferee and one or more of transferee's key management personnel satisfactorily complete Franchisor's training program.

(xi) Developer pays a Transfer Fee to Franchisor.

(xii) Developer, the Principals and Developer's transferees must provide to Franchisor an unconditional, general release of all claims any of them may have against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

(d) **Special Transfers.**

(i) If Developer is an individual Person or multiple individual Persons, then such individual Person(s) may apply to Franchisor to transfer the Franchise and this Agreement to a Business Entity that is solely owned by such individual Person or multiple individual Persons and formed solely for the purpose of holding development rights for and/or operating Summer Moon Coffee Shops, and Franchisor will waive payment of a Transfer Fee and its right of first refusal and consent to such transfer so long as Developer first provides Franchisor such documentation and information concerning the Business Entity and the resulting ownership of Developer as Franchisor may request, and the existing and new Developer and such Principals designated by Franchisor sign the new, current form of development agreement or an amendment to this Agreement, a transfer agreement and consent and/or Personal Guaranty and Principals' Undertakings, as deemed appropriate by Franchisor.

(ii) So long as the Controlling Principal will not change, Franchisor will consent to Transfers among Developer's original Principals and waive payment of a Transfer Fee and its right of first refusal upon its receipt of such documentation and information concerning such a Transfer and the resulting ownership of Developer as Franchisor may request. The required documentation will include, without limitation, a Personal Guaranty and Principals' Undertaking signed by each Principal not having previously executed such documents (if any).

(iii) Neither Developer nor any of its Affiliates or Principals may engage in a Securities Offering without the prior written consent of Franchisor (whether or not Franchisor's consent is otherwise required under this Section with respect to such Transfer). Franchisor's consent may be withheld for any reason, and may be conditioned upon its verification that the Prospectus does state or imply (by use of the Marks or otherwise) that Franchisor is sponsoring or otherwise participating in the Securities Offering or that Franchisor will receive any part of the proceeds from the Securities Offering. To seek Franchisor's consent, Developer must submit a complete copy of the Prospectus to Franchisor prior to the time the Prospectus is filed with a government agency or official or, if an exempt Securities Offering is contemplated, prior to the delivery of the Prospectus to any prospective investor. Franchisor will have 30 days after its receipt of the Prospectus either to provide its consent, withhold its consent or advise Developer of the deficiencies that must be corrected prior to Franchisor's providing its consent. Franchisor will have no obligation to provide its consent, including unless and until all deficiencies it notes have been corrected. Any consent by Franchisor will not constitute an endorsement or ratification of the offering or the prospectus, either express or implied. Developer and the other participants in a Securities Offering will fully indemnify Franchisor in connection with the offering. For each proposed Securities Offering, Developer will reimburse Franchisor for its costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees and salaries of Franchisor's personnel; provided that Franchisor may request an advance on such costs and expenses before initiating its review.

(iv) Developer may grant a security interest in this Agreement or the Franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of Developer's Summer Moon Coffee Shop's operations and may not under any circumstances entitle or permit the secured party to take possession of or operate Developer's Summer Moon Coffee Shop or to Transfer Developer's interest in the Franchise without

Franchisor's express prior written consent. The grant of a security interest in a manner consistent with this Section will not be subject to the Transfer prohibitions in this Agreement.

(e) Right of First Refusal.

(i) If Developer or the Principal(s) wishes to effectuate a Transfer that will effect a direct or indirect change in Control of Developer, pursuant to any *bona fide* offer received from a third party to purchase that interest, then the proposed seller will promptly notify Franchisor in writing of the offer, and will provide any additional information and documentation relating to the offer that Franchisor requires. Franchisor will have the option, exercisable within 30 days after receipt of all written documentation requested by Franchisor describing the terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party.

(ii) If an offer from a third party provides for payment of consideration other than cash, Franchisor may elect to purchase the interest proposed to be sold for the cash equivalent. If the parties cannot agree within a reasonable time on the cash equivalent of the non-cash part of the offer, then the cash equivalent will be determined by an appraisal performed by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding valuation. In the event of an appraisal under this provision, each party will bear its own legal and other costs and will split the appraisal fees equally.

(iii) If Franchisor elects to purchase the seller's interest, closing on the purchase will occur no later than 60 days after the date Franchisor gives notice to the seller of the election to purchase, provided that Franchisor has received all necessary permits and approvals, or on such other date as the parties agree in writing. If Franchisor exercises its right of first refusal, it may set off all amounts due from Developer or any of its Affiliates (including, if applicable, all fees for any appraiser due from Developer) against any payment for the interest to be purchased.

(iv) A decision of the Franchisor not to exercise the right of first refusal granted by this Section will not constitute a waiver of any other provision of this Agreement, including all of the Transfer requirements of this Section, with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of the initial offer. Failure to comply with the provisions of this Section will constitute a material event of default under this Agreement.

(f) Purchase Upon Developer's Death or Disability.

(i) This Section applies only if (i) an individual Developer or a Principal owning a Controlling Interest in a Business Entity Developer dies or becomes Permanently Disabled during the Term, and (ii) the death or Permanent Disability results in a change in executive-level responsibility for the development activities contemplated by this Agreement.

(ii) During the first 120 days after Franchisor receives notice of the death or Permanent Disability, Franchisor will evaluate the new management's willingness and ability to continue to develop Developer's Summer Moon Coffee Shops in compliance with this Agreement. By the end of the 120-day evaluation period, Franchisor will decide whether the new management is qualified to continue to develop Developer's Summer Moon Coffee Shops and will notify management of its decision. As conditions to continuing the Franchise relationship, each Principal must furnish Franchisor a signed Personal Guaranty and Principals' Undertaking and any deficiency in Developer's compliance with the requirements of this

Agreement must be cured. Further, Franchisor may require management to attend and satisfactorily complete Franchisor's initial training program.

(iii) If any of the conditions stated in this Section are not satisfied, or if Franchisor decides that the new management has not adequately demonstrated its business qualifications or commitment to the Franchise relationship, the remaining Principals will have 120 days after delivery of Franchisor's notice to (i) locate new management that is acceptable to Franchisor, or (ii) sign a binding contract to sell the development rights or a Controlling Interest in the Franchise rights to a buyer approved by Franchisor in accordance with the requirements of this Agreement. The proposed sale will be subject to Franchisor's right of first refusal.

(iv) If any of the Principals fail to sign a binding contract of sale before the 120-day selling period expires, or if a contract is signed, but the proposed sale is not concluded within 30 days after Franchisor relinquishes its right of first refusal, Franchisor will have an additional option during the next 30 days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Franchisor delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period.

(v) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Franchisor's notice, the purchase price will be determined by two appraisers in accordance with the appraisal process specified in the right of first refusal provision.

(g) **Involuntary Transfers.** No involuntary Transfer or partitioning of Developer's or the Principals' interest in the Franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Franchisor unless and until (1) the transferee furnishes Franchisor a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Developer's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) the Transfer encompasses Developer's and the Principals' total interest in the Franchise and under this Agreement, irrevocably designates and appoints Developer to be the transferee's agent and attorney-in-fact with whom Franchisor may deal for all purposes expressed in or contemplated by this Agreement.

(h) **Waiver of Interference Claims.** Developer acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Developer. Developer also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Developer expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Developer waives any claim that action Franchisor takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

14. Law Governing; Dispute Resolution.

(a) **Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 *et seq.*), this Agreement will for all purposes be governed by and interpreted and enforced in accordance with the internal laws of the State of Texas, except that its choice of law**

and conflict of law rules will not apply. Notwithstanding the above, Developer and the Principals agree that the Texas Business Opportunity Act and the Texas Deceptive Trade Practice Act (and any successor laws, rules or regulations thereto) do not apply to the transactions contemplated by this Agreement.

WAIVER OF CONSUMER RIGHTS

I waive my rights under the Deceptive Trade Practices-Consumer Protection Act, Section 17.41 et seq., Business & Commerce Code, a law that gives consumers special rights and protections. After consultation with an attorney of my own selection, I voluntarily consent to this waiver.

(b) The parties mutually agree that the state and federal courts located in the county in which Franchisor has its then current principal place of business (currently the U.S. District Court for the Western District of Texas, or if such court lacks jurisdiction, the state courts located in Travis County, Texas), will be the exclusive venue and exclusive forum in which to adjudicate any Action arising from or relating to this Agreement and any guarantees hereof, undertakings hereunder provided and relationship established thereby, however, with respect to any Action which seeks monies owed, injunctive relief or other extraordinary relief, Franchisor may bring such action in any court of competent jurisdiction. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction of or venue in such courts. The parties mutually agree that personal jurisdiction may be effected by service of process and that when so made will be as if served personally. This Agreement was executed and accepted at Franchisor's current place of business in Travis County, Texas. The parties anticipate that the performance of certain of Developer's obligations arising under this Agreement, including the payment of certain monies due Franchisor, will initially occur in Travis County, Texas.

(c) Except with respect to Developer's and each Principal's obligation to indemnify Franchisor and claims Franchisor brings for Developer's unauthorized use of the Marks or unauthorized use or disclosure of any Trade Secrets, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special and consequential damages against the other and agree that, in the event of an Action arising from a dispute between the parties, the parties bringing an Action will be limited to equitable relief and to recovery of any direct or general damages it sustains; provided, however that Franchisor will have the right to seek and recover lost profits in the event of termination of this Agreement.

(d) Except for an Action arising from Developer's nonpayment or underpayment of amounts Developer owes Franchisor pursuant to this Agreement, or an Action related to Developer's unauthorized use of the Marks, any and all Actions arising out of or relating to this Agreement or the relationship created hereby will be barred unless an Action is commenced within two years and one day after the date on which the party asserting such Action knew or should have known of the facts giving rise to such Action. Notwithstanding the foregoing, with respect to any Actions arising out of or in connection with an Event of Force Majeure, the two years limit on Actions provided for in this Section will be extended for a period equal to the extended performance period resulting from the Event of Force Majeure, provided that such period will not exceed 90 days.

(e) Developer and the Principals agree that any Action arising from or relating to this Agreement and any guarantees hereof, undertakings hereunder provided and the relationship established thereby shall be conducted on an individual basis, and not as part of a common, consolidated or class action.

15. JURY TRIAL WAIVER. THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY

RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR CURE HEREUNDER. THE PARTIES ACKNOWLEDGE THEIR RIGHT TO A JURY TRIAL, THAT THEY HAVE HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL AND THAT THIS WAIVER IS ENTERED INTO KNOWINGLY AND VOLUNTARILY.

16. Miscellaneous.

(a) This Agreement is not intended to create, and will not be interpreted or construed as creating, a franchise, partnership, joint venture, agency, employment, personal services or similar relationship between Franchisor and Developer. No representation to the contrary will be binding upon Franchisor.

