

FRANCHISE DISCLOSURE DOCUMENT



Caribou Coffee Development Company, Inc.

(a Minnesota corporation)
3900 Lakebreeze Avenue N.
Minneapolis, Minn. 55429
(763) 592-2200
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www.cariboucoffee.com

A Caribou Coffee franchisee will operate a retail coffee shop business (a “**Coffeehouse**”) featuring, among other things, coffee and coffee-based or caffeinated beverages, teas and baked goods for on-premises and carry-out consumption, and related sales of retail items in a modern, technical environment.

We offer franchises for the operation of Coffeehouses of varying sizes: a “Chalet,” “Cabin,” and “Kiosk” (each of which are explained more fully in this Disclosure Document). The total investment necessary to begin operation of a “Chalet” Coffeehouse ranges from \$864,100 to \$1,429,000 (excluding lease). This includes \$40,000 to \$50,000 that is paid to us or our affiliates. The total investment necessary to begin operation of a “Cabin” Coffeehouse ranges from \$606,100 to \$937,000 (excluding lease). This includes \$40,000 to \$50,000 that is paid to us or our affiliates. The total investment necessary to begin operation of a “Kiosk” Coffeehouse ranges from \$279,100 to \$703,000 (excluding lease). This includes \$25,000 to \$35,000 that is paid to us or our affiliates.

If you sign a development agreement, your estimated initial investment under that agreement will vary depending on how many Coffeehouses you agree to develop. This includes a development fee that you must pay to us for each Coffeehouse to be developed, in the amount of the full initial franchise fee for the first Coffeehouse to be developed, and one-half of the initial franchise fee for each additional Coffeehouse to be developed. The total amount of Coffeehouses to be developed, and therefore the amount of the development fee, will be subject to our mutual agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact legal@cariboucoffee.com or contact us at: 3900 Lakebreeze Avenue N., Minneapolis, MN 55429 Attn: Franchise Disclosure or via phone at 763.592.2200.

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

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

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

The issuance date of this Franchise Disclosure Document is April 25, 2025.

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 Exhibit I.
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 G 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 "Caribou Coffee" business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a "Caribou Coffee" franchisee?	Item 20 or Exhibit I 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 C.

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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation and litigation in Minnesota. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Minnesota than in your own state.

Mandatory Minimum Payments. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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) in Exhibit H to see whether your state requires other risks to be highlighted.

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Item 1 The Franchisor and any Parents, Predecessors, and Affiliates

The Franchisor

The Franchisor is Caribou Coffee Development Company, Inc. In this disclosure document (“**FDD**”), we refer to “Caribou Coffee Development Company, Inc.” as “**we**”, “**us**”, “**our**” or “**CCDC**”. We were organized as a Minnesota corporation on October 21, 2004. We principally conduct business under the name “Caribou Coffee.” We do not do business under any other name. Our principal place of business is at 3900 Lakebreeze Avenue N., Minneapolis, Minnesota 55429. Our agents for service of process are listed on Exhibit D to this Franchise Disclosure Document.

Our Parents, Predecessors, and Affiliates

Our Business Experience, Parent and Predecessor

We grant franchises for coffeehouses under the “Caribou Coffee” name and marks (“**Coffeehouses**”). The first Coffeehouse opened in December 1992. We periodically have offered licenses or franchises for Coffeehouses since August 2006. We have not directly operated any company owned Coffeehouses, although our parent company, Caribou Coffee Company, Inc. (CCC) and affiliate Caribou Coffee Operating Company, Inc. (CCOC) have owned and operated Coffeehouses and continue to do so (all as described below). As of December 31, 2024, there were 152 franchised or licensed Coffeehouses in the United States, and 335 Coffeehouses operated by CCOC. We also grant franchises and licenses for Coffeehouses outside the United States.

We also offered franchises (by exemption) or licenses for coffee and bagel restaurants co-branded under the Caribou Coffee & Einstein Bros. Bagels trademark (referred to as “**Co-Brand Stores**”) from 2016 to 2019. The Co-Brand Stores sold coffees, teas, fresh-baked bagels, cream cheese and other spreads, soups, salads, sandwiches, and other food and beverage products. As of December 31, 2020, there were no franchised or licensed Coffee & Bagels Stores in the United States and all remaining company-owned stores were either converted to a Coffeehouse or an Einstein Bros. Bagels restaurant as of December 31, 2020.

We have no other business activities and we have never offered franchises or licenses in any other line of business.

Parents and Affiliates

Our parents and affiliates (all of whom have their offices at 3900 Lakebreeze Avenue N., Minneapolis, Minnesota 55429 and none of whom have offered franchises, except as otherwise indicated) include:

Caribou Coffee Company, Inc. (“ CCC ”), a Minnesota corporation, incorporated on September 18, 1992.	CCC is our corporate parent and predecessor. CCC operated Coffeehouses in the United States from 1992 until February 2020. CCC also has operated Co-Brand Stores in the United States since 2015. Between May 2004 and July 2006, CCC granted several licenses in the United States for airport-based “Caribou Coffee” Coffeehouses to several sophisticated, experienced national or regional multi-brand foodservice
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	operators that operated other coffeehouse concepts as part of their multi-brand foodservice operations. CCC also granted one international master license in 2004. That same international master licensee underwent an internal restructuring in 2024 and as a result CCC now has two international master licensees who, along with their respective affiliates, have been granted approximately 349 international unit licenses as of December 31, 2024. CCC no longer grants franchises or licenses for Coffeehouses in the United States, although it may continue granting international unit licenses. CCC has not offered franchises or licenses for Co-Brand Stores or in any other line of business.
Caribou Coffee Operating Company, Inc. (" CCOC "), a Minnesota corporation, incorporated on November 25, 2019.	In late 2019 and early 2020, CCC went through a corporate reorganization whereby the company-owned outlets and all assets were contributed to CCOC. CCOC has operated the company-owned Coffeehouses in the United States since February 2020. In addition, CCOC supplies certain Proprietary Products and Approved Products to franchisees, as noted in Item 8, below.
Arabica Funding, Inc., a Delaware corporation incorporated on Dec. 21, 2000 (" Arabica Funding ")	Arabica Funding owns our trademarks and licenses them to us.
Pine Merger Sub, Inc., a Minnesota corporation organized on Dec. 14, 2012.	On January 24, 2013, CCC completed a merger with Pine Merger Sub, Inc., a Minnesota corporation and an affiliate of JAB Beech, Inc., a Delaware corporation (" JAB Beech "). Upon the completion of the merger, Pine Merger Sub, Inc. merged with and into CCC, and CCC continued as the surviving corporation and as a wholly-owned subsidiary of JAB Beech, which resulted in a change in control of CCC, as well as CCDC. On March 25, 2013, all of the common stock of CCC held by JAB Beech was contributed to Peet's Coffee & Tea, Inc., a Washington corporation (" Peet's Coffee & Tea "), and a wholly owned subsidiary of JAB Beech.
Beech Leaf LLC, a Delaware limited liability company organized on September 24, 2014 (" Beech Leaf ")	In January 2015, CCC and all of its subsidiaries including CCDC, as part of a further reorganization, were contributed to Beech Leaf. Beech Leaf is a wholly-owned subsidiary of Beech Squirrel, Inc., a Delaware corporation organized on February 2, 2015 (" Beech Squirrel "), which is wholly-owned subsidiary of JAB Beech. As part of this reorganization, JAB Beech contributed the Einstein Noah Restaurant Group, Inc., a Delaware corporation (" ENRG "), and all of its subsidiaries to CCC. As a result of the contribution and subsequent reorganization in January 2015, CCC and Beech Leaf are considered the immediate parents of CCDC. The principal business address of JAB Beech, Beech Leaf, and Beech

	Squirrel is 1701 Pennsylvania Avenue NW, Suite 801, Washington, D.C. 20037.
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Additional affiliates are described below.

We do not offer franchises for our affiliates' other concepts. Additional information concerning those systems, including the location of their units, may be available on the affiliates' websites or through a separate disclosure document. The grant of a franchise for a Caribou Coffeehouse does not include any rights to any of our affiliates' concepts. Some of these affiliates' programs might be competitors to our franchise network given the products or services they sell. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Einstein and Noah Corp. ENRG owns all of the stock of Einstein Bros. Bagels Franchise Corporation ("**EBBFC**") and Einstein and Noah Corp. ("**ENC**"). EBBFC is a Colorado corporation formed February 8, 2016. ENC is a Delaware corporation incorporated on May 11, 2001 (originally as "Einstein Acquisition Corp."; its name was changed to Einstein and Noah Corp. on November 2, 2001). EBBFC and ENC maintain their principal place of business at 555 Zang Street, Suite 300, Lakewood, Colorado 80228. EBBFC has offered franchises for the "Einstein Bros. Bagels" system since June 2016; from 2006 to June 2016, ENC offered franchises for the "Einstein Bros. Bagels" system. ENC offered no other franchises and as of June 2016, no longer offers franchises in any line of business. ENC also operates "Noah's New York Bagel" and "Noah's Bagel" restaurants, but does not offer franchises for that system. ENC also operates a bagel dough manufacturing facility that sells products to its company-owned, franchised and licensed restaurants, as well as third parties. As of December 31, 2024, ENC had 352 company owned restaurants, and EBBFC and ENC together had 63 franchised restaurants and 274 licensed Einstein Bros. Bagels restaurants in the U.S.

Manhattan Bagel Company, Inc. ENRG owns all of the stock of Manhattan Bagel Company, Inc. ("**MBC**"), a New Jersey corporation. Its principal place of business is 1720 S. Bellaire St. Suite Skybox, Denver, CO 80222. MBC in turn owns and franchises restaurants under the "Manhattan Bagel" marks and franchise system. ENRG acquired the MBC stock and its assets on November 24, 1998. MBC has operated, and offered franchises to others to operate, "Manhattan Bagel" restaurants since 1987. As of December 31, 2024, MBC had no company owned and 68 franchised Manhattan Bagel stores in the U.S. "Manhattan Bagel" restaurants feature bagels and cream cheese, coffee, soups, salads, sandwiches, sweets, and related menu items as part of their core menu offerings.

Noah's New York Bagels Company. Noah's New York Bagels Company, a Minnesota corporation, operates restaurants under the "Noah's New York Bagel" and "Noah's Bagel" marks and system. Noah's New York Bagels Company's principal place of business is 555 Zang Street, Suite 300, Lakewood, Colorado 80228. As of December 31, 2024 (which was the end of last fiscal year), there were and no franchised or licensed, and 56 company-owned, "Noah's New York Bagels" or "Noah's Bagels" retail stores.

Peet's Coffee, Inc. Peet's Coffee, Inc., a Virginia corporation ("**Peet's Coffee**"), owns and operates "Peet's Coffee" retail coffee stores in the U.S., a business it has operated since 1966.

Since 2001, it also has licensed or franchised (by exemption) the use of the “Peet’s Coffee” marks to third parties that sell its products through retail stores. Peet’s Coffee’s principal place of business is 1400 Park Avenue, Emeryville, California 94608. As of December 31, 2024, Peet’s Coffee had 200 company or affiliate owned Stores and 56 licensed or franchised stores. In addition, Peet’s distributes Peet’s Coffee & Tea products through grocery stores and other chains of distribution. Peet’s Coffee & Tea stores sell coffee, tea, blended, iced and other beverages and café and bakery foods. In 2015, Peet’s also acquired a controlling interest in (i) Stumptown Coffee Corp., the owner and operator of 9 Stumptown Coffee Roasters retail coffee stores and 2 licensed stores as of December 31, 2024, and (ii) Intelligentsia Coffee Inc., the owner and operator of 14 Intelligentsia retail coffee stores and no licensed stores as of December 31, 2024. The principal business address of Stumptown Coffee Corp. is 100 SE Salmon, Portland, Oregon 97214. The principal business address of Intelligentsia Coffee Inc. is 1850 West Fulton Street, Chicago, Illinois 60612. Peet’s Coffee has not offered licenses or franchises in any other line of business.

Jacobs Douwe Egberts BR Comercialização de Cafés Ltda., a Brazilian entity (“**JDE Brazil**”), franchises “Café do Ponto” and “Casa Pilao” retail coffee stores through a master franchise agreement in Brazil. These stores sell coffees, teas, baked goods, sandwiches, and other beverages and food products. The principal business address of JDE Brazil is Av. Tamboré, 267, Loja 14, Térreo, CEP. 06460-000, Barueri, Estado de São Paulo, Brazil. According to information publicly available online, as of December 31, 2024, there were approximately 44 subfranchised “Café do Ponto” locations and approximately 16 “Casa Pilao” subfranchised locations in operation in Brazil. JDE Brazil began operating and franchising “Café do Ponto” stores franchises in 1998, although it no longer operates any “Café do Ponto” and “Casa Pilao” coffee stores and only grants unit franchises through its sole master franchisee. JDE Brazil has not sold franchises in any other line of business.