(b) This Agreement will be binding upon and inure to the benefit of Franchisor and Developer and their respective successors, assigns, executors, heirs and personal representatives. If Developer is, or subsequently Transfers the Franchise to, a Business Entity, each Principal will also be personally and individually bound by the provisions of this Agreement that expressly.

(c) This Agreement will not be binding on Franchisor and no development rights will be granted unless and until each Principal designated by Franchisor executes and delivers a Personal Guaranty and Principals' Undertaking in the form attached as Exhibit A. Additionally, all Persons who receive Confidential Information as a result of Developer's operations hereunder, that do not satisfy the term "Principal" under this Agreement, will be required to execute a copy of the Confidentiality Agreement and Covenant Not To Compete attached to this Agreement as Exhibit B.

(d) The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding will not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision will be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, will continue in full force and effect.

(e) The term "Developer" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

(f) This Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Franchisor and Developer. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Brand Standards, which Franchisor may modify unilaterally.

(g) Notwithstanding any contrary provisions contained in this Agreement, Franchisor and Developer acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may affect favorably or adversely Developer's interests; (b) Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Summer Moon Coffee Shops generally (including Franchisor, and its Affiliates and other developers), and specifically without considering Developer's individual interests or the individual interests of any other particular developer (examples of items that will promote or benefit the System and Summer Moon Coffee Shops generally include, without limitation, enhancing the value of the Marks, improving Customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving

the competitive position of the System); (c) Franchisor will have no liability to Developer for the exercise of its discretion in this manner; and (d) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action will substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

17. Notices. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the address listed on the Summary Pages for Franchisor and to Developer's Corporate Address for Developer or such other address as the parties will specify by written notice, and will be deemed so delivered: (i) at the time delivered by hand; (ii) 1 day after transmission by email (provided that the sender confirms the email by sending an original confirmation copy by expedited delivery service within 5 days after transmission); or (iii) 1 day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of delivery; and must be addressed to the party to be notified at the addresses as described above for Franchisor and Developer or such other address as the parties will specify by written notice.

18. Developer's Acknowledgments.

(a) Developer acknowledges (i) that this Agreement is not a Summer Moon Coffee Shop franchise agreement and that it provides Developer neither a license to use the Marks nor any right to operate a Summer Moon Coffee Shop, (ii) that Developer's rights under this Agreement are solely contractual and that no property rights are granted in or with respect to the Summer Moon Coffee Shop Development Area, and (iii) that until a Summer Moon Coffee Shop Franchise Agreement for a particular Summer Moon Coffee Shop Territory is issued in accordance with this Agreement, Developer will not have or be entitled to exercise any of the rights or privileges of a Developer at or with respect to that location or Summer Moon Coffee Shop Territory.

(b) Developer acknowledges and agrees that this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein and therein; provided that to the extent applicable nothing in this Agreement, the Exhibits or any related agreement is intended to disclaim Franchisor's representations contained in the franchise disclosure document provided to Developer in connection with this Agreement. No supplement, modification, waiver or termination of this Agreement will be binding unless executed in writing by the party hereto to be bound thereby. No waiver of any of the provisions of this Agreement will be deemed or will constitute a waiver of any other provisions (whether or not similar), nor will such waiver constitute a continuing waiver unless otherwise expressly provided.

(c) Developer confirms and acknowledges that no written or oral agreements, promises, commitments, undertakings or understandings were made to or with Developer that are not expressly set forth in this Agreement and any duly executed amendment or addendum attached to this Agreement.

(d) Developer acknowledges that no document that this Agreement requires will be binding on Franchisor unless it is signed on Franchisor's behalf by its authorized representative.

(e) Developer acknowledges and agrees that this Agreement creates an arm's length commercial relationship that cannot and will not be transformed into a fiduciary or other "special" relationship by course of dealing, by any special indulgences or benefits that Franchisor bestows on Developer, or by inference from a party's conduct.

(f) Developer acknowledges and agrees that Developer received (i) Franchisor's then current franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least 14 days prior to execution of this Agreement as required by such Trade Regulation Rule and (ii) a fully completed copy of this Agreement at least 7 days prior to execution as required by such Trade Regulation Rule, as further described in the Summary Pages.

(g) The following only applies in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by Franchisor in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

Print Name: _____

Its: _____

Effective Date: _____

DEVELOPER

By: _____

Print Name: _____

Its: _____

Date: _____

EXHIBIT A

PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Development Agreement with the date set forth below, including any exhibits and amendments thereto (the "Development Agreement"), by and between Summer Moon Franchising LLC, a Texas limited liability company ("Franchisor") and the Developer named below ("Developer"), each of the undersigned Principals hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the Term of the Development Agreement and thereafter as provided in the Development Agreement, that Developer will punctually pay and perform the agreements and covenants expressly provided by the terms of the Development Agreement; and (2) acknowledges that each is included in the term "Principal" as described in the Development Agreement and without limiting any guarantee of Developer's obligations under the Development Agreement, jointly and severally makes all of the covenants, representations, warranties and agreements of Principals set forth in the Development Agreement and is jointly and severally obligated to perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Development Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following sections of the Development Agreement: Section 9 (regarding indemnification), 10 (regarding confidentiality and non-competition), 13 (regarding Transfer) and 14 (regarding governing law and dispute resolution); and (3) represents that each and every representation of Developer made in connection with the Development Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Principals' Undertaking. Any capitalized terms used but not defined in this Personal Guaranty and Principals' Undertaking will have the meaning set forth in the Development Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Developer or any other person as a condition of liability; (e) notice of any amendment to the Development Agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty and Principals' Undertaking will be joint and several; (ii) he or she will render any payment or performance required under the Development Agreement upon demand if Developer fails or refuses to do so punctually; (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (iv) such liability will not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Personal Guaranty and Principals' Undertaking, which will be continuing and irrevocable until satisfied in full.

Each of the undersigned agrees that the state and federal courts in the county which Franchisor has its then current principal place of business (currently the U.S. District Court for the Western District of Texas, or if such court lacks jurisdiction, the state courts located in Travis County, Texas), will be the exclusive venue and exclusive forum in which to adjudicate any case or controversy arising from or relating to this Agreement and this Personal Guaranty and Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of such courts and waives any objections to either the jurisdiction of or venue in such courts. Each of the undersigned irrevocably waives, to the fullest extent the undersigned may lawfully do so, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding and agrees that service of process for purposes of any such suit, action

or proceeding need not be personally served or served within the State of Texas but may be served with the same effect as if served within the State of Texas, by means permitted by law addressed to the undersigned at the address set forth herein. Nothing contained herein will affect Franchisor's rights to bring a suit, action or proceeding in any other appropriate jurisdiction, including any suit, action or proceeding brought to enforce any judgment against one or more of the undersigned entered by a state or federal court.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Development Agreement and acknowledges that the execution of this Personal Guaranty and Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Franchisor would not have granted such rights without the execution of this Personal Guaranty and Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Principals' Undertaking will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

This Personal Guaranty and Principals' Undertaking will continue and will be enforceable notwithstanding any change in the name or the constitution of the Franchisor or Developer.

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Principals of Developer and a full description of the nature and extent of each Principal's Ownership Interest in Developer. Developer, and each Principal as to his Ownership Interest, represents and warrants that each Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Principals' Undertaking.

Name of Developer: _____ **Date of Development Agreement:** _____

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Development Agreement was executed.

**OWNERSHIP INTEREST IN/
ROLE WITH DEVELOPER:**

PRINCIPAL(S):

(Signature)

(Print Name)

(Signature)

(Print Name)

EXHIBIT B

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

This Confidentiality Agreement (this “Agreement”) is made and entered into as of the Effective Date set forth below, among Summer Moon Franchising LLC, a Texas limited liability company located at 1800 Elder Hill Road, Driftwood, Texas 78619 (“Franchisor”), the Developer entity described in the signature below (“Developer”) and the owner, manager or employee described as the Recipient below (“Recipient”).

RECITALS

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has acquired the right to use and license others to use a distinctive System for the development and operation of the Summer Moon Coffee Shops that operate under the Summer Moon trade name; and

WHEREAS, the System includes, but is not limited to, the development guidelines, opening guidelines, operational guidelines, initial and ongoing training programs, business methods, designs, arrangements and Brand Standards for developing and operating Summer Moon Coffee Shops, including those pertaining to site selection, conversion, construction, exterior and interior building design, signage and layouts, furniture, fixtures, equipment, specifications for Approved Food and Beverage Products and Services, Proprietary Food and Beverage Products and Services and related products and services offered to Customers, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information and technology systems, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor’s Confidential Information developed and used in connection with the System provides economic advantages to Franchisor and includes information and know-how not generally known to, and not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Developer the limited right to develop Summer Moon Coffee Shops using the System, the Marks and Confidential Information for the period defined in the Development Agreement made and entered into on the date described below (“Development Agreement”), by and between Franchisor and Developer; and

WHEREAS, Franchisor and Developer have agreed in the Development Agreement on the importance to Franchisor and to Developer and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain personnel, agents, independent contractors, officers, directors and interest holders of Developer, or any entity having an interest in Developer to have access to and to use some or all of the Confidential Information in the development of Developer’s Businesses using the System; and

WHEREAS, Developer has agreed to obtain from recipients of Confidential Information written Agreements protecting the System against unfair competition; and

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Developer; and

WHEREAS, Recipient wishes and needs to receive and use the Confidential Information in the course of his or her employment or association in order to effectively perform services for Developer; and

WHEREAS, Recipient acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Recipient expressly acknowledges that Recipient possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Agreement will not deprive Recipient of any personal goodwill or ability to earn a living.

2. Franchisor and/or Developer will disclose to Recipient some or all of the Confidential Information relating to the System. As used in this Agreement, “Confidential Information” will include all items contemplated in the Development Agreement’s definition “Confidential Information” as well as any and all other information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Developer and/or Recipient.

3. Recipient will receive the Confidential Information in confidence and will, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Developer and then only in connection with the development and/or operation by Developer of the Summer Moon Coffee Shops using the System for so long as Developer is licensed by Franchisor to use the System.

4. Recipient will not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s written permission.

5. Recipient will not at any time disclose or permit the disclosure of the Confidential Information except to other personnel of Developer and only to the limited extent necessary to train or assist other personnel of Developer in the development or operation of a Summer Moon Coffee Shop using the System.