Krispy Kreme Doughnut Corporation (“KKDC”), a North Carolina corporation, is a franchisor and operator of “Krispy Kreme” shops, which offer a variety of doughnuts, beverages and other related products and services, and “doughnut factories,” which are manufacturing facilities that supply doughnuts and other products to Krispy Kreme shops, and to grocery and convenience stores for resale. “Krispy Kreme” was founded in 1937 and has been in the doughnut and coffee business continuously in various corporate forms since that time. KKDC, directly or through its predecessors, has offered “Krispy Kreme” franchises since the 1950’s. The principal place of business for KKDC is 370 Knollwood Street, Winston-Salem, North Carolina, 27103. As of December 31, 2024, KKDC had 263 company owned shops and doughnut factories and 96 franchised shops in the U.S. KKDC or its affiliates may directly or indirectly sell products under the name Krispy Kreme or related marks in other channels such as supermarkets, warehouse stores, over the internet and through other channels of distribution. KKDC has not sold franchises in any other line of business.

Panera Bread Company (“PBC”). On July 20, 2017, JAB Holding Company acquired PBC, a Delaware limited liability company. JAB Holdings B.V. is the indirect majority holder of Panera Brands, Inc., a Delaware Corporation (“**Panera Brands**”). Panera Brands indirectly owns all of the equity interest in PBC. PBC’s wholly owned subsidiary, Panera, LLC, a Delaware limited liability company, is a franchisor and operator of Panera Bread Bakery-Cafe stores, which offer a variety of fresh bakery goods, sandwiches, soups, salads, pasta dishes, custom-roasted coffee and other café beverages, and other items, including bagels. Panera, LLC has been franchising and operating company-owned Panera Bread Bakery-Cafes since December 1993. All Panera Bread Bakery-Cafes operate under the “Panera Bread” name except for company owned bakery-cafes located in the St. Louis, Missouri market area, which do business under the name “Saint Louis Bread Company.” The principal place of business for PBC and Panera, LLC is 1400 South

Highway Drive, Suite 100, Fenton, Missouri 63026. According to its franchise disclosure document, as of December 31, 2024, Panera, LLC had 1,105 franchised stores in the U.S. and 1,101 company owned stores.

Panera Bread (BC) ULC, a British Columbia unlimited liability company (“PBULC”). PBULC is an affiliate of PBC with a principal business address at 5625 Timberlea Boulevard, Mississauga, Ontario Canada. PBULC and its predecessor have been operating and franchising Panera Bread Bakery-Cafes in Canada since 2007. As of December 31, 2024, PBULC has 10 franchised and no company-owned Panera Bread Bakery-Cafes located in Canada.

Bruegger’s Enterprises, Inc. (“BEI”). On October 5, 2017, CCC acquired Bruegger’s Enterprises, Inc. (“BEI”). BEI does business under the “Bruegger’s” and “Bruegger’s Bagels” brands. Its retail stores sell bagels, coffee, tea and other café and bakery products and beverages. BEI is a Delaware corporation, which has been franchising or operating company owned outlets since 2003. Bruegger’s Franchise Corporation is the franchisor for BEI and as of December 31, 2024, there were 48 franchised and 130 company owned “Bruegger’s Bagels” stores in the U.S. Its principal place of business is 1720 S. Bellaire St. Suite Skybox, Denver, CO 80222.

Pret Intermediate Company, Inc. (“Pret”). Pret, a Delaware corporation, is the parent company for the Pret group, for which Pret A Manger (Europe) Ltd, a UK company, is the main operating entity. Pret operates fresh food and coffee retail shops in several markets around the world, primarily under the “Pret A Manger” and “Pret” brands as well as limited numbers of Veggie Pret and Petit Pret shop formats. The business was founded in 1986 in the UK. In addition to company owned shops, Pret has franchised the use of the “Pret A Manger” marks to third parties that sell its products through retail stores. Pret’s principal place of business is 75B, 10 Bressenden Place, London, SW1E 5DH, United Kingdom. Pret operates in several markets, and as of December 31, 2024, Pret operated 408 company owned shops and had 309 franchised shops, according to information publicly available online.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may have the option to (or we may require that you) purchase products or services from these affiliates. Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

The Franchise Offered

We offer franchises for the establishment and operation of “Caribou Coffee” businesses (“**Coffeehouse**”) that specialize in fresh roasted coffee beverages and baked goods for on-premises and carry-out consumption, as well as related sales of retail items in a modern, technical environment. Coffeehouses will be operated from an indoor structure that need not be free-standing, and decorated to meet our specifications (including the use of our trade dress, trademark, and design).

We offer three types of franchises for the operation of Coffeehouses at agreed-upon locations: “**Chalet**” and “**Cabin**” Coffeehouses that are operated at stand-alone or more traditional locations, and “**Kiosk**” Coffeehouses that are typically operated at non-traditional facilities, which includes, among other things, college campuses, schools, hotels, casinos, resorts, airports and other travel facilities; federal, state, or local government facilities (including military bases); Native American nations, theme and amusement parks; recreational facilities; healthcare facilities; seasonal facilities; corporate campuses; shopping malls; convenience stores; grocery stores; theaters; and sporting event arenas and centers. We offer franchises for three types of Coffeehouses:

Type of Coffeehouse	Description	Typical Size Range
<i>Chalet</i>	Our largest format, providing full line of beverages and full food menu with indoor seating (outdoor seating, if possible) which may be free-standing, endcap or inline tenant space. Drive-thru option available.	Approx. 1,600 - 2,000 sq. ft.
<i>Cabin</i>	Drive-thru only serving a full line of beverages and streamlined food menu with outdoor seating, which may be free-standing with a walk-up window or endcap tenant space.	Approx. 600 sq. ft.
<i>Kiosk</i>	Non-traditional Coffeehouse typically found in a host facility such as a shopping mall, public transportation facility, grocery store, university, hospital or similar venues. This format offers a full coffee bar, food options and seating options where space is available. Some locations may allow for a drive-thru.	Approx. 300 - 1,000 sq. ft.

Coffeehouses are characterized by our system (the “**System**”). Some of the features of our System are our distinctive products; signage; distinctive interior and exterior design and accessories; operational procedures; standards and specifications; quality of products and services offered; recipes and preparation techniques; management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts, menus, the Proprietary Marks (defined below), as well as advertising and promotional programs. We may periodically change parts of the System.

You must operate your Coffeehouse in accordance with our standards and procedures, as set out in our Confidential Operations Manual and related materials (the “**Manual**”). We will lend you, or make available electronically, a copy of the Manual for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the mark “Caribou Coffee” and any other trade names and marks that we designate in writing for use with the System (the “**Proprietary Marks**”).

We offer to enter into franchise agreements (“**Franchise Agreements**”) with qualified entities and persons (“**you**”) that wish to establish and operate Coffeehouses. (In this disclosure document, “you” means the person or legal entity with whom we enter into an agreement. The term “you” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the “franchisee.”) We will mutually agree on the type of Coffeehouse (Chalet, Cabin or Kiosk) that you will operate, and that will be reflected in your Franchise Agreement. We award franchises in our discretion, and in order to be qualified to become our franchisee, we will consider many factors that include, among other things, a prospective franchisee’s financial resources, educational and work background, personality fit, and ability to work with our team. A copy of the form Franchise Agreement is attached to this FDD as Exhibit A.

We may also offer area development agreements (“**Development Agreements**”) to qualified entities and persons (“**Developers**”) in the United States. The form of our Development Agreement is attached to this disclosure document as Exhibit B. If you sign a Development

Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Coffeehouses within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Coffeehouse will be constructed and operated under a Franchise Agreement. The Franchise Agreement for the first Coffeehouse developed under the Development Agreement will be in the form attached to the Development Agreement. The Franchise Agreement for each additional Coffeehouse developed will be in the form of the Franchise Agreement that we are generally offering to new franchisees at that time and may be different from the form of Franchise Agreement attached to this Disclosure Document.

Applicable Regulations

You must comply with all local, state, and federal laws that apply to your "Caribou Coffee" Shop operations, including for example health, sanitation, data privacy, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, restrooms, drinking facilities, etc. For example, you must obtain real estate permits (e.g., zoning), real estate licenses, and operational licenses. There are also regulations that pertain to handling consumer data, sanitation, healthcare, labeling, caloric information, nutrition disclosures, allergen disclosures, food preparation, food handling, and food service. You will be required to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Coffeehouse. You must also follow the Payment Card Industry Data Security Standards and comply with applicable privacy laws relating to customer credit card transactions. We recommend that you examine and consider the impact of these and all applicable laws, regulations, and standards before entering into any agreement with us. The laws in your state or municipality may be more or less stringent, and there may be specific laws or regulations in your state or municipality regarding the operation of a Coffeehouse. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Franchised Business' operation.

Competition

You can expect to compete in your market with locally-owned businesses, as well as with national and regional chains, that offer coffee and baked goods, and other items that may compete with the products offered at a Coffeehouse. The market for these items is well-established and very highly competitive. These businesses vigorously compete on the basis of factors such as price, service, store location, and product quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and travel patterns. To the extent that customers may be able to buy "Caribou Coffee" brand products from other sources (for example, other coffeehouses, retailers, or our website), you may appear to, or actually compete with other sellers of "Caribou Coffee" brand products.

Item 2

Business Experience

The following individuals have management responsibility for the sale or operation of the franchise offered by this disclosure document. Unless otherwise noted, their present place of business is in Minneapolis, MN.

Interim Chief Executive Officer and Chief Financial Officer: Scott Kennedy

Mr. Kennedy has been our Interim Chief Executive Officer since March 2025, and our Chief Financial Officer since October 2019. From August 2005 to October 2019, Mr. Kennedy held various executive roles at Target Corporation in Minneapolis, Minnesota, including VP Internal Audit, Corporate Controller, VP Pay & Benefits and President of Financial & Retail Services.

Chief Operating Officer: John Walbrun

Mr. Walbrun joined us in January 2018 and has served as our Chief Operating Officer since January 2022. He previously served as Senior Vice President, Supply Chain, Properties & US Retail from May 2021 to December 2021, Senior Vice President of Supply Chain and Properties from January 2019 to May 2021, Vice President Bruegger's and Senior Vice President, Operational Effectiveness from February 2018 to December 2018. From October 2015 to December 2017, Mr. Walbrun served as Vice President Customer Success Operations at SPS Commerce in Minneapolis, Minnesota.

Chief Legal Officer: Jessica Monson

Ms. Monson joined us in October 2019 and has served as our Chief Legal Officer since April 2023; previously having served as our Vice President, Legal and General Counsel from January 2021 to April 2023, and as our Associate General Counsel from October 2019 to December 2020. Ms. Monson served as General Counsel at Walser Automotive Group in Edina, Minnesota from January 2017 to October 2019. From April 2006 to January 2017, she served in various legal roles with Life Time, The Healthy Way of Life Company in Chanhassen, Minnesota.

Vice President, Controller: Tony Vincelli

Mr. Vincelli has been our Vice President and Controller since January 2024. Mr. Vincelli previously served General Mills, Inc., in Minneapolis, Minnesota as its Senior Finance Manager, Supply Chain Accounting, from March 2015 to January 2024.

Item 3 Litigation

No litigation is required to be disclosed in this Item.

Item 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5 Initial Fees**Initial Franchise Fee**

The initial franchise fee is as set forth below and will be due when you sign the Franchise Agreement. The initial franchise fee is nonrefundable and uniformly applied.

	Initial Franchise Fee
<i>Chalet</i>	\$30,000
<i>Cabin</i>	\$30,000

<i>Kiosk (non-traditional)</i>	\$15,000; \$7,000 for Kiosks located in a Non-Traditional Facility that is a university or hospital.
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Initial Inventory

Before you open for business, you must purchase certain initial inventory from us and our affiliates. This initial inventory will include coffee, beverage ingredients, food, and drinkware for in-shop beverage preparation, all branded paper products, and merchandise for retail sale, including bagged coffee, gear, apparel, and drinkware. We estimate that the cost of the initial inventory that you must buy from us will range from \$10,000 to \$20,000.

Development Agreement

If you enter into a Development Agreement, you must pay us a development fee in an amount equal to the initial franchise fee due under the Franchise Agreement for the first Coffeehouse, plus one-half of the initial franchise fee due under the Franchise Agreement for each additional Coffeehouse required to be developed under the Development Schedule (the “**Development Fee**”). By way of example, if your Development Schedule is for the development of three Cabin Coffeehouses, the Development Fee would be \$60,000 (\$30,000 for the first Initial Franchise Fee and \$15,000 for each of the additional two Initial Franchise Fees). The development fee must be paid in lump sum, is uniformly applied, and is non-refundable.

If you are in compliance with your obligations under the Development Agreement, then we will credit to you the portion of the Development Fee that you have paid toward the initial franchise fees due under the Franchise Agreement for each Coffeehouse that you are required to develop under the Development Agreement (with the understanding that the total of those credits will not exceed the Development Fee that you actually paid to us). By way of example, if you paid a Development Fee in the amount of \$60,000 for three Cabin Coffeehouses, you would be credited \$30,000 towards the Initial Franchise Fee for the first Coffeehouse; for your second Coffeehouse, you will be credited \$15,000; and for your third Coffeehouse, an additional \$15,000.

Item 6

Other Fees

Type of Fee	Amount	Due Date	Remarks
Royalty (Note 1)	<u>Cabin and Chalet:</u> 5% of Gross Sales <u>Kiosk:</u> 6% of Gross Sales (4% of Gross Sales for Kiosks located in Non-Traditional Facilities that are an airport, university, or hospital location)	Payable by 15th day of each Period (Note 3)	See Note 2 for the definition of Gross Sales.

Type of Fee	Amount	Due Date	Remarks
Minimum Royalty Fee	\$6,000 per year	As incurred	Beginning 12 months after you sign the Franchise Agreement, your annual Royalty payments to us must be at least \$6,000. If you have not paid this minimum amount of Royalties to us at the end of each year, you must immediately pay us the difference between the Royalties paid and this amount.
Marketing Contribution (Note 4)	Up to 3% of Gross Sales	Same as Royalty	Currently, allocated as 2% to the Brand Fund and 1% to be spent by you on local marketing and promotion. We have the right to change this allocation upon notice.
Supplier/Vendor or Supplies Approval (Note 5)	Cost of inspection of supplier's facilities and/or test of supplier's samples, plus our reasonable related costs and expenses to certify	Upon demand	Only due if you propose a new supplier or vendors (or particular suppliers) that we have not previously approved.
Product and Equipment Purchases	Will vary	Upon delivery or as agreed	We charge you for products and equipment you purchase from or through us.
Interest	Interest is 1.5% per month on missed, overdue, or insufficient payments	Upon demand	Only due if you do not make proper payment on time. Interest begins to accrue when payment was initially due. If a maximum interest rate applies under your state's law, then interest will not exceed that maximum rate.
Renewal Fee	<u>Cabin and Chalet:</u> Greater of \$15,000 or 50% of our then-current initial franchise fee <u>Kiosk:</u> Greater of \$1,500 or 10% of then-current initial franchise fee	Due when you sign the renewal agreement	Payable upon renewal of the Franchise Agreement on the terms described in that agreement. The renewal fee is due instead of a new initial franchise fee. There is no renewal under the Development Agreement.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	The greater of \$15,000 or 50% of our then-current initial franchise fee (or any additional amounts necessary to compensate us for our costs incurred in connection with the transfer), plus any applicable broker fees	At time of transfer	Only due if you propose a transfer. For a transfer upon disability or death of the franchisee's principal, we will not charge a transfer fee (but ask instead to be reimbursed for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting the transaction).
Securities Offering Fee	\$10,000 (or our reasonable costs and expenses, if more)	Upon demand	Only due if you or an affiliate engaged in a securities offering. You also must indemnify us (see below).
Relocation Fee	You must reimburse us for the costs and expenses we incur in connection with reviewing, approving, and documenting your relocation to a new location.	At time of relocation	Only due if you propose to relocate your Franchised Business.
Insurance	Actual costs	Upon demand	Only due if you fail to purchase the required business insurance, and we exercise our right to buy insurance for you (we are not obligated to do so).
Additional Training and On-site Assistance	Our then applicable fee per diem training charges (currently \$500 per day per trainer), plus the trainer's out-of-pocket expenses (travel, hotel and living expenses)	When incurred	If you require additional assistance or guidance, we will assist you at our then-current training rates, plus each trainer's travel, hotel and living expenses.
Conference Fees	Our then current conference fee, currently \$1,000 per attendee, as well as your attendees	As incurred	You must attend the conventions and meetings that we require and must pay this fee (if we charge a fee) for each person who is required to attend. You are also responsible for all of the other

Type of Fee	Amount	Due Date	Remarks
	expenses (travel, per diem, and hotel expenses)		costs of attendance (including travel, room and board, and your employees' wages, benefits and other expenses).
Technology Fee (Computer Systems, Maintenance, and Support)	Cost of Services We estimate approximately \$500 - \$1,000 per store per month	Monthly, or as incurred	This covers computer system support and ongoing development and software upgrades that we may provide to support your business, including the Caribou loyalty program. The amount of the fee will vary based on the technology package at your Franchised Business.
Tech Vendor Fees (Note 7)	Variable	As incurred	Fees by tech vendors that provide products and/or services to you beyond those covered by the Technology Fee must be paid directly to those vendors in the ordinary course of business. We may, however, enter into an arrangement with a tech vendor, in which case we reserve the right to collect these amounts directly from you and remit to the vendor.
Re-inspection Fee	\$1,500	Upon invoice	Note 7
Examination / Audit Fee	If Gross Sales are understated by 2% or more, you pay our audit costs, plus interest on understated amounts	Within 15 days after you receive our examination report	Note 8
Lost Future Royalties	The average of the monthly Royalty Fees due for the previous 12 months, multiplied by the lesser of 36 or the number of months remaining in the then-current term of the Franchise Agreement	Upon request	You must pay this if we terminate the Franchise Agreement as a result of your default or if you abandon the Franchised Business.
Indemnification	All costs and expenses,	Upon demand	Only due if the indemnification clause is involved. You will defend

Type of Fee	Amount	Due Date	Remarks
	including attorneys' fees		suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Coffeehouse, including related securities offerings.
Cost of Enforcement or Defense (Note 9)	Will vary under circumstances	Upon demand	See Note 9

Notes to Item 6 table:

1. **Fees.** The fees listed in the Item 6 tables are payable only to us or our affiliates (except for the Additional Tech Vendor Fees, which may be paid to a vendor). All fees due to us or our affiliates (such as Royalty Fees, Brand Fund contributions, amounts due for your purchases from us or our affiliates, and other amounts due under the Franchise Agreement) must be paid through electronic funds transfer (using the ACH network). We may debit this account to collect these amounts. You must keep a sufficient balance in the account from which the ACH deductions are made to pay all of the fees due under the Franchise Agreement. We have the right to change payment method requirements. None of the fees payable to us or our affiliates are refundable. All of the fees payable to us or our affiliates are uniformly imposed and collected. However, in some instances in which it was appropriate to do so, we have waived some or all of these fees for a particular franchisee or licensee.

We have the right to adjust, for inflation, the fixed-dollar amounts under the Franchise Agreement (except for the Initial Franchise Fee) to reflect changes in the Index from the year in which you signed the Franchise Agreement. The term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we have the right to designate a reasonable alternative measure of inflation.

2. **Gross Sales.** As used in the Franchise Agreement, means all revenue from the sale of all Retail Products and Services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: **(a)** sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; **(b)** revenue you derive from issuing or selling gift or loyalty cards (although revenue that you derive from selling Retail Products or Services to customers who use such cards for payment will be included in Gross Sales); **(c)** discounts and promotions provided to customers as part of reasonable discount and promotion campaigns conducted in the ordinary course of business; and **(d)** the amount of any documented refunds or credits the Franchised Business in good faith gives to customers (if those amounts were originally included in Calculating Gross Sales).
3. **Accounting Period.** As used in the Franchise Agreement, the term "**Period**" means an accounting interval that we will periodically designate during the calendar year which will be either: (a) a weekly interval; or (b) a four or five-week accounting interval during the calendar year for the purpose of organizing books and records (typically, with 12 Periods in one year). We will establish what the Period will be with reasonable advance written notice to you.

4. **Marketing Contribution.** In certain limited circumstances, we have the right to allow Kiosks operated in non-traditional facilities to pay a reduced Marketing Contribution. We have the right to reduce these contributions and may do so (whether on a temporary or some other basis) in some markets, but not others.
5. **Supplier/Vendor, Supplies Approval.** If you wish to sell or use any product that we have not already approved, or buy products from a vendor that we have not already approved, you must follow the procedure under the Franchise Agreement. Among other things, that includes submitting samples of the proposed item as well as other information, for inspection and testing. You or the proposed vendor will pay the reasonable cost of the inspection and evaluation and the actual cost of any testing.
6. **Tech Vendors Fees.** These fees are applicable to software or technology vendors that we may require in order to operate a Coffeehouse including music licensing fees, learning management system fees, our quality assurance software fees, and other similar technology or software fees to assist you in running your Franchised Business.
7. **Reinspection Fee.** If we inspect the Coffeehouse and determine that it does not comply with all System Standards and specifications, we may require you to pay us an amount not to exceed \$2,500 for each re-inspection of the Coffeehouse plus travel, hotel and living expenses for the personnel administering the re-inspection.
8. **Inspection or Audit.** If we conduct an inspection or audit of your records and find that any payments due to us have been understated or underpaid, then you must immediately pay us, upon demand, the understated or underpaid amount plus interest from the date any amount was due until paid. If an inspection or audit shows that the information provided to us was materially inaccurate or misleading (or it cannot be determined whether it was materially inaccurate or misleading because you did not maintain and preserve the required records), then you also must reimburse our costs and expenses, including accounting and attorneys' fees connected with the inspection or audit. An understatement of Gross Sales or underpayment of 2% or more in any report is deemed to be materially inaccurate and misleading.
9. **Cost of Enforcement or Defense.** If a claim for amounts you owe to us is asserted in any legal proceeding before a court of competent jurisdiction, or if we or you must enforce the Franchise Agreement or Development Agreement or a related agreement (including non-compete agreements) in a judicial or arbitration proceeding, we will be entitled to reimbursement of our costs, including reasonable accounting and attorneys' fees, resulting from this proceeding. You also will be responsible for our costs of enforcement if your personnel do not comply with their confidentiality or non-competition obligations. This fee will only become due if: (i) you are in default under the Franchise Agreement or Development Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) in enforcing or terminating the agreement; (ii) if we successfully defend claims from you regarding the Franchise Agreement or Development Agreement; or (iii) if we incur costs in your defense except where a court with competent jurisdiction determines the claim or expense was caused solely by our gross negligence or willful misconduct.

Item 7**Estimated Initial Investment****YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount			Method of Payment	When Due	To Whom Payment Is Made
	Kiosk	Cabin	Chalet			
Development Costs						
Architecture and Design Fees (Note 1)	\$5,000 to \$25,000	\$20,000 to \$30,000	\$35,000 to \$50,000	As incurred	As incurred	Third Parties
Leasehold Improvements / Construction Costs (Note 1)	\$45,000 to \$275,000	\$150,000 to \$255,000	\$300,000 to \$575,000	As incurred	As incurred	Third Parties
Furniture, Fixtures & Eqpt (Note 2)	\$155,000 to \$230,000	\$260,000 to \$315,000	\$360,000 to \$490,000	As incurred	As incurred	Approved Suppliers
Signage (Note 2)	\$5,000 to \$15,000	\$55,000 to \$90,000	\$40,000 to \$80,000	As incurred	As incurred	Approved Suppliers
Subtotal for Leasehold Costs	\$210,000 to \$545,000	\$485,000 to \$690,000	\$735,000 to \$1,195,000			
Other Pre-Opening Costs						
Initial Franchise Fee (Note 3)	\$7,000 - \$15,000	\$30,000	\$30,000	Lump Sum	When you sign the Franchise Agreement	Us
Lease (Note 4)	Note 4	Note 4	Note 4	As incurred	As incurred	Landlord
Business Licenses and Permits (Note 5)	\$100 to \$2,000	\$100 to \$2,000	\$100 to \$2,000	As incurred	As incurred	Government Agencies
Initial Inventory (Note 6)	\$10,000 to \$15,000	\$12,000 to \$20,000	\$12,000 to \$20,000	As incurred	As incurred	Us, Approved Suppliers

Type of Expenditure	Amount			Method of Payment	When Due	To Whom Payment Is Made
	Kiosk	Cabin	Chalet			
Technology Costs (Note 7)	\$24,000 to \$31,000	\$29,000 to \$36,000	\$32,000 to \$39,000	As incurred	As incurred	Approved Vendors
New Store Opening Launch Program (Note 8)	\$3,000 to \$6,000	\$10,000 to \$15,000	\$10,000 to \$15,000	As incurred	Before and during opening	Various
Professional Fees (Note 9)	\$5,000 to \$15,000	\$5,000 to \$25,000	\$5,000 to \$25,000	As incurred	As incurred	Accountants, Attorneys, and Consultants
Initial Training Expenses (Note 10)	\$3,000 to \$9,000	\$3,000 to \$9,000	\$3,000 to \$9,000	As incurred	As incurred, payment terms with Suppliers and Employees	Suppliers and Employees
Additional Funds (3 months) (Note 11)	\$17,000 to \$65,000	\$34,000 to \$110,000	\$37,000 to \$94,000	As incurred	After opening	Various
Subtotal for Other Pre-Opening Costs	\$69,100 to \$158,000	\$123,100 to \$247,000	\$129,100 to \$234,000			
Total Estimated Initial Investment (excluding Lease)	\$279,100 to \$703,000	\$606,100 to \$937,000	\$864,100 to \$1,429,000			

Notes:

We do not offer direct or indirect financing for any part of the initial investment. We do not guarantee your note, lease or obligations. None of the fees payable to us or our affiliates is refundable. We cannot estimate whether and to what extent fees payable to third parties may be refunded.

The estimates in this Item 7 also vary depending on whether you are going to operate a Kiosk, Cabin, or Chalet (as indicated in the above tables). The data presented in this Item 7 is a compilation of financial information of our parent entity that has not been audited and is based on our parent's experience in building and owning Coffeehouses primarily in the Upper Midwest of the United States.