6. If Recipient has an Ownership Interest of any type in Developer, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability corporation, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust, Recipient covenants and agrees that, during the term of the Development Agreement and for two years after Recipient ceases to have such Ownership Interest or for two years after the Development Agreement has terminated for any reason, whichever occurs earlier, Recipient will not own or operate, directly or indirectly, or accept employment by or hold an interest in a Competing Business (defined as any business that offers and sells coffee or tea-related products and services to third parties through any means of distribution as its primary product or service offering), which is located (i) at the Summer Moon Coffee Shop Address; or (ii) within the Summer Moon Coffee Shop Development Area, or (iii) within 25 miles of the perimeter of the Summer Moon Coffee Shop Development Area, or (iv) within 25 miles of the perimeter of the “Summer Moon Coffee Shop Territory” of any other Summer Moon Coffee Shop. For purposes of calculating the duration of the two-year period, any time during which Recipient (as applicable) is in violation or breach of the covenant will be excluded. Recipient acknowledges that Recipient’s covenant not to compete is reasonable and necessary to protect the business and goodwill of Franchisor and to avoid misappropriation or other unauthorized use of the System and Franchisor’s Confidential Information.

Recipient acknowledges and confirms that Recipient possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a Competing Business.

The parties agree that the foregoing covenant will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

Recipient understands and acknowledges that Franchisor will have the right to reduce the scope of any covenant set forth in this Section, or any portion thereof, without his or her consent, effective immediately upon notice to Recipient; and Recipient agrees that he or she will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding any provisions of this Agreement.

7. Recipient will surrender any material containing some or all of Franchisor's Confidential Information to Developer or Franchisor, upon request, or upon termination of employment by or association with Developer, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

8. Recipient will not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

9. All manuals are loaned by Franchisor to Developer for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's prior written consent.

10. Any capitalized terms used but not defined in this Agreement will have the meaning set forth in the Development Agreement.

11. Developer will make all efforts to ensure that Recipient acts as required by this Agreement.

12. Recipient agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor will be entitled to enforce the provisions of this Agreement and will be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Development Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

13. Recipient agrees to pay all expenses (including court costs and attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

14. Any failure by Franchisor or the Developer to object to or take action with respect to any breach of any provision of this Agreement by Recipient will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

15. THIS AGREEMENT WILL FOR ALL PURPOSES BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAW OF TEXAS, WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES. RECIPIENT HEREBY IRREVOCABLY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR

HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY APPLICABLE LAW. RECIPIENT FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT WILL BE ANY COURT OF COMPETENT JURISDICTION WITH JURISDICTION OVER THE COUNTY IN WHICH FRANCHISOR HAS ITS THEN CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY AUSTIN, TEXAS); PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT THAT HAS JURISDICTION.

16. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Recipient expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

17. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

18. For any breach of the non-competition/Competing Business obligations of this Agreement, and due to the difficulty of establishing the precise amount of damages for breach of these obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Franchisor, Recipient agrees to pay Franchisor an amount equal to 20% of the gross revenues generated by a Competing Business with which Recipient is associated for a period equal to the duration Recipient is associated with the Competing Business. Demand for payment of liquidated damages does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies to us at law or in equity.

19. This Agreement is not intended to create, and will not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other “special” relationship between Franchisor and Recipient, and no representation to the contrary will be binding upon Franchisor.

20. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the appropriate address listed in the signature blocks for Franchisor, Developer and Recipient, or such other address as the parties will specify by written notice, and will be deemed so delivered: (a) at the time delivered by hand; (b) one day after transmission by email (provided that the sender confirms the email by sending an original confirmation copy by expedited delivery service within 5 days after transmission); or (c) one day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt.

21. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Developer and Recipient hereunder may not be assigned by Developer or Recipient, without the prior written consent of Franchisor. Any assignment or attempted assignment lacking Franchisor’s prior written consent or that otherwise violates the restrictions in this Section will be ineffective against Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR

DEVELOPER

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

Effective Date: _____
Date of Development Agreement: _____

Date: _____

Franchisor's Address for Notice Purposes:

Developer's Address for Notice Purposes:

Attention: _____
Facsimile: _____
Email: _____

Attention: _____
Facsimile: _____
Email: _____

RECIPIENT:

By: _____
Name: _____
Title: _____
Date: _____

Recipient's Address For Notice Purposes:

Attention: _____
Facsimile: _____
Email: _____

EXHIBIT C

SUMMER MOON COFFEE SHOP FRANCHISE AGREEMENT

(See Exhibit B in the Franchise Disclosure Document)

EXHIBIT D

MAP OF SUMMER MOON COFFEE SHOP DEVELOPMENT AREA

(attached)

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning termination, transfer or nonrenewal of the Development Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Development Agreement upon certain bankruptcy-related events. To the extent the Development Agreement contains a provision that is inconsistent with these laws, these laws will control.
- b. If Developer is required in the Development Agreement to execute a release of claims, such release will exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.
- c. If the Development Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.
- d. If the Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Development Agreement, the covenant may be unenforceable under California law.
- e. If the Development Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.
- f. If the Development Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.
- g. If the Development Agreement requires that claims be brought earlier than is required under the laws of the State of California, such requirement may be unenforceable.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the

enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____

Effective Date: _____

DEVELOPER

By: _____
Print Name: _____
Its: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994) (the “Act”). To the extent that this Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

- a. Sections 705/19 and 705/20 of the Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Development Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Development Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, are unenforceable with respect to claims under the Act.
- c. Any provision that designates jurisdiction or venue or requires Developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.
- d. If this Agreement requires that it be governed by a state’s law, other than the State of Illinois, to the extent that such law conflicts with Illinois law, Illinois law will control.
- e. To the extent that the Act prohibits the disclaimer of representations contained in Franchisor’s Franchise Disclosure Document, the Development Agreement is amended to include representations made in Franchisor’s Franchise Disclosure Document to the extent required by law.
- f. Section 41 of the Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in this Agreement is inconsistent with Illinois law, Illinois law will control.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Illinois law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

DEVELOPER

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. Sections 14-201 - 14-233 (1998 Repl. Vol. & Supp. 2002). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- c. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement will not be interpreted to limit any rights Developer may have under Sec. 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.
- d. If Developer is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments will be void with respect to claims under the Law.
- e. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the

enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____

Effective Date: _____

DEVELOPER

By: _____
Print Name: _____
Its: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF MINNESOTA**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Development Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that Developer’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Developer’s use of the Proprietary Marks except in accordance with the requirements of the Development Agreement, and, as a condition to indemnification, Developer must provide notice to Franchisor of any such claim within 10 days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Development Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Development Agreement will be superseded by the Act’s requirements and will have no force or effect.

b. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that Developer be given written notice of a Franchisor’s intention not to renew 180 days prior to expiration of the franchise and that Developer be given sufficient opportunity to operate the franchise in order to enable Developer the opportunity to recover the fair market value of the franchise as a going concern. If the Development Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Development Agreement will be superseded by the Act’s requirements and will have no force or effect.

c. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that Developer be given 90 days’ notice of termination (with 60 days to cure). If the Development Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Development Agreement will be superseded by the Act’s requirements and will have no force or effect.

d. If the Development Agreement and/or the Franchise Disclosure Document requires Developer to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release will exclude claims arising under the Franchise Act, and such acknowledgments will be void with respect to claims under the Act.

e. If the Development Agreement and/or the Franchise Disclosure Document requires that it be governed by a state’s law, other than the State of Minnesota, those provisions will not in any way abrogate or reduce any rights of Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

f. If the Development Agreement and/or the Franchise Disclosure Document requires Developer to sue Franchisor outside the State of Minnesota, those provisions will not in any way abrogate or reduce any rights of Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

g. Minn. Rule 2860.4400J. prohibits Franchisor from requiring You to consent to liquidated damages and prohibits waiver of a jury trial. If the Development Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Development Agreement and/or the Franchise Disclosure Document will be superseded by the Minn. Rule's requirements and will have no force or effect.

2. Each provision of this Agreement and/or the Franchise Disclosure Document will be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

DEVELOPER

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

NEW YORK LAW MODIFICATIONS

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on _____, _____.

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Developer is required in the Development Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release will exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments will be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Development Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon Developer under the New York General Business Law, Article 33, Sections 680 through 695.
- c. Notwithstanding any rights you may have in the Development Agreement permitting You to terminate the Development Agreement, You may also have additional rights to terminate the Development Agreement on any grounds available by law.
- d. With respect to any transfer or assignment by Franchisor, no assignment will be made except to an assignee who, in good faith and judgment of Franchisor, is willing and financially able to assume Franchisor’s obligations under the Development Agreement.

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

Print Name: _____

Its: _____

Effective Date: _____

DEVELOPER

By: _____

Print Name: _____

Its: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Development Agreement (the “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Developer is required in the Development Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate North Dakota Law, or a rule or order under North Dakota Law, such release shall exclude claims arising under North Dakota Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Development Agreement are enforceable only under certain conditions according to North Dakota Law. If the Development Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Development Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under North Dakota Law.
- d. If the Development Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law shall control.
- e. If the Development Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under North Dakota Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location shall be determined by the arbitrator.
- f. Section 15 of the Development Agreement entitled “Jury Trial Waiver” is deleted in its entirety.
- g. Section 16 of the Development Agreement entitled “Liquidated Damages” is deleted in its entirety.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of North Dakota Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

DEVELOPER

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

Effective Date: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF VIRGINIA**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

VIRGINIA LAW MODIFICATIONS

1. The Virginia State Corporation Commission, Division of Securities and Retail Franchising requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Virginia law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____
Print Name: _____
Its: _____

Effective Date: _____

DEVELOPER

By: _____
Print Name: _____
Its: _____

Date: _____

**AMENDMENT TO SUMMER MOON COFFEE SHOP
DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON**

The Summer Moon Coffee Shop Development Agreement between _____ (“Developer” or “You”) and Summer Moon Franchising LLC (“Franchisor”) dated _____ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

WASHINGTON LAW MODIFICATIONS

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor 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 the franchisor including the areas of termination and renewal of your franchise.
3. 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, a franchisee 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.
4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.
8. The terms of the Confidentiality Agreement and Covenant Not To Compete attached as Exhibit B to the Development Agreement must be disclosed to a prospective employee in writing no later than the time of the acceptance of the employment offer. Depending on the employee’s lack of any ownership interest and compensation, this agreement may not be enforceable at the time of the employment offer. You must specifically disclose (a) whether the non-competition covenant is currently enforceable on the date

this agreement is executed, and (b) if it is not currently enforceable, that the non-competition covenant may be enforceable against the employee at a later date due to changes in the employee's compensation.

9. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

10. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Developer has initiated.

IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Development Agreement on the Effective Date set forth below.

FRANCHISOR

DEVELOPER

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Effective Date: _____

Date: _____

EXHIBIT D

CONFIDENTIALITY AGREEMENT

APPLICANT CONFIDENTIALITY AGREEMENT AND AUTHORIZATION

This Applicant Confidentiality Agreement and Authorization (“Agreement”) is entered into effective as of _____, 202_, by and among _____ (collectively, “Applicant,” “you,” or “your”) and Summer Moon Franchising LLC, a Texas limited liability company with its principal business address at 1800 Elder Hill Road, Driftwood, Texas 78619 (“Summer Moon”, “we”, “us” or “our”), with reference to the following facts:

RECITALS

We own, operate and grant franchises for Summer Moon Coffee Shops (each a “Summer Moon Coffee Shop”) that offer and sell specialty oak-roasted coffees, teas, merchandise, baked goods, whole bean coffee, and other food products and beverages.

The distinguishing features of a Summer Moon Coffee Shop include, but are not limited to, the name “Summer Moon”; specially designed equipment and other emblems, insignia, logos, trade names, trademarks and service marks (the “Summer Moon Marks”); products, methods, procedures, distinctive products and the formula and quality standards therefor; and instructional materials and training courses (collectively, the “Summer Moon System”).

You are considering purchasing a franchise for a Summer Moon Coffee Shop, and we wish to give you access to certain confidential and proprietary information and documents related to our business in order to assist you to evaluate the purchase of a franchise for a Summer Moon Coffee Shop from us.

You wish to also grant us authorization to conduct a background check and other due diligence on you in connection with your interest in purchasing a franchise for a Summer Moon Coffee Shop.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Definition of Confidential Information. The term “Confidential Information” means all information, oral or written, know-how and documents (including, without limitation, our Manuals) relating to our franchise for a Summer Moon Coffee Shop and the development and operation of a Summer Moon Coffee Shop, furnished by us or our representatives to you or your representatives. Confidential Information also includes any analysis or study prepared by or for you which to any extent is based on our Confidential Information.

2. Your Agreement to Maintain Confidentiality. You acknowledge that it is important to our business to maintain the confidentiality of the Confidential Information and that we are making the Confidential Information available to you only for the limited purpose of investigating the purchase of a franchise for a Summer Moon Coffee Shop. You further acknowledge and agree that the Confidential Information is proprietary to and a valuable trade secret of ours and that any disclosure or unauthorized use of the Confidential Information will cause us irreparable loss and harm. In consideration of the opportunity to obtain access to the Confidential Information, you hereby agree as follows:

a. To use the Confidential Information solely to carry out your evaluation of purchasing a franchise for a Summer Moon Coffee Shop. During and after your evaluation, you will not use the Confidential Information for your own use, including in connection with any business, other than a Summer Moon Coffee Shop operated under a valid franchise agreement with us. You agree not to disclose the Confidential Information, except (i) as may be required by law, or (ii) to your employees, outside counsel, accountants, and other representatives or affiliates who need to know such information for the purpose of helping you evaluate the purchase of a franchise for a Summer Moon Coffee Shop. In the event you or any

persons to whom you disclose the Confidential Information become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, you will give us prompt prior written notice of such requirement so that we may seek a protective order or other appropriate remedy and/or waive compliance with the terms hereof. In the event that such protective order or other remedy is not obtained, or we waive compliance with provisions hereof, you agree to furnish only that portion of the Confidential Information which you are advised by written opinion of counsel is legally required and exercise your best efforts to obtain assurances that confidential treatment will be accorded such Confidential Information.

b. To ensure that all your employees, outside counsel, accountants and other representatives and affiliates who are given access to the Confidential Information on your behalf will be bound by, and will conduct their evaluation in accordance with the terms of this Agreement. You will be fully responsible for any breach of this Agreement by any person to whom you give access to the Confidential Information.

c. Not to make copies of the Confidential Information except as necessary to assist you in your evaluation of the purchase of a franchise for a Summer Moon Coffee Shop.

d. If you do not enter into a franchise relationship with us, or upon our request, to promptly return to us all Confidential Information and to retain no copies thereof.

3. Absence of Representations or Warranties. You understand and acknowledge that we are not making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and neither we nor any of our officers, directors, employees, agents or affiliates will have any liability to you or any other person resulting from your use of the Confidential Information. Only those representations and warranties, if any, that are made to you in any franchise and/or development agreements when, as, and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect.

4. Ownership. You acknowledge and agree that the Confidential Information is owned solely by us and our affiliates, and that this Agreement does not grant to you any rights in or to the Confidential Information except the limited right to use the Confidential Information to evaluate the purchase of a franchise for a Summer Moon Coffee Shop.

5. Remedies. You agree that your obligations hereunder are necessary and reasonable in order to protect us and expressly agree that monetary damages would be inadequate to compensate us for any breach of any covenant or agreement set forth herein. Accordingly, you agree and acknowledge that any such violation or threatened violation will cause irreparable injury to us and that, in addition to any other remedies that may be available, in law, in equity or otherwise, we shall be entitled to obtain injunctive relief and specific performance against you for the threatened breach of this Agreement or the continuation of any such breach, without proof of actual damages and without posting bond.

6. Your Authorizations, Consents and Releases regarding this Agreement and Your Personal Information.

a. You understand that we will be requesting information on you from various companies, financial and other institutions, universities, credit reporting agencies, professional and academic certification law enforcement agencies, former employers, and/or the military, and you hereby authorize such entities to release any information that they may have about you to us and our agents and designees, and release them from any liability arising out of or related to their release of such information.

b. You authorize all financial institutions holding funds or other property on your behalf or on behalf of any business entity in which you hold a beneficial interest, whether or not identified in this Agreement, to release all records including signature cards, statements and all documentation reflecting

the source of deposited funds, whether the funds were received in the form of cash, credit, electronic fund transfer or wire transfer.

c. You also authorize us and our agents and designees to obtain such credit and other civil and criminal investigative reports as they consider necessary to evaluate this Agreement, and understand that these reports may contain information about your background, mode of living, character and personal reputation. This authorization is valid for any current and future reports and updates that may be requested and you agree to execute all additional documents, waivers or releases that might be necessary for us or our agents and designees to obtain such information or reports.

___ You request a copy of your credit report
___ You do not request a copy of your credit report

d. You further authorize us and our agents and designees to contact individuals or entities identified by you, or whose names arise in connection with the civil and criminal investigative reports described above for purposes of obtaining character references and verifying the information contained in this Agreement. You hereby authorize any individual or entity contacted by us or our agent or designee to provide all requested information, and release them from any liability arising out of or related to their release of such information.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the undersigned parties, their successors and assigns; provided however that the Confidential Information itself shall not be assigned without our prior written consent.

8. Amendments and Waiver. This Agreement may be amended only in writing executed by the parties hereto. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES. Failure to enforce any provision of this Agreement in one or more instances shall not constitute a waiver of any term hereof.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

10. JURISDICTION, VENUE AND WAIVER OF JURY TRIAL. ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE STATE COURTS OF THE STATE OF TEXAS, COUNTY OF TRAVIS, OR IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS LOCATED IN AUSTIN, TEXAS. FOR THE PURPOSES OF SUCH EXCLUSIVE JURISDICTION, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY OBJECTIONS WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN SUCH COURTS AND HEREBY FURTHER IRREVOCABLY WAIVE ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES HEREBY FURTHER IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED AGREEMENTS.

The undersigned parties have executed and delivered this Agreement to be effective as of the day and year first above written.

APPLICANT

By: _____

Print Name: _____

Its: _____

Date: _____

FRANCHISOR

**Summer Moon Franchising LLC,
a Texas limited liability company**

By: _____

Print Name: _____

Its: _____

Date: _____

EXHIBIT E
FRANCHISE APPLICATION

SUMMER MOON COFFEE SHOPS
FRANCHISE APPLICATION

INSTRUCTIONS: Thank you for expressing an interest in obtaining rights from Summer Moon Franchising LLC (“we” or “Summer Moon”) to develop and operate one or more franchised Summer Moon Coffee Shops (each a “Summer Moon Coffee Shop”). This Franchise Application (“Application”) should be completed by (1) the business entity that will hold the franchise rights and/or own the Summer Moon Coffee Shop(s) (collectively, referred to as “you” and “your” in this Application) and (2) the business entity that will directly or indirectly control you. Please print your responses clearly, attach all required documents and then execute this Application in the signature page at the end of the Application.

Authorized Signers: Authorized signers for this Franchise Application include the following:

<u>Applicant</u>	<u>Signer (s)</u>
Corporation	President, Vice President or other Authorized Officer
General Partnership	Each General Partner
Limited Partnership	Any General Partner
Limited Liability Company	Managing Member(s), Authorized Member(s), or Manager(s)
Trust	Trustee(s)
Estate	Executor/Executrix, Administrator/Administratrix

When completed and signed, please send your Application to us at the following address: Summer Moon Franchising LLC, 1800 Elder Hill Road, Driftwood, Texas 78619: Shannon Callender and shannon@summermoon.com.

Your General Information

*Each Business Entity applicant must complete and submit the Organizational Information Checklist attached at the end of this Application.

Business Entity Name: _____

Jurisdiction of Formation: _____

Date of Formation: _____

Business Registration Number: _____

Business Tax ID Number: _____

Current Registered Address: _____

Main Telephone Number: _____

Main E-Mail Address: _____

Mailing Address (if different): _____

***Please attached a list identifying your officers and directors (or equivalent executives) and equity owners (shareholders, partners or members), and the type of interest held and ownership interest of each. If you have more than twenty owners, please list the largest ten owners by name.**

Name and Information for Your Key Contact for Your Summer Moon Coffee Shop

Full Name: _____

National Identification Number: _____

Date of Birth: _____

Citizenship: _____

Current Home Address: _____

Telephone Numbers: Home: _____ Business: _____ Mobile: _____

E-Mail Address: _____

*Please attach to this Application a copy of such persons' foreign passport or national identification card.

Other Background Information

Have you or your key officers or directors ever been convicted of felony or other crime involving moral turpitude?

Yes

No

If you answered "yes," please state the name and address of the court, the case number and the date of conviction, and provide brief description of the charges for which you were convicted:

Are there any civil judgments pending against you or your key officers and directors that have not been satisfied?

Yes

No

If you answered "yes," please state the name and address of the court, the case number and the date and amount of the judgment:

Are you or your key officers and directors currently involved as a defendant in any litigation or arbitration proceeding?

Yes

No

If you answered "yes," please state the name and address of the court, the case number and provide a brief description of the allegations against you and the amount of the claim:

Have you or any other business entity to which you have held a majority ownership interest or exercised control over management ever filed for bankruptcy or sought other similar debt relief?

Yes

No

If you answered "yes," please provide a brief description of the proceedings:

Your Interest in Summer Moon Coffee Shops and Your Relevant Experience

Have your key officers or directors been to a Summer Moon Coffee Shop?

Yes No

If you answered "yes," please identify the Summer Moon Coffee Shop(s) you have visited:

When can your key officers or directors visit us to discuss your interest in acquiring a franchise? _____

Outline, briefly, the experience(s) that would qualify you to develop and operate a coffee shop business such as a Summer Moon Coffee Shop. A separate presentation may be attached to this Application.

Describe briefly the experience and qualifications for your organization; including corporate officers, partners, and management who would be responsible for Operations, Human Resources/Recruiting, Real Estate, Construction, Marketing and Finance. A separate presentation may be attached to this Application.