1. **Architect and Design Fees and Construction Costs.** Leasehold improvement costs may include demolition of existing improvements; electrical; plumbing; prefabrication and installation of fixtures; flooring materials; owner-supplied materials, carpentry and similar work; project administration; sewer access charges and water access charges, and contractor's fees. The exact costs will depend on several factors, including the condition of the premises, whether you elect to do more than the minimum required renovations, the landlord's agreement to reimburse you for certain improvements, the size and location of the premises for your Coffeehouse and other economic factors. Our experience is that landlords may provide an allowance to offset the cost of Leasehold Improvements and that may range from \$90,000 to \$110,000 for a Cabin and \$75,000 to \$200,000 for a Chalet. This tenant improvement allowance varies significantly and will depend on the agreement with the landlord and a variety of factors including your creditworthiness, the location and condition of the building, and the term length of the lease. The extent of the required leasehold improvements may vary widely depending upon the condition of the existing leaseholds and modifications required to accommodate a coffee shop operation.

The estimate in the table assumes that you will be able to negotiate tenant improvement funding from the landlord in the ranges noted above.

If you incur higher costs (for example, if you select upgrades or costs are higher in your area), then your total expenditure will be higher as well.

2. **Furniture, Fixtures, Equipment, and Signage.** You must furnish your Franchised Business in accordance with our standards. This will include certain required equipment, furniture and fixtures. These costs will vary depending on the size and condition of the location at which you are developing the Franchised Business, but will include among other things the purchase and installation of espresso machines, water treatment equipment, grinders, brewers, scale, ice machine, sinks and faucets, refrigerators, freezers, carbonation equipment, ovens, mixers, display cases, tables, chairs, menu boards, millwork, office equipment, storage shelving, security equipment and interior store signage, which may vary in size and illumination. If exterior signage is required with a Kiosk, this will add additional expense.
3. **Initial Franchise Fee.** The initial franchise fee is \$7,000 - \$15,000 for a Kiosk and \$30,000 for a Chalet or a Cabin, as described in Item 5, and is used to defray our costs for providing training, promotional assistance and materials, site selection guidance, and other services. If you have also signed a Development Agreement, and you are in compliance with your obligations under the Development Agreement and all of your Franchise Agreements, then we will apply the portion of the Development Fee you have paid towards the initial franchise fee for the Coffeehouse to be developed under the Development Agreement.
4. **Lease.** You must purchase or lease a space at which to operate your Coffeehouse. Locations for Coffeehouses can vary significantly depending on format.
 - A typical Kiosk format will be in a non-traditional facility within a business or a public venue or will be dependent on one main business or organization as its primary host facility and customer traffic generator. A Kiosk may or may not include a drive thru.
 - Our Chalet format (which may include a drive thru) is typically on the end of a strip shopping center or a stand-alone building.
 - To date, our drive thru Cabin format has been exclusively a stand-alone building on developer lots with good street and traffic visibility.

We estimate that your lease payments covering three months' rent will range from \$30,000 to

\$40,000 (Cabin or Chalet), which includes common area maintenance (CAM), taxes and insurance (if applicable). For a Kiosk, we estimate your lease payments covering three months' rent will range from \$7,500 to \$45,000, which includes common area maintenance (CAM). We also anticipate that you will pay a security deposit equivalent to one month's rent.

Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided based on factors such as competition and market conditions in your area, the type and nature of improvements needed to the premises, the size of the Coffeehouse, the terms of the lease, and the desirability of the location. If you cannot negotiate a pre-opening rent abatement, your costs will be higher. If you choose to buy (instead of leasing) the real estate for your Coffeehouse, you will incur additional costs that we cannot estimate.

5. **Business Licenses and Permits.** This estimate includes costs relating to business license requirements, health and safety regulations (including occupancy), employment regulations, food handling regulations. You should not consider this list as comprehensive. The laws in your state, county or municipality may be more or less stringent. You should examine these laws before purchasing a franchise from us. You may need to hire accountants and/or legal counsel to assist you in obtaining required licenses and permits and other legal compliance, which is shown as a separate entry in the above chart.
6. **Initial Inventory.** This includes food and beverage inventory items, small wares, uniforms and paper supplies. This range will cover non-perishable inventory requirements for 1 to 2 weeks and your initial perishable inventory requirements (dairy, fresh bakery, and food items and other perishables purchased from approved suppliers). We are not able to estimate the impact on the cost of products and services resulting from events that affect the price of commodities like coffee, such as through the implementation or removal of new or increased tariffs.
7. **Technology Costs.** The estimated initial investment includes costs related to the purchase of POS System hardware and software as well as drive-thru equipment. We estimate that the POS system, including network setup will cost in the range of \$29,000-\$36,000 for a Cabin and \$32,000 to \$39,000 for a Chalet. For drive-thru technology equipment, we estimate that the cost will be in the range of \$14,000 to \$18,000 per Coffeehouse and is included in the above estimates. This includes a point-of-sale system, employee scheduling and timekeeping software, servers, routers, cabling, monitors, computer cameras, communication equipment and drive-thru specific technology and equipment. You must use a point-of-sale system (including computer hardware and software) that meets our minimum specifications. Your point-of-sale system must have the systems or components necessary for you to access and process our gift and loyalty cards and satisfy any other specifications we periodically describe. (See Items 8 and 11). Specifications regarding drive-thru technology will be provided in our build out plans and related standards.
8. **New Store Opening (NSO) Launch Program.** You will be required to spend the amount specified in your Franchise Agreement on grand opening marketing and promotional programs in conjunction with the initial launch of your Franchised Business, which is currently at least \$3,000 (for a Kiosk), \$8,000 (for a Cabin), and \$10,000 (for a Chalet). These programs include marketing spanning from 60 days before opening to no later than 60 days post-opening, and may include digital advertising, influencer campaigns, discount offers, banners, point-of-purchase materials, and event sponsorships.
9. **Professional Fees.** The estimate is for legal, accounting, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise

Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary.

10. **Initial Training Expenses.** You are responsible for making arrangements and paying the expenses for any persons attending the training program, including but not limited to, transportation, lodging, meals and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate provided contemplates the training of two people (your "Operating Owner," if applicable, and Certified General Manager) for approximately 30 days in accordance with the training schedule in Item 11.
11. **Additional Funds.** The estimate of Additional Funds (working capital) for the initial phase of your Coffeehouse business is based on recurring expenses and operating expenses for the first three months of operation. To compile this Additional Funds estimate, we relied on our parent's 20+ years of constructing, developing, and operating Coffeehouses. You will need working capital to support on-going start-up expenses (in addition to the items identified separately in the table) if these expenses are not covered by sales revenue. Additional start-up expenses include payroll costs but not any owner's draw or salary. New Coffeehouses often generate negative cash flow for some time period. This is only an estimate, and you may need additional working capital during the first three months you operate your Coffeehouse and for a longer time period afterward. Your costs will depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; the relative effectiveness of staff you may employ, local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and your Coffeehouse's sales during the initial period.

You will need capital to support on-going expenses, such as payroll, utilities and business insurance coverage under the required minimums under your Franchise Agreement, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Our estimate is based on our own business experience and information and that of our parent and affiliates. Insurance coverage with the required minimums under your Franchise Agreement, is required both before and after you open your Franchised Business. The cost of insurance will vary based on the type of policies procured, nature and value of physical assets, gross revenues, number of employees, square footage, geographical location, size, and contents of the business, and other factors bearing on risk exposure.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

Item 8 **Restrictions on Sources of Products and Services**

Required Purchases of Goods and Services

You must operate the Franchised Business in conformity with the methods, standards, and specifications that we require (whether in the operations Manual resources or otherwise). Among other things, these standards require that you must:

- sell or offer for sale only those Products and services, using the equipment and other items, that we have approved in writing for you to offer and use at your Franchised Business;
- sell or offer for sale all those Products and services, using the equipment and other items, and employing the techniques that we specify in writing;
- not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;
- stop using and offering for use any Products or services that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

We have the right to designate only one supplier for certain items used at the Franchised Business in order to take advantage of marketplace efficiencies. We are presently the only approved supplier for coffee and most beverage, food, merchandise, and packaging items. We are also the only approved supplier for most foodservice supplies, furniture, fixtures, and equipment that you are required to purchase for the operation of your Franchised Business. The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items. You must use only displays, forms and other paper and plastic products imprinted with the trademarks.

We estimate that the cost of your purchases and leases from sources that we either designate or approve, as well as purchases in accordance with our standards and specifications, will be over 95% of the total costs of establishing and operating a Coffeehouse.

You must allow us or our agents, at any reasonable time, to inspect the Franchised Business and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

You must offer for sale, and honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile payment and/or customer affinity applications). You must abide by the written standards we establish with respect to the loyalty program and gift card residual value. For this purpose, you must purchase the software, hardware, and other items needed to facilitate the loyalty program, and sell and process gift cards.

Approval of Alternative Suppliers

If you want to buy any supplies, or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, provided approval in writing for the proposed new supplier. In certain cases, the approval may be approved only on a per location basis. We will provide our decision within sixty days after we have received your proposal. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors:

- whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications;

- whether the supplier has adequate quality controls, insurance, capability, and capacity to supply the System's needs promptly and reliably;
- whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies;
- whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require;
- whether the goods or services purchased from the suppliers uphold our standards and the integrity of our products and processes;
- whether any requested deviations in equipment, tools, and smallwares adhere to our current recipes and Manual; and/or standard operating procedures.
- whether the supplier, in good faith, will work in conjunction with our current tools and systems.

Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers.

Our criteria for approving a proposed supplier include various quality related factors, including for example the supplier's history, its other production work, product quality, quality controls, and related benchmarks. We typically will provide you with our response to a proposed new supplier within 30-45 days, but that may vary depending on factors such as the nature of the item that is proposed for our consideration and the supplier's cooperation and response. We have the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria (if we revoke our approval, we will notify you in writing). You may not buy items from any supplier that we do not approve in writing, and you must stop buying items from any supplier that we may have approved but later disapprove.

Any approved alternate suppliers will be required to, and must be able to, upload and maintain specifications for any approved products within our then-current product specification tracking system. Specifications may include, but not be limited to, food safety documentation for vendor facilities and specifications for individual products.

We (and possibly one of our affiliates) are the only designated supplier for certain items (including coffee for use in store and some retail items including bagged coffee, merchandise, and apparel) that you must buy for the operation of your Franchised Business. None of our officers own any interest in any other approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon franchisee purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment and other items. We may either retain the credit of any volume discounts, rebates or incentives

received as a result of your purchases or contribute all or a portion of them to the Brand Fund, should such a fund be established.

We will derive revenue as a result of franchisee and licensee purchases of Products and services described in this Item 8. During our 2024 fiscal year, we received \$22,610,680 in revenue from purchases made by licensees, which represented 77% of our total revenue of \$29,364,016.

We have no purchasing or distribution cooperatives at the current time. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products or services to some or all of the Coffeehouses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of Coffeehouses.

We have the right to negotiate prices and terms with suppliers for the benefit of our franchisees. We also reserve the right to control access to our negotiated pricing agreements and limit access to only our preferred vendors if we so choose.

We do not provide material benefits to franchisees based on a franchisee's purchase of particular products or services or use of a designated or approved supplier.

Insurance

You are required to obtain and maintain, throughout the term of the Franchise Agreement, certain minimum insurance types and coverages, including:

- commercial general liability insurance protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Coffeehouse and protecting against assumed or contractual liability under the Franchise Agreement with respect to the Coffeehouse and your operations, with such policy to be placed with minimum limits of \$2,000,000 combined single limit per occurrence and \$4,000,000 general aggregate per location;
- products & completed operations liability insurance in an amount not less than \$2,000,000 per occurrence and \$4,000,000 in the aggregate;
- automobile liability insurance in an amount not less than \$2,000,000 combined single limit for bodily injury and/or property damage claims per occurrence;
- statutory workers' compensation insurance as required by law in each state where work is being performed and employer's liability insurance with a minimum limit of \$1,000,000 each accident, bodily injury by accident; \$1,000,000 policy limit, bodily injury by disease and \$1,000,000 each employee bodily injury by disease; plus other coverage required where the Coffeehouse is located;
- cyber liability insurance limits of liability not less than \$1,000,000 each occurrence and in the aggregate;
- employment practices liability insurance with limits of liability not less than \$1,000,000 each occurrence and in the aggregate;

- foodborne illness coverage must be included within the general liability coverage noted above, with coverage of at least \$1,000,000 combined single limit for both bodily injury and property damage;
- commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, and employers liability) to not less than \$5,000,000 each occurrence, \$5,000,000 general aggregate, and \$5,000,000 products/completed operations aggregate;
- property insurance providing all risk coverage/all risk perils for direct physical loss or damage to real and personal property in minimum coverage of \$1,000,000 for the building and \$250,000 for contents coverage including the perils of flood and earthquake; and
- any other insurance coverage that is required by federal, state, or municipal law.