Please describe the geographic area (the "territory") in which you are interested in developing and operating one or more Summer Moon Coffee Shops? _____

How many Summer Moon Coffee Shop(s) are you interested in developing in the territory? _____

Briefly describe the market for one or more Summer Moon Coffee Shops in the territory, including existing or known competitors: _____

Your Anticipated Investment

Please describe range of investment you are interested in making in connection with the development and operation of one or more Summer Moon Coffee Shops _____

Please detail the source of funds you plan on investing (including name of financial institution, if applicable, and contact person)? _____

Name of Financial Institution _____

Address _____

City, Country, Zip Code _____

Phone No. _____

Account No. _____

Contact Person _____

DESCRIPTION OF ACCOUNT _____

What percentage of the funds will be borrowed? _____

On what terms would you borrow the funds? _____

Your Partners and Co-Applicants

Please indicate the names of all the business entities that are not directly or indirectly affiliated with you that will have a direct, indirect or beneficial ownership in the franchise or the entity that will own the franchise. All entities or individuals identified below must also complete an Application.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Please describe any additional information you would like Summer Moon to consider in connection with your Application:

Your Business References

Please provide the requested information concerning five individuals familiar with your business.

References	Brief Description of Affiliation
(1) Name _____ Address _____ _____ City, County, Zip _____ Phone _____	_____ _____ _____ _____ _____
(2) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(3) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(4) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(5) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____

Please identify each financial institution (both in your country of origin and within the United States) holding funds or property on your behalf or on behalf of a business entity in which you hold a beneficial ownership interest. Please add additional pages, as necessary.

Name of Financial Institution _____
 Address _____ DESCRIPTION OF ACCOUNT _____
 City, Country, Zip Code _____
 Phone No. _____
 Account No. _____

Name of Financial Institution _____
 Address _____ DESCRIPTION OF ACCOUNT _____
 City, Country, Zip Code _____
 Phone No. _____
 Account No. _____

Name of Financial Institution _____
 Address _____ DESCRIPTION OF ACCOUNT _____
 City, Country, Zip Code _____
 Phone No. _____
 Account No. _____

Name of Financial Institution _____
 Address _____ DESCRIPTION OF ACCOUNT _____
 City, Country, Zip Code _____
 Phone No. _____
 Account No. _____

Your Business Interests

Please identify material business enterprises in which you hold a controlling beneficial ownership interest or that is otherwise involved in franchising. The term “business enterprise” includes a corporation, association, partnership, business trust, sole proprietorship, or other business, the shares of which are not listed on a securities exchange or otherwise regularly traded.

Under “legal form of business,” please describe the type of business entity in which you hold an interest (*e.g.*, corporation, partnership, *etc.*)

Name and Address of Business	Legal Form of Business	Nature of Business	% Ownership	Current Value
				\$

[CONTINUED ON THE FOLLOWING PAGES]

Your Financial Statement

Financial Statement Documentation will be required to support these statements.

Financial Condition as of _____, 20__

Assets	Dollars	Cents	Liabilities	Dollars	Cents
Cash on Hand			Note Payable to Banks – Unsecured		
Cash in Bank					
Notes Receivable – Secured by Mortgage					
Notes Receivable – Otherwise Secured			Notes Payable – Other than to Banks – Unsecured		
Accounts Receivable – Current			Accounts Payable		
Accounts Receivable – Past Due			Loans on Life Insurance		
U.S. Govt. Obligations			Taxes		
Stocks, Bonds and other Investments			Mortgages or Liens on Real Estate (Itemize Below)		
Include Funds in Savings & Loan Companies (Itemize Page 2)			Any Other Indebtedness – Due within One Year		
Cash value –Life Insurance					
Real Estate (Itemize Below)			Any Other Indebtedness – Due Beyond One Year		
Total Asses			Total Liabilities		
			Net Worth (Total Assets – Total Liabilities = Net Worth)		

Schedule of Real Estate Owned

Legal Description & Location	Title in Whose Name	Improved or Unimproved	Appraised Value	Mortgages	Tax Value	Insurance

Contingent Liability of any Kind (if None, Indicate So)

Dollars Cents

Upon Notes Or Accounts Receivable Discounted Sold, or Assigned		
As Guarantor For Other on Notes, Bonds, Contacts, Etc.		
Any Other Contingent Liability – Itemized		
Total Contingent Liabilities		

[CONTINUED ON THE FOLLOWING PAGES]

Your Acknowledgments and Representations Regarding this Application

By completing and submitting this Application to Summer Moon, you acknowledge and/or represent to Summer Moon on your own behalf and behalf of your key officers and directors that:

- Summer Moon is relying upon the information provided in this Application and upon the documents you submit in connection with, or in support of, this Application (including all business information, business plans and/or financial statements you provide).
- All information contained in, and documents submitted in connection with, this Application is true, correct and complete as of the date submitted and you understand that any misrepresentation or inaccuracy in the information provided by you will be grounds for termination of any franchise or development rights that Summer Moon may grant to you based on the information in this Application. You will promptly inform Summer Moon of any material change in any of the information or documents submitted.
- Neither the submission of this Application nor the execution of any definite agreements will violate or conflict with the terms of any other agreement to which you are a party or by which you are bound. You have not been induced by Summer Moon to terminate or breach any agreement with respect to any opportunity to develop or operate one or more Summer Moon Coffee Shops.
- Summer Moon does not enter into, and has not entered into, oral agreements or understandings with respect to (i) the development and operation of one or more Summer Moon Coffee Shops, or (ii) matters pertaining to the granting of development and franchise rights for one or more Summer Moon Coffee Shops.
- Summer Moon has no obligation to grant to you development or franchise rights for one or more Summer Moon Coffee Shops and no such rights to develop or operate one or more Summer Moon Coffee Shops shall be granted or obtained unless and until definitive Development and/or Franchise Agreements are signed.
- Summer Moon reserves the right to approve or reject this Application in its sole discretion, and if Summer Moon rejects this Application, Summer Moon shall have no liability to you or any other person or entity.
- Any projections and other financial information you provide Summer Moon in connection with this Application is voluntarily provided or made by you and has or will have been prepared by you and/or your advisors. Summer Moon has not, and will not, participate or provide any assistance to you in connection with the preparation of such projections or other financial information prepared by you. You further acknowledge that Summer Moon has not, and will not, ratify, confirm, approve or make any other representations concerning the accuracy of such projections and/or information supplied by you, or that you will attain any particular level of financial performance indicated by such projections or other information. You hereby release and forever discharge Summer Moon and its affiliates from any claims or liability arising from or related to the financial information and/or projections that you provide to Summer Moon.
- You will indemnify Summer Moon and its affiliates and the directors, employees, agents, representatives and assignees thereof and will hold them harmless from all liability, costs, damages and expenses (including legal and accounting fees and expenses) in connection with the breach of any contract or any representation, warranty or information contained in this Application or in connection with Summer Moon's reliance on such representations, warranties and information. Summer Moon shall have the right independently to take any action it may deem necessary in its sole discretion, to protect and defend itself against any threatened action without regard to the expense, forum or other parties involved. Summer Moon shall have sole and exclusive control over the defense of any such action (including the right to be represented by

counsel of its choosing) and over the settlement, compromise or other disposition thereof.

- You will keep all oral and written information regarding the Summer Moon Coffee Shop franchise program that you may receive or have access to, in strict confidence for an indefinite time period, and will neither use for your own benefit nor disclose or divulge to any other person any part of such information.
- The terms of this Application will survive any approval or rejection of this Application by Summer Moon.

Applicant's Initials _____

Your Authorizations, Consents and Releases regarding this Application and Your Personal Information

- You understand that Summer Moon will be requesting information from various companies, financial and other institutions, universities, credit reporting agencies, professional and academic certification law enforcement agencies, former employers, and/or the military, and you hereby authorize such entities to release any information that they may have about you to Summer Moon and its agents and designees, and release them from any liability arising out of or related to their release of such information.
- You authorize all financial institutions holding funds or other property on your behalf or on behalf of any business entity in which you hold a beneficial interest, whether or not identified in this Application, to release all records including signature cards, statements and all documentation reflecting the source of deposited funds, whether the funds were received in the form of cash, credit, electronic fund transfer or wire transfer.
- You also authorize Summer Moon and its agents and designees to obtain such credit and other civil and criminal investigative reports as they consider necessary to evaluate this Application, and you understand that these reports may contain information about your background, mode of living, character and personal reputation. This authorization is valid for any current and future reports and updates that may be requested, and you agree to execute all additional documents, waivers or releases that might be necessary for Summer Moon or its agents and designees to obtain such information or reports.
- You have a right to request a copy of your credit report. Please signify your request below:
 - You request a copy of your credit report
 - You do not request a copy of your credit report
- You further authorize Summer Moon and its agents and designees to contact individuals or entities identified in this Application, or whose names arise in connection with the civil and criminal investigative reports described above for purposes of obtaining character references and verifying the information contained in this Application. You hereby authorize any individual or entity contacted by Summer Moon or its agent or designee to provide all requested information, and release such persons from any liability arising out of or related to their release of such information.

APPLICANT:

Entity Name: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT F

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The Art of Throughput
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Guide, Tips, Techniques, and Questions
Extra General Tips
Tips on Interacting with the Health Department
Most common demerits involve
Security Recommendations

EXHIBIT G

LIST OF CURRENT FRANCHISEES

(as of December 31, 2022)

FRANCHISEES:

***means the Summer Moon Coffee Shop was still in development and not yet open as of December 31, 2022**

****This list does not include any licensees operating under licenses agreements with Coffee Unplugged**

*****means the franchisee is also an existing licensee of Coffee Unplugged**

****** Temple, Texas Summer Moon Coffee Shop is scheduled to open in March 2023, but it currently has a satellite trailer unit operating under the Temple, Texas Franchise Agreement**

State/Summer Moon Coffee Shop Nickname	Franchisee Contact	Franchisee Name	Summer Moon Coffee Shop Address	Phone Number
ALABAMA				
*Daphne	Marcus & Kelly Allgood	EmKay Ventures, LLC	1539 US-98, Suite 203, Daphne, AL 36526	251-861-1970
ARKANSAS				
Fayetteville	Shela Schemel Kaitlyn Skinner	K&S Coffee LLC	1422 N College Ave, Fayetteville, AR 72703	479-435-9775
COLORADO				
*Thornton, CO	Jay & Kimberly Martinez	6:8 Roasters, LLC	12840 Holly St. Thornton, CO 80602	720-935-8689
FLORIDA				
*Ft. Myers	Rene Cabrera	For The Love of Coffee FL, LLC	14261 S. Tamiami Trl, Unit 10, Fort Myers, FL 33912	239-297-7233
ILLINOIS				
*Crystal Lake	Emily & Jesse Moffitt	E&J ORC LLC	625 Cog Circle, Suite D, Crystal Lake, IL 60014	815-893-4019
NORTH CAROLINA				

Heritage	Daniel & Monica Drennen	Drennen Coffee Company LLC	3600 Rogers Branch Rd, Suite 104, Wake Forest, NC 27587	
OKLAHOMA				
Edmond	Chad & Tori Arnold	SM Railyards, LLC	17 W 1st St #150 Edmond, OK 73003	405-833-4854
Mayfair	Chad & Tori Arnold	SM Mayfair LLC	4711 N May Ave, Oklahoma City, OK 73112	405-338-3620
Yukon	Chad & Tori Arnold	Arnold's Perk, LLC	4401 Grant Blvd #1, Yukon, OK 73099	405-205-5996
*Tulsa	Chad & Tori Arnold	SM Cherry St, LLC	1520 E 15th St, Tulsa, OK 74120	918-714-7255
TENNESSEE				
Farragut, TN	Heidi & Eric Davis	Summer Moon Tennessee, LLC	104 North Campbell Station Rd, Knoxville, TN 37934	865-696-4160
TEXAS				
Abilene	Shelby & Juan Nunez	Nuñez & Thomas Coffee, LLC	NWQ OF I-20 & HWY 351, Abilene, TX	325-203-6656
***Austin/Steiner Ranch	Randy Findley	Immersive Coffee, LLC	5145 North FM 620 Road, Suite D, Austin, Texas 78732	512-947-5602
Conroe	Angie Kober	Coffee Legacy, LLC	449 S. Loop 336 W Suite #100, Conroe, TX 77304	936-242-1320
El Paso	Kim Reagan	TCB V, LLC	3261 Joe Battle, El Paso, TX 79936	915-270-9212
Friendswood	Andrea Trabanino	Java Jive, LLC	1765 S. Friendswood, Ste. 101, Friendswood, TX 77546	832-569-5791
*Lockhart	Robert & Chelsea Presley	True North Coffee Company, LLC	1101 South Main St, Suite #104, Lockhart, TX 78644	512-668-5177
*Nassau Bay	Andrea Trabanino	Waiter, Waiter, Percolator Inc.	1850 E NASA Pkwy Houston, TX 77058	
Richmond	Ryan Richardson	The Java Merchant, Inc.	11135 Harlem Rd, Suite 210, Richmond, TX 77406	346-368-2939
Sienna	Ryan Richardson	Sienna Java, LLC	9402 Highway 6, Suite 100, Missouri City, TX 77459	346-816-7281
****Temple / Belton	Jack Ralston, McKenzie Fleming & McKenna Brumfield	RBF Coffee, LLC	7075 West Adams Ave, Suite #130, Temple, TX 76502 / 111 Sparta Rd Belton, TX 76513	****Temple / Belton
Belton	Jack Ralston, McKenzie Fleming & McKenna Brumfield	RBF Coffee, LLC	111 Sparta Rd Belton, TX 76513	
*Wimberly	Shawn Stoever			
WISCONSIN				

Kenosha	Jim & Cathi Liebforth	Leibforth Legacy Holdings, LLC	6425 Green Bay Road, Kenosha, WI 53142	262-764-0080
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FRANCHISEES THAT HAVE SIGNED DEVELOPMENT AGREEMENTS:

None

EXHIBIT H

LIST OF FORMER FRANCHISEES
(as of December 31, 2022)

None

EXHIBIT I
FINANCIAL STATEMENTS

SUMMER MOON FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**SUMMER MOON FRANCHISING, LLC
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Member
Summer Moon Franchising, LLC
Austin, Texas

Opinion

We have audited the accompanying financial statements of Summer Moon Franchising, LLC (a Texas limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Summer Moon Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Summer Moon Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Summer Moon Franchising, LLC's ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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.

TYLER OFFICE

P: 903 597-6311
3304 S Broadway Ave.
Tyler, Texas 75701

LONGVIEW OFFICE

P: 903 758-0648
2101 Judson Road
Longview, Texas 75605

FRISCO OFFICE

P: 469 956-5400
8000 Warren Pkwy #103
Frisco, Texas 75034



In performing an audit in accordance with generally accepted auditing standards, 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 Summer Moon Franchising, LLC'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 Summer Moon Franchising, LLC'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.

Henry & Peter, P.C.

Tyler, Texas
April 21, 2023

SUMMER MOON FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 138,357	\$ 94,778
Accounts receivable	57,453	46,389
Due from related party	1,312	3,000
Prepaid expenses	4,569	-
Total current assets	201,691	144,167
NONCURRENT ASSETS		
Software, net	3,889	-
Total noncurrent assets	3,889	-
Total assets	\$ 205,580	\$ 144,167
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 4,817	\$ 8,201
Due to related party	-	3,471
Other current liabilities	3,961	12,500
Total current liabilities	8,778	24,172
MEMBER'S EQUITY	196,802	119,995
Total liabilities and member's equity	\$ 205,580	\$ 144,167

SUMMER MOON FRANCHISING, LLC
STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUES		
Royalty fees	\$ 547,582	\$ 194,998
Training and support fees	110,138	45,000
Total revenues	657,720	239,998
GENERAL AND ADMINISTRATIVE EXPENSES	626,530	340,306
Operating income (loss)	31,190	(100,308)
OTHER (EXPENSE) INCOME		
Amortization	(1,111)	-
Miscellaneous income	-	19,733
Total other (expense) income	(1,111)	19,733
Net income (loss)	\$ 30,079	\$ (80,575)
Member's equity, beginning of year	119,995	28,040
Non-cash contributions	254,728	172,530
Cash distributions	(208,000)	-
Member's equity, end of year	\$ 196,802	\$ 119,995

SUMMER MOON FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 30,079	\$ (80,575)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	1,111	-
Change in assets and liabilities:		
Increase in accounts receivable	(11,064)	(46,389)
Decrease (increase) in due from related party	1,688	(3,000)
Increase in prepaid expenses	(4,569)	-
(Decrease) increase in accounts payable	(3,384)	7,891
(Decrease) increase in other current liabilities	(8,539)	12,500
(Decrease) increase in due to related party	(3,471)	3,471
Net cash provided by (used in) operating activities	1,851	(106,102)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software	(5,000)	-
Net cash used in investing activities	(5,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-cash contributions from member	254,728	172,530
Distributions to member	(208,000)	-
Net cash provided by financing activities	46,728	172,530
Net increase in cash	43,579	66,428
CASH		
Beginning of year	94,778	28,350
End of year	\$ 138,357	\$ 94,778

**SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Summer Moon Franchising, LLC (the “Company”), a single member LLC, is primarily engaged in the sale of franchise agreements throughout the United States of America. The Company’s operations are exclusively for the benefit of its parent and related parties who share common ownership with the parent.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Revenues are recognized when earned and expenses and costs are recognized when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and notes. Actual results could differ from those estimates and assumptions.

INCOME TAXES

The Company is a single member LLC and is considered to be a disregarded entity for tax purposes. Accordingly, the income or loss of the Company is passed through to the member parent, a partnership, and taxed at the individual rates of partners for federal income tax purposes, as applicable.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. As of December 31, 2022 and 2021, the Company maintained no such investments.

ACCOUNTS RECEIVABLE

Since the Company generally does not require collateral, any receivables it maintains are unsecured. Accounts receivable are carried at the original invoice amount, less any estimate made for doubtful accounts. Management estimates the allowance for doubtful accounts based on an analysis of historical write-offs and current past due accounts. Management considers receivables past due based on contract and invoice terms. Accounts deemed uncollectable are charged to the allowance for doubtful accounts, and recoveries of any written off receivables are recorded when received. As of December 31, 2022 and 2021, the Company estimated no allowance for doubtful accounts. There was no bad debt expense during December 31, 2022 and 2021.

The ending accounts receivable balances as of December 31 were as follows:

	2022	2021	2020
Accounts Receivable	\$ 57,453	\$ 46,389	\$ -

SOFTWARE

Capitalized software is stated at cost less accumulated amortization. As of December 31, 2022 and 2021, software at cost totaled \$5,000 and \$0-, respectively, and accumulated amortization totaled \$1,111 and \$0-, respectively.

DEFERRED REVENUE

Deferred revenue is recognized for payments received from customers prior to completion of training and support services and is included in other current liabilities on the balance sheets. At December 31, 2022 and 2021, deferred revenue totaled \$0- and \$12,500, respectively.

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
CONTINUED

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REVENUE RECOGNITION

The Company accounts for revenues under the revenue recognition guidance of the franchisor accounting standard, *Franchisors* (Topic 952), and *Revenue from Contracts with Customers* (Topic 606). Revenue recognition policies by source are as follows:

Franchise revenue

In connection with its franchising operations, the Company receives initial franchise fees. Franchise fees are non-refundable and are recognized as income when substantially all of the services to be performed by the Company and conditions relating to the sale of the franchise are performed or satisfied, which generally occurs concurrently with the execution of a franchise agreement. Under Topic 606, the Company has determined that the services provided in exchange for these upfront franchise fees contain separate and distinct performance obligations from the franchising right and, as such, are fully recognized upon execution of a franchise agreement. The transaction price is agreed upon in the contract.

In accordance with the operating agreement of the Company and its parent, all franchise fees collected by the Company are remitted to a related party. As the Company is operating in an agent capacity regarding these franchise fees, this revenue stream is presented net of amounts remitted to the related party. Gross amounts of initial franchise fees collected and remitted during the years ended December 31, 2022 and 2021, totaled \$300,000 and \$150,000, respectively.

Subsequent franchise fees for various events, such as transfers, are included in franchise revenue and are accounted for similarly to that of initial franchise fees. The transaction price is agreed upon in the contract and is recognized as revenue upon the occurrence of the event. No such franchise fees were earned during December 31, 2022 and 2021.

Royalty revenue

The Company earns revenue from royalties on the licensing of the use of the intellectual property of the Company's parent and related parties. The Company must approve the use of the intellectual property prior to each specific application to ensure proper quality and a consistent image. The performance obligations of the on-going royalty fees are considered to be the advertising and other services provided. These fees are based on a percentage of sales by the franchisee and are recognized as the services are provided, the fees are charged, and when they are deemed collectible. The transaction price in these contracts is primarily fixed. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

The Company has elected a practical expedient available under Topic 606 and Topic 952 which allows it to recognize the royalty income as the franchisee's sales occur, rather than estimating the sales over the period of the agreement and recognizing ratably.

Royalty fees recognized as revenue during the years ended December 31, 2022 and 2021 and 2021 totaled approximately \$548,000 and \$195,000, respectively.

Training and support fee revenue

The performance obligations under these contracts are considered to be the services promised. The transaction price in these contracts is primarily fixed. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

Training and support fees recognized as revenue during the years ended December 31, 2022 and 2021 and 2021 totaled approximately \$110,000 and \$45,000, respectively.