These policies must all include us and any entity in which we have an interest, as well as our affiliates, and each of our respective members, managers, shareholders, directors, officers, partners, employees, servants, and agents, as additional insured parties.

Item 9**Franchisee's Obligations**

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	§§ 1.2, 5 of Franchise Agreement; Ex. A of Development Agreement	11, 12
b.	Pre-opening purchase/leases	§§ 5, 6, 7, and 14 of Franchise Agreement	11
c.	Site development and other pre-opening requirements	§§ 3.2, 5.2, 5.4, and 5.7 of Franchise Agreement; § 10 of Development Agreement	5, 6, 7, 11
d.	Initial and ongoing training	§§ 3.1 and 6 of Franchise Agreement	11
e.	Opening	§§ 3.3, 3.7, 5.1, 5.4, 5.7 and 8.2 of Franchise Agreement	5, 6, 7, 11
f.	Fees	§§ 2.2.6, 4 and 16.5.9 of Franchise Agreement; § 4 of Development Agreement	5, 6
g.	Compliance with standards and policies/operating manual	§§ 1.5, 3.4, 5, 7, 8.1, and 10 of Franchise Agreement	8, 11, 15

	Obligation	Section in Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	§§ 1.1 and 9 of Franchise Agreement; § 8 of Development Agreement	13, 14
i.	Restrictions on products/services offered	§§ 1.5 and 7 of Franchise Agreement	8, 16
j.	Warranty and customer service requirements	§ 8 of Franchise Agreement	15
k.	Territorial development and sales quotas	§ 1.3 of Franchise Agreement; § 2 and Ex. A of Development Agreement	12
l.	Ongoing product/service purchases	§ 7 of Franchise Agreement	8
m.	Maintenance, appearance and remodeling requirements	§§ 5 and 8.6 of Franchise Agreement	11
n.	Insurance	§ 15 of Franchise Agreement; § 11.2 of Development Agreement	7, 8, 11
o.	Advertising	§§ 3.5, 3.6 and 13 of Franchise Agreement	6, 11
p.	Indemnification	§ 21 and Ex. C of Franchise Agreement; §§ 11.8 and 15 of Development Agreement	14
q.	Owner's participation/management/staffing	§ 8.7 of Franchise Agreement	11, 15
r.	Records and reports	§§ 4.2, 12 and 15.7 of Franchise Agreement	6, 11
s.	Inspections and audits	§§ 3.7, 8.11 and 12 of Franchise Agreement	6, 11
t.	Transfer	§§ 8.10, 16 and 19.5 of Franchise Agreement; §§ 11.3 and 12 of Development Agreement	17
u.	Renewal	§ 2.2 of Franchise Agreement	17
v.	Post-termination obligations	§§ 11.1.1, 12.1.2, 18, 19.3 and 19.5 of Franchise	17

	Obligation	Section in Agreement	Disclosure Document Item
		Agreement; § 11.5 of Development Agreement	
w.	Non-competition covenants	§ 19 of Franchise Agreement; § 11.6 of Development Agreement	17
x.	Dispute resolution	§ 27 of Franchise Agreement; § 11.13 of Development Agreement	17
y.	Taxes/permits	§§ 5.4, 8.8 and 20 of Franchise Agreement; § 11.7 of Development Agreement	Not applicable
z.	Other: Personal Guarantee	Ex. B to Franchise Agreement; Ex. B to Development Agreement.	Not applicable

Item 10**Financing**

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

Item 11**Franchisor's Assistance, Advertising, Computer Systems, and Training**

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

Pre-Opening Assistance:

Before you open your Franchised Business, we will:

1. Provide services in connection with your site, including:
 - General site selection guidelines, counseling, and assistance as we deem advisable (*Franchise Agreement, Section 1.2*);
 - One on-site evaluation without a separate charge upon receipt of a completed site selection package submission (*Franchise Agreement, Section 1.2*);
 - Written notice of site acceptance or rejection of the proposed site within 30 days of receiving your site selection package submission (*Franchise Agreement, Section 1.2*);
 - Review of lease, sublease, design plans, and renovation plans for the Coffeehouse (*Franchise Agreement, Section 3.3*);
2. Make available our standard layout, design and image specifications for a Coffeehouse, including:

- Plans for exterior and interior design and layout (*Franchise Agreement, Section 3.3*);
 - Written specifications for fixtures, furnishings, equipment, and signage (*Franchise Agreement, Section 3.3*), including the names of approved suppliers (however, we do not supply these items directly nor do we assist with delivery or installation);
3. Provide you with a copy of the Manual (as more fully described below in this Item 11 of this FDD) (*Franchise Agreement, Section 3.5*);
 4. Provide you with training (as more fully described below in this Item 11 of this FDD) (*Franchise Agreement, Section 3.1*);
 5. Provide such on-site pre opening and opening supervision and assistance that we think is advisable. (*Franchise Agreement, Section 3.4*);
 6. Assist you in developing your New Store Opening Marketing (NSO) Launch Program (*Franchise Agreement, Section 3.6*); and
 7. Inspect and evaluate the Franchised Business before it first opens for business (*Franchise Agreement, Section 3.8*).

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Assistance:

We are required by the Franchise Agreement to provide certain assistance and service to you during the operation of your Franchised Business:

1. Provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine (*Franchise Agreement, Section 3.9*);
2. Periodically offer you the services of certain representatives of ours, such as field consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations (*Franchise Agreement, Section 3.9*); and
3. Provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper (*Franchise Agreement, Section 6.4*).

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Site Selection

When you enter into the Franchise Agreement, if you do not have an Accepted Location for the Franchised Business, you must sign the "Site Selection Addendum" attached to the Franchise Agreement as Exhibit G. You may have obtained an Accepted Location and a lease for the Accepted Location before entering into the Franchise Agreement; if not, then you must enter into the Site Selection Addendum. Under the terms of the Site Selection Addendum, unless otherwise approved by us, you will have 90 days within which to lease, sublease or acquire a site for the Franchised Business, subject to our approval according to our site selection guidelines.

Under the Site Selection Addendum, we will grant you an area within which you may search for an Accepted Location (the “**Site Selection Area**”). The Site Selection Area is granted only for the purpose of selecting an Accepted Location for the Franchised Business. We will not establish, nor franchise another to establish, a Coffeehouse operating under the System within the Site Selection Area until we approve of an Accepted Location for the Franchised Business, or until the search period in the Site Selection Addendum expires, whichever happens first. We will also furnish site selection guidelines to you, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable.

You must submit to us, in the form we specify, a copy of the site plan and such other materials or information that we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed site for the Accepted Location of the Franchised Business. If we do not approve a proposed site by written notice to you within this 30-day period, the site will be deemed disapproved.

We may perform an on-site evaluation if we determine it is necessary but may not do so in all cases. We will not provide an evaluation for any proposed site before we have received from you a completed site approval form for the site as noted above. Once authorized, the site for the Franchised Business will be the “Accepted Location.”

When considering a site for a Coffeehouse, we consider factors such as general location and neighborhood; demographics; size and ease of access to the proposed site; location of the site in relation to other businesses; availability of utilities; the proposed lease or sublease; ingress and egress; utilities; and zoning issues. We will make our site-selection criteria available to you upon request. We do not typically own the premises for franchised Coffeehouses and lease those out to franchisees.

If you fail to acquire or lease a site for the Franchised Business under the Site Selection Addendum within the time required, that will constitute a default under the Franchise Agreement and we will have the right to terminate the Franchise Agreement.

Typical Length of Time Before Start of Operations:

You must open your Franchised Business within one year from the date you sign the Franchise Agreement. If you do not do so, that will be a default under the Franchise Agreement.

We estimate the length of time between the signing of the Franchise Agreement and the time you open your Franchised Business at 180 to 365 days. Factors that may affect this time period include your ability to acquire financing or permits, build out your location, have signs and equipment installed in your location, and complete the required training. You should have a suitable location and signed lease within 90 days of signing the Franchise Agreement.

Advertising:

For each Period, you must contribute or spend an amount equal to 3% of the Gross Sales of the Franchised Business for marketing (the “**Marketing Contribution**”). We will have the right to allocate your Marketing Contribution among the following: (a) the Brand Fund; (b) the Regional Fund established for your area (if there is one; we are not required to establish a Regional Fund for your

area); and (c) for you to spend on local marketing and promotion. Currently, we allocate the Marketing Contribution as follows:

2% of Gross Sales	To be contributed to the Brand Fund; and
1% of Gross Sales	For you to spend on local marketing and promotion.

We have the right to periodically change the allocation of the Marketing Contribution. If we make a change, we will give you notice of that change, which will take effect at the end of that Period.

Brand Fund. The Brand Fund, all contributions to and earnings from the Brand Fund, will be used only (except as otherwise provided below) to meet the franchise system's pro rata portion of any and all costs of maintaining, administering, directing, creating, conducting, and preparing marketing, marketing, public relations and promotional programs and materials, engaging media placement agencies, and conducting any other activities that we believe will enhance the image of the System. This includes, among other things, the costs of preparing and conducting media marketing campaigns; direct mail marketing; marketing research; public relations activities; employing marketing or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Coffeehouses operated under the System. The Brand Fund may engage in local, regional and national marketing initiatives. We will have the sole right to decide how the Brand Fund creates, places, and pays for marketing. The following provisions (and others in the Franchise Agreement) will apply:

- (1) We will have sole decision-making authority and direction over all marketing programs, and any concepts, materials, and media used in such programs.
- (2) The Brand Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Brand Fund as shown on our books.
- (3) Although once established the Brand Fund is intended to be of perpetual duration, we will have the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for marketing purposes.
- (4) None of the amounts that we will collect in connection with the Brand Fund will be used for marketing that is principally a solicitation for the sale of franchises. The Brand Fund is not required to spend any amounts on advertising in your Protected Territory. We may, but are not required to, contribute to the Brand Fund for the Coffeehouses we or our affiliates operate.
- (5) (a) We will provide an annual unaudited accounting of that fund, from our books, and that accounting will be made available to you upon request; (b) we will not be required to spend any particular amount on marketing in the area where your Franchised Business is located; and (c) if there are unspent amounts in the Brand Fund at fiscal year-end, those amounts are carried over by the Brand Fund for expenditure in the following year. We do not currently have an advertising council composed of franchisees that advises us on advertising policies.

In our fiscal year ended December 31 2024, the Brand Fund was expended as follows:

Media Placement	45%
Brand Creative	16%
Point of Purchase Materials	19%
Digital and Loyalty	19%

Regional Fund. If we have two or more franchisees operating in the same geographic region, or other circumstances arise that suggest it would be helpful, we have the right (but not the obligation) to establish a Regional Fund for that region. We do not currently have any Regional Funds. If we establish a Regional Fund for your area, the following provisions (and others in the Franchise Agreement) will apply:

- (1) If a Regional Fund for the geographic area in which the Franchised Business is located has already been established when you start operating under the Franchise Agreement, then you will have to immediately become a member of that Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is later established, then you would have to join that Regional Fund within thirty days after we give you notice that the Regional Fund is established. You will not be required to join more than one Regional Fund.
- (2) Each Regional Fund will be organized and governed in a form and manner, and start operations on a date, that we have approved, in writing. Voting will be on the basis of one vote for each Coffeehouse (regardless of number of owners or whether the Coffeehouse is franchised or owned by us or our affiliates).
- (3) Regional Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing. Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written consent.
- (4) Although, if established, a Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

Local Marketing. You may be required to spend a certain amount on local marketing and promotion on a continuous basis throughout the term of your Franchise Agreement. Currently, this requirement is set at a minimum of 1% of your Gross Sales.

- (1) Local marketing and promotion includes only the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying.
- (2) We will apply certain criteria in reviewing and evaluating the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans. If we do not give our approval within 14 days, we will have been deemed to disapprove the plans

or materials. Any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property.

- (3) We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- (4) You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

New Store Opening Marketing Launch Program. You are also required to spend at least either \$3,000 (Kiosk), \$8,000 (Cabin), or \$10,000 (Chalet) for grand opening marketing and promotional programs in conjunction with the Coffeehouse's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**New Store Opening Marketing Launch Program**"). The New Store Opening Marketing Launch Program must begin sixty days before the scheduled opening date for your Franchised Business and must be completed no later than sixty days after the Franchised Business starts to operate. The New Store Opening Marketing Launch Program will be subject to our marketing standards and requirements.

Franchisees with Kiosk Coffeehouses in certain non-traditional facilities (such as hospitals, airports, etc.) may contribute at a reduced rate. We may reduce the Marketing Contribution (in some markets, we have already done so), and we may do so (whether on a temporary or some other basis) in some markets but not others.

Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site (defined below) relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term "**Digital Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). As a condition to granting consent, we will have the right to establish any requirement that we deem appropriate, including for example a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Computer Requirements:

We have the right to require you to use certain brands, types, makes, and/or models of communications, computer systems, hardware, and software to be used by, between, or among Coffeehouses, and in accordance with our standards, including:

1. back-office systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at Coffeehouses, between or among Coffeehouses, and between and among the Coffeehouse, and you, and us;
2. point-of-sale (POS);

3. physical, electronic, and other security systems and measures;
4. printers and other peripheral devices;
5. archival back-up systems;
6. internet access mode (e.g., form of telecommunications connection) and speed;
7. A minimum of 5G wireless backup internet service.
8. technology used to enhance and evaluate the customer experience;
9. digital and virtual menu boards and related technology, hardware, software, and firmware;
10. front-of-the-house Wi-Fi and other connectivity service for customers;
11. cloud-based back-end management systems and storage sites;
12. in-shop music systems;
13. consumer-marketing oriented technology (including affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites); and
14. any other computer software programs or accounting system software we may develop or have developed for us, which you must install and maintain according to our standards.

You must install, use, maintain, update, and replace (as needed) the computer system and required software at your own expense. You must pay us or third party vendors the initial and ongoing fees in order to install, maintain, and continue to use the required software, hardware, and other elements of the computer system. You must implement and periodically make upgrades and other changes (at your expense) to the computer system and required software as we reasonably request, and there are no contractual limitations to such upgrades and changes. These upgrades and changes may be in conjunction with a minor refurbishment or as otherwise needed.

We estimate that the cost of purchasing the required Computer System hardware and software will typically range from \$18,000 and \$23,000 (for a Kiosk), \$27,000 to \$32,000 (for a Cabin) and \$30,000 to \$36,000 (for a Chalet).

The estimated annual cost of computer maintenance, support, and upgrades is \$4,800 to \$9,600 (although if you choose more expensive equipment or high levels of computer support and training, your costs will go up). Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software.

You must comply with all specifications that we issue with respect to the computer system and the required software, and with respect to computer upgrades, at your expense. Under the Franchise Agreement, you must afford us independent, unimpeded, and complete access to your computer system and required software, including all information and data maintained thereon, in the manner, form, and at the times that we request. We will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

Manual:

We will loan you a copy of our Manual (as defined in Item 1, and in such format as we deem appropriate) for your use during the term of the Franchise Agreement. The Manual contains our standards and specifications for you to follow in the operation of your Franchised Business. The Manual will at all times remain our sole property and you will agree under the terms of the Franchise Agreement to treat the Manual as confidential and to promptly return any and all copies to us following termination or expiration of the Franchise Agreement. (*Franchise Agreement Section 10*).

We reserve the right to periodically update and modify the contents and format of the Manual. The Table of Contents of the current Manual is found as Exhibit F to this Disclosure Document. There are 1,184 total pages in the Manual.

Training:

You must designate at least one individual you select, and we approve, who will be trained as a **"Certified General Manager"** for the Coffeehouse, and who must attend and successfully complete our Certified General Manager Training Program. The individual must be responsible for the daily operations of the Coffeehouse and oversee the training of Coffeehouse personnel. The individual you send to training must successfully complete the training program (including passing operations and proficiency tests) to our satisfaction, and upon successful completion, will be designated as a "Certified General Manager." The Coffeehouse must at all times be under the active management of a Certified General Manager. The Certified General Manager must devote the time necessary to operate the Coffeehouse properly and to train and supervise other Coffeehouse personnel.

We will provide our Certified General Manager training program to you for no additional charge for one individual as previously described. Our Certified General Manager training program is 240 hours and will take 30-45 (approximate) to complete. The training programs focus on our System Standards, reviews the Brand Manual and the material aspects of operating a Coffeehouse. At your option and expense, we will also provide our Certified General Manager training program for up to four additional managers or supervisors during the initial term of the Franchise Agreement. Training will take place at our training center in Minneapolis, Minnesota, or at a certified training Coffeehouse that we designate. You will pay all travel, hotel and living expenses for those individuals attending training, and for their wages and workers' compensation insurance during training.

We may require you, at your expense, to send your Certified General Manager(s) and additional personnel to be trained to other training course seminars, and other training programs we may reasonably require at the times and locations that we designate. You will pay our then applicable charges and for all travel, hotel and living expenses for those individuals attending training, and for their wages and workers' compensation insurance during training. We may also require you to enroll each of your employees in web-based training programs relating to the products and services that will be offered to customers of the Coffeehouse. We will bear the cost of providing the instruction and required materials, except for additional replacement training. You are responsible for making arrangements and paying all of the expenses, wages, and compensation of your staff that attends the training program.

If your Certified General Manager departs his or her management position with you, you must provide a replacement manager or supervisor who attends and successfully completes our Certified General Manager training program within 45 days after the former manager's responsibilities or employment ended. You will pay for all travel, hotel and living expenses and for such manager's wages and workers' compensation insurance during training. We reserve the right to apply reasonable charges for training additional Certified General Managers or retraining any existing Certified General Manager(s).

You may request additional on-site training assistance or guidance from us for a reasonable daily fee, plus our reasonable travel, hotel, and living expenses. You understand and agree that any specific ongoing training or advice we provide does not create an obligation to continue to provide that specific training assistance or advice, all of which we may discontinue and modify.

We may periodically request that you attend certain meetings or conventions and pay a reasonable fee (if we charge a fee) for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for all of the other costs of attendance, including travel, room and board, and your employees' wages, benefits and other expenses. In no event will we require attendance at such conventions or meetings more than once per year.

The initial training program is supervised by Jonathan Hock, our Director of Global Franchise Operations, who has six years of experience with the subjects taught and with us.

Instructional materials include our Manual including its appendices, and related workbooks and our Manager in Training Overview. Approximate hours for our training program are listed below. The Minneapolis Support Center referred to below is located at the Caribou Coffee's World Headquarters in Brooklyn Center, Minnesota.

**TRAINING PROGRAM
CERTIFIED GENERAL MANAGERS
(KIOSK, CABIN and CHALET)**

Role Base Training	Training Hours	Location
Team Member	75-100 Hours	
Welcome to The Bou Crew	1-2 Hours	In-Store
Barista	16-24 Hours	E-Learning & In-Store
Greeter & Drive Thru	16 –40 Hours	E-Learning & In-Store
New Team Member Certification	30-60 Minutes	E-Learning & In-Store
Shift Leader	32-42 Hours	
New Team Member Role Base Training		E-Learning & In-Store
Being of a Leader	2-3 Hours	E-Learning & In-Store
Shift Lead Phase I	20 Hours	E-Learning & In-Store
Shift Lead Phase II	10 Hours	E-Learning & In-Store
* Shift Lead Phase III (ServSafe)	10 Hours	E-Learning & In-Store
Assistant Manager	44 Hours	

New Team Member & Shift Leader		E-Learning & In-Store
Being of a Leader	2-3 Hours	E-Learning & In-Store
SL Phase I & II	30 Hours	E-Learning & In-Store
SL Certification	1 Hour	E-Learning & In-Store
AGM Certification	10 Hours	E-Learning & In-Store
Certified General Manager	36-54 Hours	
TM/SL/AGM Certification		E-Learning & In-Store
Leadership: Yourself	2-3 Hours	E-Learning & In-Store
Leadership: Your Team	2-3 Hours	E-Learning & In-Store
Onboarding & Role Based Training	2-3 Hours	E-Learning & In-Store
Team Management	2-3 Hours	E-Learning & In-Store
Team Communication	1-2 Hours	E-Learning & In-Store
Staffing Planning with the Caribou Staffing Template	2-3 Hours	E-Learning & In-Store
TeamWorx: Scheduling for Business Impact	2-3 Hours	E-Learning & In-Store
Guest Experience	3-4 Hours	E-Learning & In-Store
Community Involvement & Do-Good	1-2 Hours	E-Learning & In-Store
Marketing & Driving the Business	2-3 Hours	E-Learning & In-Store
Crunchtime: Big Picture Impacts	1-2 Hours	E-Learning & In-Store
Crunchtime: Sales Forecasting	2-3 Hours	E-Learning & In-Store
Crunchtime: Weekly Review	1-2 Hours	E-Learning & In-Store
Crunchtime: Reporting	2-3 Hours	E-Learning & In-Store
Crunchtime: Inventory Management	3-4 Hours	E-Learning & In-Store
Equipment & Maintenance	2-3 Hours	E-Learning & In-Store
Food Safety & Health Audits	1-2 Hours	E-Learning & In-Store
Store Financials	5-6 Hours	E-Learning & In-Store

OPENING ASSISTANCE PROGRAM FOR KIOSK, CABIN and CHALET

At your request or if we otherwise determine, when the Coffeehouse is ready to open for business, we will send a store opening specialist to the Coffeehouse for up to 14 days before opening and five days after opening to assist with the Coffeehouse opening process. The opening assistance program is described further below.

Subject	Training Hours (Classroom)	Training Hours (On-The-Job)	Location
Orientation	5	0	Franchisee's Coffeehouse
Guest Service	0	24	Franchisee's Coffeehouse
Coffee Production/Tasting	3	4	Franchisee's Coffeehouse
Food Production/Serving	0	8	Franchisee's Coffeehouse
Beverage production	0	24	Franchisee's Coffeehouse
Drive Thru Training (if Applicable)	0	12	Franchisee's Coffeehouse
TOTALS	8	72	

All initial training required under the Franchise Agreement must be completed to our satisfaction before your Franchised Business may open for business, which must occur within 12 months following the effective date of the Franchise Agreement.

Item 12

Territory

Franchise Agreement

Under the Franchise Agreement, you have the right to establish and operate one Coffeehouse at a specific accepted location. After an Accepted Location has been agreed upon, we will determine whether there will be an area surrounding that location that will be granted certain protections as noted below (a "**Protected Territory**"). Not all franchisees will be granted a Protected Territory. We will determine whether to grant a Protected Territory, and its size, based on a number of factors, such as the character of nearby businesses, drive times, demographics, and other physical and commercial characteristics of the location and trade area. If we grant you a Protected Territory, then during the term of the Franchise Agreement, we will not operate, nor will we grant to any other party the right to operate, a Coffeehouse within the Protected Territory (so long as you and your affiliates are in compliance with the terms of the Franchise Agreement and any other agreements with us and our affiliates relating to any Coffeehouses).

If we grant you a Protected Territory, the size of the Protected Territory will be based on a number of factors, such as the character of nearby businesses, drive times, demographics, and other physical and commercial characteristics of the location and trade area. There is no minimum area you will receive as a Protected Territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

We reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. There is no minimum sales requirement, market penetration or other contingency that will affect your right to operate your location during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business, without our written consent, which we are not required to give. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days. If you do not identify a site within this time period, we may terminate the Franchise Agreement.

We may, but have no obligation to, consider granting to you the right to establish additional Coffeehouses under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Coffeehouse in an area and at a location we approve. Unless we agree otherwise, the Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Coffeehouses regardless of location and may operate other kinds of businesses in any location. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service, including a product or service similar to those you will sell at your Franchised Business. There are no limitations on us soliciting or accepting orders from inside the area near your store (including by Alternative Distribution Channels (as explained below), and we will not compensate you for sales we might make there or elsewhere.

The Franchise Agreement grants you only the right to operate your Franchised Business, and does not grant you any right to engage into other business opportunities for the sale and distribution of “Caribou” products or services through any other channel. You may offer and sell products and services only from the Accepted Location of your Franchised Business and not from any other location, and you may not solicit or accept orders from outside your Protected Territory (if you are granted a Protected Territory).

Development Agreement

If you are a Developer and you comply with your obligations under the Development Agreement, we will not establish or license anyone other than you to establish Coffeehouses under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Development Agreement, except that we will reserve all of the rights described below. As a result, you will not receive an exclusive territory under a Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will not receive the right to acquire additional franchises in your area.

Except for the requirement that you be in compliance with your obligations under the Development Agreement (including for example the Development Schedule), continuation of your rights under the Development Agreement is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. If you fail to meet the development schedule, you will be in default under the Development Agreement and we reserve the right to terminate the Development Agreement for that default. We may not modify your territorial rights. We will approve sites for Coffeehouses under a Development Agreement using the then-current site criteria we use at the time(s) requested.

Our Reservation of Rights – Franchise Agreement and Development Agreement

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- to establish, and license others to establish, Coffeehouses anywhere outside the Protected Territory/Development Area;
- to establish, and license others to establish, Coffeehouses at any Non-Traditional Facility (as defined below) inside or outside the Protected Territory/Development Area, regardless of proximity to the Approved Location/Development Area;
- to establish, and license others to establish, businesses that are not operated under the System and that do not use the Proprietary Marks licensed to you under the Franchise Agreement, even if those businesses offer or sell products that are the same as or similar to the Products offered from the Franchised Business, regardless of such business' proximity to the Approved Location/Development Area;
- to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Coffeehouse inside the Protected Territory/Development Area);
- to sell products or services through any method that is not a Coffeehouse (including alternative distribution channels such as e-commerce, consumer packaged goods and foodservice), anywhere.

The term “**Non-Traditional Facility**” includes college campuses, schools, hotels, casinos, resorts, airports and other travel facilities; federal, state, or local government facilities (including military bases); Native American nations; theme and amusement parks; recreational facilities; healthcare facilities; seasonal facilities; corporate campuses; shopping malls; convenience stores; grocery stores; theaters; and sporting event arenas and centers.

We will not compensate you for making any sales within your Protected Territory/Development Area pursuant to the rights we reserve above.