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
CONTINUED

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED
ADVERTISING

The Company expenses advertising and marketing costs as they are incurred. Such costs totaled \$5,968 and \$18,301 for the years ended December 31, 2022 and 2021, respectively.

RECLASSIFICATIONS

Certain prior year amounts in the statement of income and changes in member's equity and the statement of cash flows have been reclassified to conform to the current year's presentation. The change resulted in the recognition of non-cash contributions and a decrease in net income (loss) in the amount of \$172,530 for the year ended December 31, 2021.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 21, 2023, the date on which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

At December 31, 2022 and 2021, the Company maintained balances due from related parties in the amount of \$1,312 and \$3,000, respectively. The Company also maintained balances due to other related parties totaling \$-0- and \$3,471 as of December 31, 2022 and 2021, respectively. All due to and due from balances are expected to be paid in full in a reasonable timeframe.

Certain administrative, marketing and technology services are provided to or on behalf of the Company by employees of the Company's parent or by related parties who share common ownership with the parent. The value of these services are determined by the parent, based upon actual costs and an allocation of the parent's corporate overhead. The value is recognized by the Company as general and administrative expenses but is not repaid to the parent. The value of these services incurred on behalf of the Company are recognized as non-cash contributions on the statements of income and changes in member's equity and totaled \$254,728 and \$172,530 during the years ended December 31, 2022 and 2021, respectively.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK & UNCERTAINTIES

The Company maintains franchise agreements with and receives fee revenues from franchisees with store locations in various geographical markets within the United States of America. Economic performance within these markets impacts the results of the Company's operations.

Accounts receivable inherently contain an element of credit risk. The Company manages this credit risk through credit monitoring procedures.

SUMMER MOON FRANCHISING, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

**SUMMER MOON FRANCHISING, LLC
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Member
Summer Moon Franchising, LLC
Austin, Texas

Opinion

We have audited the accompanying financial statements of Summer Moon Franchising, LLC (a Texas limited liability company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and changes in member's equity, and cash flows for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Summer Moon Franchising, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Summer Moon Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Summer Moon Franchising, LLC's ability to continue as a going concern within 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Summer Moon Franchising, LLC'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 Summer Moon Franchising, LLC'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.

Henry & Peter, P.C.

Tyler, Texas
April 29, 2022

SUMMER MOON FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 94,778	\$ 28,350
Accounts receivable	46,389	-
Due from related party	3,000	-
Total current assets	144,167	28,350
Total assets	\$ 144,167	\$ 28,350
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 8,201	\$ 310
Deferred revenue	12,500	-
Due to related parties	3,471	-
Total current liabilities	24,172	310
MEMBER'S EQUITY	119,995	28,040
Total liabilities and member's equity	\$ 144,167	\$ 28,350

SUMMER MOON FRANCHISING, LLC
STATEMENT OF INCOME AND CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES	
Royalty fees	\$ 194,998
Training and support fees	45,000
Total revenues	239,998
GENERAL AND ADMINISTRATIVE EXPENSES	
Operating income	167,776
OTHER INCOME	
Net income	\$ 91,955
Member's equity, beginning of year	28,040
Member's equity, end of year	\$ 119,995

SUMMER MOON FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	91,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in accounts receivable		(46,389)
Increase in due from related party		(3,000)
Increase in accounts payable		7,891
Increase in deferred revenue		12,500
Increase in due to related parties		3,471
Net cash provided by operating activities		66,428
Net increase in cash		66,428

CASH

Beginning of year		28,350
End of year	\$	94,778

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Summer Moon Franchising, LLC (the “Company”), a single member LLC, is primarily engaged in the sale of franchise agreements throughout the United States of America. The Company’s operations are exclusively for the benefit of its parent and related parties who share common ownership with the parent.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Revenues are recognized when earned and expenses and costs are recognized when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statement and notes. Actual results could differ from those estimates and assumptions.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. At December 31, 2021 and 2020, the Company maintained no such investments.

ACCOUNTS RECEIVABLE

Since the Company generally does not require collateral, any receivables it maintains are unsecured. Accounts receivable are carried at the original invoice amount, less any estimate made for doubtful accounts. Management estimates the allowance for doubtful accounts based on an analysis of historical write-offs and current past due accounts. Management considers receivables past due based on contract and invoice terms. Accounts deemed uncollectable are charged to the allowance for doubtful accounts, and recoveries of any written off receivables are recorded when received. As of December 31, 2021 and 2020, the Company estimated no allowance for doubtful accounts. There was no bad debt expense during 2021.

DEFERRED REVENUE

Deferred revenue is recognized for payments received from customers prior to completion of training and support services.

REVENUE RECOGNITION

The Company accounts for revenues under the revenue recognition guidance of the franchisor accounting standard, *Franchisors* (Topic 952), and *Revenue from Contracts with Customers* (Topic 606). Revenue recognition policies by source are as follows:

Franchise revenue

In connection with its franchising operations, the Company receives initial franchise fees. Franchise fees are non-refundable and are recognized as income when substantially all of the services to be performed by the Company and conditions relating to the sale of the franchise are performed or satisfied, which generally occurs concurrently with the execution of a franchise agreement. Under Topic 606, the Company has determined that the services provided in exchange for these upfront franchise fees contain separate and distinct performance obligations from the franchising right and, as such, are fully recognized upon execution of a franchise agreement. The transaction price is agreed upon in the contract.

In accordance with the operating agreement of the Company and its parent, all franchise fees collected by the Company are remitted to a related party. As the Company is operating in an agent capacity regarding these franchise fees, this revenue stream is presented net of amounts remitted to the related party. Gross amounts of initial franchise fees collected and remitted during the year ended December 31, 2021 totaled \$150,000.

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
CONTINUED

NOTE 1 - SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED
REVENUE RECOGNITION - CONTINUED

Franchise revenue - continued

Subsequent franchise fees for various events, such as transfers, are included in franchise revenue and are accounted for similarly to that of initial franchise fees. The transaction price is agreed upon in the contract and is recognized as revenue upon the occurrence of the event. No such franchise fees were earned during 2021.

Royalty revenue

The Company earns revenue from royalties on the licensing of the use of the intellectual property of the Company's parent and related parties. The Company must approve the use of the intellectual property prior to each specific application to ensure proper quality and a consistent image. The performance obligations of the on-going royalty fees are considered to be the advertising and other services provided. These fees are based on a percentage of sales by the franchisee and are recognized as the services are provided, the fees are charged, and when they are deemed collectible. The transaction price in these contracts is primarily fixed. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

The Company has elected a practical expedient available under Topic 606 and Topic 952 which allows it to recognize the royalty income as the franchisee's sales occur, rather than estimating the sales over the period of the agreement and recognizing ratably.

Royalty fees recognized as revenue during the year ended December 31, 2021 totaled approximately \$195,000.

Training and support fee revenue

The performance obligations under these contracts are considered to be the services promised. The transaction price in these contracts is primarily fixed. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

Training and support fees recognized as revenue during the year ended December 31, 2021 totaled approximately \$61,000.

INCOME TAXES

The Company is a single member LLC and is considered to be a disregarded entity for tax purposes. Accordingly, the income or loss of the Company is passed through to the member parent, a partnership, and taxed at the individual rates of partners for federal income tax purposes, as applicable.

ADVERTISING

The Company expenses advertising and marketing costs as they are incurred. Such costs totaled \$18,301 for the year ended December 31, 2021.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 29, 2022, the date on which the financial statements were available to be issued.

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
CONTINUED

NOTE 2 - RELATED PARTY TRANSACTIONS

At December 31, 2021 and 2020, the Company maintained balances due from a related party in the amount of \$3,000 and \$-0-, respectively. The Company also maintained balances due to other related parties totaling \$3,471 and \$-0- as of December 31, 2021 and 2020, respectively. All due to and due from balances are expected to be paid in full in a reasonable timeframe.

Certain administrative, marketing and technology services are provided to or on behalf of the Company by employees of the Company's parent or by related parties who share common ownership with the parent. While the Company shares in certain general and administrative expenses and pays for those services based on actual costs, the majority of the value of these services is not determined or charged to the Company.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK & UNCERTAINTIES

The Company maintains franchise agreements with and receives fee revenues from franchisees with store locations in various geographical markets within the United States of America. Economic performance within these markets impacts the results of the Company's operations.

Accounts receivable inherently contain an element of credit risk. The Company manages this credit risk through credit monitoring procedures.

During 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. As a result of the COVID-19 virus pandemic, there has been disruption in businesses and markets world-wide, including disruptions of supply chains and unavailability of personnel. Current economic and financial market conditions related to the COVID-19 virus pandemic could adversely affect the Company's results of operations in future periods. While the long-term effects are unknown, management has actively monitored conditions and believes the Company has the resources necessary to address current obligations.

SUMMER MOON FRANCHISING, LLC
FINANCIAL STATEMENT
DECEMBER 31, 2020

**SUMMER MOON FRANCHISING, LLC
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Member
Summer Moon Franchising, LLC
Austin, Texas

Report on the Financial Statement

We have audited the accompanying balance sheet of Summer Moon Franchising, LLC as of December 31, 2020, and the related notes (the "financial statement").

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Summer Moon Franchising, LLC as of December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Henry & Peters, P.C.

Tyler, Texas
June 25, 2021



**SUMMER MOON FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS

Cash	\$ 28,350
Total current assets	<u>28,350</u>

Total assets	<u><u>\$ 28,350</u></u>
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LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 310
Total current liabilities	<u>310</u>

MEMBER'S EQUITY

	<u>28,040</u>
Total liabilities and member's equity	<u><u>\$ 28,350</u></u>

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Summer Moon Franchising, LLC (the “Company”), a single member LLC, is primarily engaged in the sale of franchise agreements throughout the United States of America.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Revenues are recognized when earned and expenses and costs are recognized when incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statement and notes. Actual results could differ from those estimates and assumptions.

CASH AND CASH EQUIVALENTS

For financial statement purposes, the Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. At December 31, 2020, the Company maintained no such investments.

REVENUE RECOGNITION

The Company accounts for revenues under the revenue recognition guidance of the franchisor accounting standard, *Franchisors* (Topic 952), and *Revenue from Contracts with Customers* (Topic 606). Revenue recognition policies by source are as follows:

Franchise revenue

In connection with its franchising operations, the Company receives initial franchise fees. Franchise fees are non-refundable and are recognized as income when substantially all of the services to be performed by the Company and conditions relating to the sale of the franchise are performed or satisfied, which generally occurs concurrently with the execution of a franchise agreement.

Under the adoption of Topic 606, the Company determined that the services provided in exchange for these upfront franchise fees contain separate and distinct performance obligations from the franchising right and as such are fully recognized upon execution of a franchise agreement. The transaction price is agreed upon in the contract.

Initial franchise fees recognized as revenue during the year ended December 31, 2020 totaled approximately \$75,000.