Item 13

Trademarks

We will license you under the Franchise Agreement the right to use certain Proprietary Marks, including the principal marks described below:

Mark	Registration No.	Registration Date
CARIBOU COFFEE	1,839,091	June 7, 1994
CARIBOU COFFEE & Leaping Caribou Design	1,841,047	June 21, 1994
CARIBOU COFFEE	2,609,319	August 20, 2002
CARIBOU COFFEE & Leaping Caribou Design and Shield Design in Color	3,878,884	November 23, 2010
CARIBOU COFFEE & Leaping Caribou and Shield Design	3,878,886	November 23, 2010
CARIBOU COFFEE & Leaping Caribou Design and Shield Design in Color	3,941,677	April 5, 2011

Mark	Registration No.	Registration Date
CARIBOU	5,809,806	July 23, 2019
CARIBOU	5,809,807	July 23, 2019
CARIBOU	5,809,808	July 23, 2019

Our affiliate, Arabica Funding, owns the registrations noted above, which appear on the Principal Register of the U.S. Patent and Trademark Office (USPTO). Arabica Funding has filed and intends to file when due, affidavits of use and affidavits of incontestability, as well as a renewal application, for the marks listed above. Arabica Funding has licensed CCC to use the Proprietary Marks, and we entered into an intellectual property license with CCC on June 20, 2006

Arabica and CCC entered into an Amended and Restated Trademark License Agreement on Aug. 20, 2024, and CCC and CCOC entered into an IP Cross License Agreement on that same date (together, the “**TM License Agreements**”), under which we are licensed to use the Proprietary Marks and related intellectual property and to sublicense that to franchisees operating Coffeehouses. The TM License Agreements do not expire until our business of operating and licensing others to operate Coffeehouses ceases. CCC may terminate the TM License Agreements upon notice if we fail to correct a material breach after notice. If the TM License Agreements end, we no longer will have the right to use or sublicense the intellectual property, and you may be required to use alternative trademarks. No other agreements materially limit our right to use or license the Proprietary Marks.

There are no currently effective determinations of the USPTO, the trademark administrator of this state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols which is relevant to their use in this state or any other state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

We have the right to substitute different Proprietary Marks for use in identifying the System if our currently owned Proprietary Marks no longer can be used or if we determine that updated or changed Proprietary Marks will be beneficial to the System. In such circumstances, you must adopt the new Proprietary Marks at your expense.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things that, in our counsel's opinion, may be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in

doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

Item 14

Patents, Copyrights, and Proprietary Information

We and our affiliates own common law copyrights in the Manuals, our recipe books, certain drawings, and advertising materials, and we will make these available to you. These materials are our proprietary property and must be returned to us upon expiration or termination of the Franchise Agreement.

We will provide to you, under the terms of the Franchise Agreement, standard floor plans and specifications for construction of a Coffeehouse. You may be required to employ a licensed architect or engineer, who will be subject to our reasonable approval, to prepare plans and specifications for construction of your Franchised Business, based upon our standard plans. These revised plans will be subject to our approval. You will be entitled to use the plans only for the construction of a single Coffeehouse at the site approved in the Franchise Agreement, and for no other purpose. We will require your architect and contractor to agree to maintain the confidentiality of our plans and to assign to us any copyright in the derivative plans they create.

There are no currently effective determinations of the USPTO, U.S. Copyright Office, or any court concerning any copyright. There are no currently effective agreements under which we derive our rights in the copyrights and that could limit your use of those copyrighted materials. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Franchise Agreement impose any other obligation upon us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manual. We will lend you one set of our Manual, which we have the right to provide in any format we choose (including paper or digital), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Manual, any other Manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Manual and the related materials, in whole or in part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always maintain the security of the Manual.

We may periodically revise the contents of the Manual, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, the version of the Manual (that we maintain) will be controlling.

Confidential Information

Except for the purpose of operating the Coffeehouse under the Franchise Agreement, you may never (during the term of the Franchise Agreement and later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the

Coffeehouse that may be communicated to you or that you may learn by virtue of your operation of a Coffeehouse. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Coffeehouse. Any and all information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require each of your Principals and your Store Managers to sign confidentiality covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or Franchised Business. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current forms for this agreement are attached as Exhibit F to the Franchise Agreement. Once signed, you must provide us a copy of each executed confidentiality agreement.

Patents

No patents are material to the franchise. If it becomes advisable to us at any time to acquire a patent, you will be obligated to use the acquired patent as we may require.

Item 15 Obligation to Participate in the Actual Operation of the Franchise Business

The Franchise Agreement requires that you (or your Operating Owner or one of your designated management personnel who will assume primary responsibility for the franchise operations and who we have previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the Franchised Business, and must successfully complete the initial training program. Your Franchised Business must be managed at all times by you (or your Operating Owner or Certified General Manager) or by a manager who has completed our initial training program to our satisfaction. The Operating Owner must own at least 10% of the voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Operating Owner to hold a smaller interest. You must obtain personal guarantees and covenants from your management personnel, supervisors, and principals including commitments regarding confidentiality, Proprietary Marks, and non-competition. Depending on the circumstances, we may require your spouse to also sign a personal guarantee.

Item 16 Restrictions on What Franchisee May Sell

You must offer and sell only those goods and services that we have approved. We may change the approved product offerings and any related merchandising and promotional materials at any time.

All food and beverage products must be prepared and served only by properly trained personnel in accordance with the Manual. All items offered from Franchised Business will be sold only at retail to customers unless otherwise approved by us.

We may set reasonable restrictions on the maximum and minimum prices you may charge for the products and services offered and sold at the Franchised Business.

We may prescribe standard uniforms and attire for all Coffeehouse personnel. You may obtain such uniforms and attire from any manufacturer or distributor, so long as the uniforms are of a reasonable quality and conform to our specifications.

We have the right to add other authorized goods and services that you must offer. These changes also may include new, different or modified equipment or fixtures necessary to offer such products and services. There are no limits on our right to make these changes.

Item 17**Renewal, Termination, Transfer and Dispute Resolution****THE FRANCHISE RELATIONSHIP**

The tables that follow list important provisions of the Franchise Agreement and Development Agreement, which are attached as Exhibit A and Exhibit B to this Disclosure Document. Please read the portions of the agreement referred to in this chart for a full explanation of these key provisions.

FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	10 years after the date the Franchised Business opens and begins operations.
b.	Renewal or extension of the term	2.2	Renewal of right to operate the Coffeehouse for two additional five-year terms by signing our then-current franchise agreement (which may contain terms and conditions materially different from those in your original agreement), subject to contractual requirements described in “c” below.
c.	Requirements for you to renew or extend	2.2.1 to 2.2.9	Timely written notice of intent to renew; refurbishment to comply with our then-current standards; compliance with agreement terms during agreement term and at time of renewal; timely compliance with all financial obligations; sign then-current franchise agreement (which may contain materially different terms than the Franchise Agreement, including different payment terms, protected territory terms, covenants against competition, and the like); payment of renewal fee; sign renewal agreement with general release; compliance with then-current personnel and training requirements; and demonstrated right to remain in accepted location.
d.	Termination by you	Not applicable	

FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
e.	Termination by us without cause	Not applicable	
f.	Termination by us with cause	17	Default under Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement.
g.	"Cause" defined – curable defaults	17.3	All defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	17.1 to 17.2	Abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	18 to 19	Cease operating Coffeehouse, payment of amounts due, and others; see §§ 18.1 to 18.12, 19.
j.	Assignment of contracts by us	16.1	There are no limits on our right to assign the Franchise Agreement.
k.	"Transfer" by you – definition	16.4	Includes any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security, direct, or indirect interest in: (a) the Franchise Agreement; (b) you; (c) any or all of your rights and/or obligations under the Franchise Agreement; and/or (d) all or substantially all of the assets of the Coffeehouse.
l.	Our approval of transfer by you	16.4 to 16.5	You may not make any transfers without our prior consent.
m.	Conditions for our approval of transfer	16.5	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see §§ 16.5.1 to 16.5.10.
n.	Our right of first refusal to acquire your business	16.6	We have the right (not obligation) to match any bona fide offer.
o.	Our option to purchase your business	18.4 to 18.5	Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at the lesser of cost or fair market value.
p.	Your death or disability	16.7	Representative must promptly apply for our approval to transfer interest and pay

FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
			reasonable costs we incur in reviewing transfer.
q.	Non-competition covenants during the franchise term	19.2 to 19.6	Prohibits engaging in “Competitive Business” (meaning any business that (a) offers products or services that are the same as or similar to those that are then-offered from a Coffeehouse, or (b) at which sale of caffeinated coffee and coffee-based or flavored beverages (in any combination or individually) comprise 20% or more of its gross revenues) during the Franchise Agreement term with no limitations.
r.	Non-competition covenants after the franchise is terminated or expires	19.2 to 19.6	Prohibits engaging in Competitive Business within five miles of the location of your Coffeehouse and other Coffeehouses for two years after expiration or termination. Also applies after a transfer.
s.	Modification of the agreement	25.2	By mutual agreement in writing.
t.	Integration/merger clause	25.1	Final complete agreement with exhibits is binding and supersedes all prior agreements. Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. (Nothing in the Franchise Agreement or elsewhere is intended to disclaim the representations we make in this disclosure document.)
u.	Dispute resolution by arbitration or mediation	27	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain

FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
			additional terms that may be required under applicable state law.
v.	Choice of forum	27.2	Any action you bring against us must be brought only within courts with jurisdiction over Hennepin County, Minnesota. Any action we bring against you may be brought in the jurisdiction where we maintain our principal place of business. Your state law may impact this provision.
w.	Choice of law	27.1	Minnesota law governs the Franchise Agreement. Your state law may impact this provision.

DEVELOPMENT AGREEMENT		
Provision	Section in Development Agreement	Summary
a. Term of the franchise	§ 3	The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Development Agreement
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	§§ 11 and 13	Failure to meet the Development Schedule, default or termination under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement. Termination of the Development Agreement does not constitute a default under any of your Franchise Agreements.
g. "Cause" defined - defaults which can be cured	§ 11	All other defaults not specified in § 13 of the Development Agreement and §§ 17.1 and 17.2 of the Franchise Agreement

DEVELOPMENT AGREEMENT		
Provision	Section in Development Agreement	Summary
h. "Cause" defined - defaults which cannot be cured	§ 11	Abandonment, conviction of felony, termination of a Franchise Agreement, and others; see § 13 of the Development Agreement and § 17.2 of the Franchise Agreement.
i. Your obligations on termination/nonrenewal	§ 11	Stop developing Locations, pay amounts due, pay lost future royalties, and others; see §§ 18.1 - 18.11 of the Franchise Agreement.
j. Assignment of contract by us	§§ 11 and 12	There are no limits on our right to assign the Franchise Agreement.
k. "Transfer" by you - definition	§ 11	Includes transfer of any interest in you or the Development Agreement.
l. Our approval of transfer by you	§ 11	We have the right to approve transfers.
m. Conditions for our approval of transfer	§§ 11 and 12	Your compliance with the agreement, a release, the buyer's signature of a new Franchise Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.10 of the Franchise Agreement. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights under the Development Agreement
n. Our right of first refusal to acquire your business	§ 11	We can match any offer, or the cash equivalent.
o. Our option to purchase your business	§ 11	We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration.
p. Your death or disability	§ 11	Interest in Development Agreement must be transferred to a third-party we have approved within six months.
q. Non-competition covenants during the term of the franchise	§ 11	Prohibits engaging in " Competitive Business " (meaning any business that (a) offers products or services that are the same as or similar to those that are then-offered from a Coffeehouse, or (b) at which sale of caffeinated coffee and coffee-based or flavored beverages (in any combination or individually) comprise 20% or more of its gross revenues) during a Franchise Agreement term with no limitations.

DEVELOPMENT AGREEMENT		
Provision	Section in Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§ 11	Prohibits engaging in Competitive Business within five miles of the location of your Coffeehouse(s) and other Coffeehouses for two years after expiration or termination. Also applies after a transfer.
s. Modification of the agreement	§ 14	Must be in writing executed by both parties.
t. Integration/merger clause	§ 14	Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	§ 11	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Development Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this Disclosure Document, which contain additional terms that may be required under applicable state law.
v. Choice of forum	§ 11	Any action you bring against us must be brought only within courts with jurisdiction over Hennepin County, Minnesota. Any action we bring against you may be brought in the jurisdiction where we maintain our principal place of business. Your state law may impact this provision.
w. Choice of law	§ 11	Minnesota law governs the Development Agreement. Your state law may impact this provision.

Item 18**Public Figures**

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

Item 19**Financial Performance Representations**

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

In this Item below, we provide historical data relating to:

- the sales for non-traditional franchised locations,
- the sales for any traditional franchised locations that were open for our full 2024 fiscal year, and
- sales for certain types of company-owned Caribou Coffee Coffeehouse locations as well as certain types of expenses.

The company-owned Coffeehouse locations are operated by CCOC. Please read the following information in conjunction with your review of the historical data.

The information presented in this Item 19 is a compilation of financial information that has not been audited. The tables should be read together with all of the related information about the factual basis and material assumptions underlying them.