Subsequent franchise fees for various events, such as transfers, are included in franchise revenue and are accounted for similarly to that of initial franchise fees. The transaction price is agreed upon in the contract and is recognized as revenue upon the occurrence of the event. No such franchise fees were earned during the year ended December 31, 2020.

Royalty revenue

The Company earns revenue from royalties on the licensing of the use of its intellectual property. The Company must approve the use of the intellectual property prior to each specific application to ensure proper quality and a consistent image. The performance obligations of the on-going royalty fees are considered to be the advertising and other services provided. These fees are based on a percentage of sales by the franchisee and are recognized as the services are provided, the fees are charged, and when they are deemed collectible. The transaction price in these contracts is primarily fixed in nature. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

SUMMER MOON FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2020
CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

REVENUE RECOGNITION - CONTINUED

The Company has elected a practical expedient available under Topic 606 and Topic 952 which allows it to recognize the royalty income as the franchisee's sales occur, rather than estimating the sales over the period of the agreement and recognizing ratably.

Royalty revenue recognized as revenue during the year ended December 31, 2020 totaled approximately \$13,700.

Training and support fee revenue

The performance obligations under these contracts are considered to be the services promised. The transaction price in these contracts is primarily fixed in nature. The Company satisfies its performance obligations over time as those services are performed whereby the customer simultaneously receives and consumes the benefits of such services under the agreement.

Training and support fee revenue recognized as revenue during the year ended December 31, 2020 totaled approximately \$10,000.

ACCOUNTS RECEIVABLE

Since the Company generally does not require collateral, any receivables it maintains are unsecured. Accounts receivable are carried at the original invoice amount, less any estimate made for doubtful accounts. Management estimates the allowance for doubtful accounts based on an analysis of historical write-offs and current past due accounts. Management considers receivables past due based on contract and invoice terms. Accounts deemed uncollectable are charged directly to bad debt expense. As of December 31, 2020, the Company maintained no accounts receivable.

INCOME TAXES

The Company is a single member LLC and is considered to be a disregarded entity for tax purposes. Accordingly, the income or loss of the Company is passed through to the member and taxed at the individual rates for federal income tax purposes, as applicable.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2021, the date on which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

In the normal course of business operations, the Company pays fees to a certain entity affiliated with the Company's member in exchange for support and other services performed. During the year ended December 31, 2020, fees paid to the related entity totaled \$75,000.

NOTE 3 - COVID-19 AND RECENT EVENTS

During 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. As a result of the COVID-19 virus pandemic, there has been disruption in businesses and markets world-wide. Current economic and financial market conditions related to the COVID-19 virus pandemic could adversely affect the Company's results of operations in future periods. While the long-term effects are unknown, management has actively monitored conditions and believes the Company has the resources necessary to address current obligations.

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

Summer Moon Franchising LLC
Financial Statements as of March 10, 2020

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Financial Statements

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Financial Statement:

Summer Moon Franchising LLC	
Assets	March 10, 2020
Current Assets	(Unaudited)
Accounts Receivable	\$10,000
Total Assets	\$10,000
Shareholders' Equity	
Shareholders' Contribution	\$10,000
Accumulate deficit	\$0
Total Shareholders' Equity	\$10,000

Summer Moon Franchising LLC

Notes to Financial Statements

March 10, 2020

1. Organization and Basis of Presentation

Background

Summer Moon Franchising LLC (the Company) was formed as a limited liability company in the State of Texas on March 4, 2020.

The Company was formed primarily for the purposes of serving as the franchisor and conducting the sale and servicing of franchises offered for the establishment of one or more Summer Moon Coffee Shops that offer and sell gourmet wood-fired coffees and teas, blended coffee and tea beverages, merchandise, baked goods, whole bean, and other food products and beverages (“Approved Products and Services”) from a fixed, physical location in a specific geographic area.

The Company was funded by an equity contribution totaling \$10,000 from its direct parent SummerMoon Holdings, LLC, a Texas limited liability company.

EXHIBIT J

STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR FRANCHISEES IN FRANCHISE REGISTRATION STATES ONLY**

The following only applies in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin:

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

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. Item 3 of the Disclosure Document is supplemented by the following language:

Neither we nor any person or franchise broker identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. Item 6 of the Disclosure Document is supplemented to reflect that 10% per annum is the highest interest rate allowed in California.

3. Item 17 of the Disclosure Document is supplemented by the following language:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement/Development Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement/Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement/Development Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement/Development Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement/Development Agreement requires submission of dispute to courts located in Texas. This provision may not be enforceable under California law.

The Franchise Agreement/Development Agreement requires you to waive your right to a trial by jury. This provision may not be enforceable under California law.

The California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

The Franchise Agreement/Development Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.

You must sign a general release if you transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California

Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.
5. OUR WEBSITE (www.summermoon.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

The State Cover Page and Item 17 of this disclosure document are amended by adding the following:

1. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.
2. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning non-renewal and termination of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.
3. Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act will be void and are deleted with respect to claims under the Act.
4. Section 41 of the Illinois Franchise Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 17, under the Summary column of parts (c) and (m), is amended to include the following paragraph:

A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17, under the Summary column of part (h), is amended to include the following sentence:

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Item 17, under the Summary column of part (v), is modified to include the words “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN**

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. The following is added to Item 17 of the Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Specifically, we cannot require you to consent to us obtaining injunctive relief, however, we may seek such relief through the court system.

Minn. Rule 2860.4400J prohibits us from requiring you to assent to a general release. To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Agreement will be considered amended to the extent necessary to comply with Minnesota law.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF 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 A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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. Item 3, "Litigation" is hereby amended by deleting the last paragraph in that Item and replacing it with the following language:

"Except as described in this Item:

Neither the franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under the franchisor's principal trademark:

A. 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, 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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of a 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.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any 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. Item 4, “Bankruptcy”, is hereby deleted in its entirety and the following language substituted in lieu thereof:

“Neither the franchisor, its affiliates, its predecessor, officers or general partner have during the 10-year period immediately before the date of this offering circular:

- (a) filed as a 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 the officer or general partner of the franchisor, held this position in the company or partnership.”

4. Item 5, “Initial Fees”, of the Disclosure Document is amended to provide that the initial franchise fee is used to cover the costs of training, support, software and for general corporate purposes.

5. Item 17, “Renewal, Termination, Transfer and Dispute Resolution”, is supplemented for the Development Agreement and Franchise Agreement, under the categories entitled “Termination by Franchisee” and “Assignment of Contract by Us” respectively, by the following language that will be deemed an integral part thereof:

In Item 17, section d., *Termination by Franchisee* - Notwithstanding any rights you may have in the Agreement permitting you to terminate the Agreement, the franchisee or area developer may also have additional rights to terminate the Agreement on any grounds available by law.

In Item 17, section j., *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 or area development agreement.

In Item 17, section w., *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 or upon the area developer by article 33 of the General Business law of the state of New York.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Items 6 and 17(i) of this disclosure document are amended to reflect that all liquidated damages provisions in the Development Agreement and Franchise Agreement are deleted in their entirety.
2. Item 17(r) of this disclosure document is amended to reflect that covenants not to compete such as those contained in the Development Agreement and Franchise Agreement are generally considered unenforceable in the State of North Dakota.
3. Item 17(v) of this disclosure document is amended to reflect that the jury trial waiver provisions in the Development Agreement and Franchise Agreement are deleted in their entirety.
4. Item 17(w) of this disclosure document is amended to reflect that the choice of law provisions in the Development Agreement and Franchise Agreement may not be enforceable in the State of North Dakota.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND**

The following language will apply to Disclosure Documents issued in Rhode Island and be attached by addendum to Agreements issued in the state of Rhode Island:

If any of the provisions of this disclosure document (Risk Factor 1., Cover Page, and Item 17) are inconsistent with §19-28.1-14 of the Rhode Island Franchise Investment Act, which states that a provision in an Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act, then said Rhode Island law will apply.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

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 ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Any securities offered or sold by the franchisee as part of the Summer Moon Coffee Shop must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

2. The Following Risk Factor is added to the State Cover Page:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$596,150 to \$986,500. This amount exceeds the franchisor's stockholder's equity as of December 31, 2022, which is \$196,802.

**ADDENDUM TO SUMMER MOON FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor 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 the franchisor including the areas of termination and renewal of your franchise.
3. 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, a franchisee 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.
4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.

State Effective Dates

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

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

State	Effective Date
California	Not Applicable
Hawaii	Not Applicable
Illinois	Pending
Indiana	Not Applicable
Maryland	Not Applicable
Michigan	Not Applicable
Minnesota	Not Applicable
New York	Not Applicable
North Dakota	Not Applicable
Rhode Island	Not Applicable
South Dakota	Not Applicable
Virginia	Pending
Washington	Not Applicable
Wisconsin	Pending

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

EXHIBIT K

RECEIPTS

ITEM 23

**RECEIPT
(Your copy to keep)**

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Summer Moon Franchising LLC offers you a franchise, it must provide this disclosure document to you at least 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. Under Michigan law, if applicable, Summer Moon Franchising LLC must provide this disclosure document to you 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York and Oklahoma law, Summer Moon Franchising LLC must provide this disclosure document to you at the earliest of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law, if applicable, Summer Moon Franchising LLC must provide this disclosure document to you at the earliest of the first personal meeting or 14 days before signing any contract or making any payment relating to the franchise relationship.

If Summer Moon Franchising LLC does not deliver this disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit A.

Date of Issuance: April 24, 2023

The name and address of our registered agent authorized to receive service of process is shown in Exhibit A.

The franchise sellers are Tom Deveney (Y/N), Sarah McKown (Y/N), Dustin Karnes (Y/N), Bruce Karnes (Y/N), Justin Terry (Y/N), Shannon Callender (Y/N) (circle as applicable) (each can be reached 1800 Elder Hill Road, Driftwood, Texas 78619 and 512-932-7764) and _____.

I have received a Disclosure Document dated April 24, 2023 that included the following Exhibits:

- A – State Administrators/Agents for Service of Process
- B – Franchise Agreement (including State Addenda)
- C – Development Agreement (including State Addenda)
- D – Confidentiality Agreement
- E – Franchise Application
- F – Table of Contents of Brand Standards Manual
- G – List of Current Franchisees
- H – List of Former Franchisees
- I – Financial Statements
- J – State Addenda to Franchise Disclosure Document
- K – Receipts

PROSPECTIVE FRANCHISEE:

Print Name: _____
Date: _____

PROSPECTIVE FRANCHISEE:

Print Name: _____
Date: _____

ITEM 23

RECEIPT

(Sign receipt and return to us)

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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- K – Receipts

PROSPECTIVE FRANCHISEE:

PROSPECTIVE FRANCHISEE:

Print Name: _____

Print Name: _____

Date: _____

Date: _____