You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable, and to consult your attorney and other professional advisors before entering into a Franchise Agreement or Area Development Agreement.

Discussion of Historical Sales Distribution and Cost Factor Information for Caribou Coffee**Basis and Assumptions**

The sales and expense information that follows, and other related data in this Item 19, has been compiled using data provided to us by non-traditional franchised "Kiosk" locations, and seven traditional franchise locations, for our 2024 fiscal year (53 week year ended December 31, 2024), and unaudited financial data from certain types of company-owned Caribou Coffee Coffeehouse locations (Chalets and Cabins). The Chalet and Cabin information is provided for only Drive-Thru Chalet and Cabin Coffeehouses because these location types are the focus of development for new Coffeehouses by franchisees. The results in Tables 3 and 4 include results from company-owned Drive Thru Chalet and Cabin Coffeehouses. These Coffeehouses are defined as follows:

Chalet: our most prevalent Coffeehouse format, approximating 1,500 square feet, providing full coffee bar, food options and dine-in space. Chalet Coffeehouses may operate with or without drive-thru capabilities, although we expect new franchised Chalet Coffeehouses will include drive-thru capabilities. Coffeehouse locations include suburban, urban, central business district, office, airport, mall and some grocery store locations. Additionally, six affiliate (company-owned) and two traditional franchise Chalet locations were built during 2024.

Cabin: our newest Coffeehouse format, currently approximating 600 square feet, built as a drive-thru only concept equipped with a walk-up window. This Coffeehouse format provides a full coffee bar, limited food options and an outside patio seating/dining space. 23 Affiliate (company-owned)

Coffeehouses of this type were opened in 2022, 13 were opened in 2023, and seven were opened in 2024. Additionally, our first traditional franchised Cabin opened in late 2022, three opened in 2023, and two opened in 2024.

“Gross Sales” means all revenue from the sale of all Retail Products and Services and all other income of every kind and nature related to, derived from, or originating from the Coffeehouse, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: **(a)** sales taxes and other taxes collected from customers and actually paid to the appropriate taxing authorities; **(b)** revenue derived from issuing or selling gift or loyalty cards (although revenue derived from selling Retail Products or Services to customers who use such cards for payment is included in Gross Sales); **(c)** discounts and promotions provided to customers as part of reasonable discount and promotion campaigns conducted in the ordinary course of business; and **(d)** the amount of any documented refunds or credits the Coffeehouse in good faith gives to customers (if those amounts were originally included in calculating Gross Sales).

The tables and notes in this Item provide financial performance data that are historical, and that are based on information from existing Caribou Coffee Coffeehouses that were active as of December 31, 2024 and had sales for entire fiscal 2024, unless otherwise specified. We are not able to estimate the impact on the cost of products and services resulting from events that affect the price of commodities like coffee, such as through the implementation or removal of new or increased tariffs.

Table 1: 2024 Kiosk (Non-Traditional Franchise) Gross Sales Distribution

The results in Table 1 represent reported sales volumes for non-traditional franchised Kiosk Coffeehouses, both with and without a drive-thru. There were 131 active non-traditional franchised Kiosk locations as of December 31, 2024 that recorded sales for the entirety of fiscal 2024. Results from new Kiosk openings in 2024 were excluded, as well as results from Kiosks that closed during, or for part of, the year. Nine Kiosk Coffeehouses that were not open for the full year were excluded from the results for that reason.

<u>Gross Sales Distribution</u>		<u>Kiosk (Non-Traditional)</u>				
2024						
		<u># of stores exceeding</u>				
<u>\$ Thousands</u>	<u># of Stores</u>	<u>Average Sales</u>	<u>Average</u>	<u>Median Sales</u>	<u>High Sales</u>	<u>Low Sales</u>
Grocery	68	\$267,063	32	\$265,142	\$637,103	\$76,041
Grocery with Drive Thru	38	\$561,546	15	\$465,259	\$1,481,412	\$209,047
Airport	6	\$1,836,096	3	\$1,881,009	\$2,930,027	\$680,800
All Other	19	\$486,137	8	\$367,395	\$1,126,002	\$271,339

Table 2: 2024 Traditional Franchise Gross Sales Distribution

The results in Table 2 represent reported sales volumes for traditional franchised Coffeehouses. There were seven active traditional franchised locations as of December 31, 2024 that recorded sales for the entirety of fiscal 2024. Results from new franchised openings in 2024 were excluded. Five franchised locations were excluded from the results for that reason.

<u>Gross Sales Distribution</u> 2024		Traditional Franchise				
		<u># of stores exceeding</u>				
<u>\$ Thousands</u>	<u># of Stores</u>	<u>Average Sales</u>	<u>Average</u>	<u>Median Sales</u>	<u>High Sales</u>	<u>Low Sales</u>
Cabin	5	\$681,311	3	\$605,352	\$980,373	\$513,585
Chalet	2	\$512,747	1	n/a	\$620,084	\$405,410

Table 3: 2024 Chalet and Cabin Sales Distribution Information

Annual Gross Sales Levels during the 53-week period

From December 27, 2023 to December 31, 2024

(Please read Table 3 together with notes below)

Table 3 below organizes the information based on the sales volume of the company-owned Drive-Thru Chalet and Cabin Coffeehouse locations for the 53-week period that started on December 27, 2023 and ended on December 31, 2024. Following the full year 53-week period results, tables are also provided which reflect performance for each fiscal half of the year (the 26-week period of December 27, 2023 through June 25, 2024 ("**First Half**"), and the 27-week period of June 26, 2024 through December 31, 2024 ("**Second Half**").

Sales Distribution 2024	Coffeehouse Format					
	Drive Thru Chalet			Cabin		
\$'s	%	Cumulative	Stores	%	Cumulative	Stores
Over 1,200,000	34.5%	34.5%	38	10.2%	10.2%	6
1,000,000-1,200,000	30.9%	65.5%	34	10.2%	20.3%	6
800,000-1,000,000	16.4%	81.8%	18	27.1%	47.5%	16
600,000-800,000	14.5%	96.4%	16	30.5%	78.0%	18
Less than 600,000	3.6%	100.0%	4	22.0%	100.0%	13
Total			110			59

First Half Sales Distribution H1 2024 (26 weeks)	Coffeehouse Format					
	Drive Thru Chalet			Cabin		
\$'s	%	Cumulative	Stores	%	Cumulative	Stores
Over 600,000	30.0%	30.0%	33	6.8%	6.8%	4
500,000-600,000	31.8%	61.8%	35	13.6%	20.3%	8
400,000-500,000	18.2%	80.0%	20	23.7%	44.1%	14
300,000-400,000	16.4%	96.4%	18	28.8%	72.9%	17
Less than 300,000	3.6%	100.0%	4	27.1%	100.0%	16
Total			110			59

Second Half Sales Distribution	Coffeehouse Format					
H2 2024 (27 weeks)	Drive Thru Chalet			Cabin		
\$'s	%	Cumulative	Stores	%	Cumulative	Stores
Over 600,000	40.9%	40.9%	45	13.6%	13.6%	8
500,000-600,000	27.3%	68.2%	30	13.6%	27.1%	8
400,000-500,000	17.3%	85.5%	19	32.2%	59.3%	19
300,000-400,000	10.9%	96.4%	12	22.0%	81.4%	13
Less than 300,000	3.6%	100.0%	4	18.6%	100.0%	11
Total			110			59

Coffeehouse Sales Distribution	Coffeehouse Format	
2024\$	Drive Thru Chalet	Cabin
Average Net Sales	\$1,104,835	\$821,192
# Stores achieving equal or greater than average sales	53	26
Median Net Sales	\$1,086,055	\$780,554
Highest Net Sales Unit	\$2,047,833	\$1,505,856
Lowest Net Sales Unit	\$446,253	\$338,577

Notes to Table 3:

- The results in Table 3 were for gross sales volumes for Company-Owned Coffeehouses of the type noted, all having a drive-thru. There were 110 Company-Owned Drive-Thru Chalet Coffeehouse locations and 59 Company-Owned Drive-Thru Cabin Coffeehouse locations that were active as of December 31, 2024 and recorded sales for the entirety of fiscal 2024. New Coffeehouse openings in 2024 are excluded from this data as well as results from Coffeehouses that were closed during, or for part of, the year. 16 Drive Thru Chalet and Cabin Coffeehouses that were not open for the full year were excluded from the results for these reasons.
- Cash flow rates for the sales tiers in Table 3 for the twelve months ending December 31, 2024 were:

Coffeehouse Format				
Cash Flow % Range	Drive Thru Chalet		Cabin	
2024	# Stores	AUV	# Stores	AUV
>25%	25	\$1,367,535	7	\$1,290,013
20-25%	32	\$1,197,400	5	\$1,126,434
15-20%	22	\$1,023,830	8	\$923,879
10-15%	15	\$985,859	11	\$841,142
<10%	16	\$732,156	28	\$612,302
	110		59	

- Cash Flow rates for the sales tiers in Table 3 for the First Half of FY2024 were:

Coffeehouse Format				
Cash Flow % Range	Drive Thru Chalet		Cabin	
H1 2024 (26 weeks)	<u># Stores</u>	<u>AUV</u>	<u># Stores</u>	<u>AUV</u>
>25%	26	\$664,445	7	\$611,904
20-25%	30	\$562,407	4	\$548,490
15-20%	20	\$531,225	4	\$471,389
10-15%	14	\$472,377	16	\$404,238
<10%	20	\$372,894	28	\$287,716
	110		59	

- Cash Flow rates for the sales tiers in Table 3 for the Second Half of FY2024 were:

Coffeehouse Format				
Cash Flow % Range	Drive Thru Chalet		Cabin	
H2 2024 (27 weeks)	<u># Stores</u>	<u>AUV</u>	<u># Stores</u>	<u>AUV</u>
>25%	26	\$706,013	9	\$666,494
20-25%	28	\$615,831	4	\$562,648
15-20%	26	\$537,062	10	\$469,724
10-15%	13	\$508,976	11	\$430,833
<10%	17	\$382,851	25	\$315,127
	110		59	

“Cash Flow” means profit after deducting the following costs and excludes depreciation, expressed as a percentage of Gross Sales: cost of goods sold; labor (including store manager labor); operating, marketing and occupancy expenses. Note that company-owned Chalet Coffeehouse Cash Flow presented in the table above does not include franchisee related costs such as royalties, product purchases, and other fees. Store leadership overhead and corporate overhead (or general and administrative expenses) is not included in Cash Flow.

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Table 4: Expense Distribution

Table 4 below organizes the information based on the sales and expense factors incurred at the 110 company-owned Caribou Coffee Drive-Thru Chalets and the 59 company-owned Caribou Coffee Cabin locations for the trailing twelve-month period ending December 31, 2024. Following the full year 53-week period results, tables are also provided which reflect performance for the First Half (the 26-week period of December 27, 2023 through June 25, 2024) and Second Half (the 27 week period June 26, 2024 through December 31, 2024).

FY2024 Sales & Expense Distribution

Sales & Expense Distribution	Coffeehouse Format	
2024	<u>Drive-Thru Chalet</u>	<u>Cabin</u>
WPSA \$'s	\$21,247	\$15,792
# Stores	110	59
AUV \$'s	\$1,104,835	\$821,192
Cash Flow %	20.2%	11.7%
<u>Company-owned Expense rates</u>		
COGS %	27.3%	26.5%
Labor %	30.5%	34.8%
Operating Exp. %	9.8%	11.6%
Marketing Exp.%	1.9%	1.8%
Occupancy %	10.3%	13.5%
AUV = annualized average sales volume		
DT= Drive Through		
Additional Franchisee related cost rates		
Royalty	5%	5%
Marketing	1%	1%
Additional Franchisee-related COGS	5-8%	5-8%
Franchisee Adjusted Cash Flow %	6% to 9%	-2% to 1%

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First Half FY2024 Sales & Expense Distribution

Sales & Expense Distribution	Coffeehouse Format	
<i>H1 2024 (26 weeks)</i>	<u>Drive-Thru Chalet</u>	<u>Cabin</u>
WPSA \$'s	\$20,575	\$14,920
# Stores	110	59
AUV \$'s	\$534,941	\$387,910
Cash Flow %	20.0%	10.0%
<i>Company-owned Expense rates</i>		
COGS %	27.2%	26.5%
Labor %	30.7%	35.8%
Operating Exp. %	9.9%	11.9%
Marketing Exp. %	1.9%	1.8%
Occupancy %	10.3%	14.0%
<i>Additional Franchisee related cost rates</i>		
Royalty	5%	5%
Marketing	1%	1%
Additional Franchisee-related COGS	5-8%	5-8%
Franchisee Adjusted Cash Flow %	6% to 9%	-4% to -1%

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Second Half FY2024 Sales & Expense Distribution

Sales & Expense Distribution	Coffeehouse Format	
H2 2024 (27 weeks)	Drive-Thru Chalet	Cabin
WPSA \$'s	\$21,107	\$16,047
# Stores	110	59
AUV \$'s	\$569,894	\$433,282
Cash Flow %	20.5%	13.1%
<u>Company-owned Expense rates</u>		
COGS %	27.4%	26.6%
Labor %	30.3%	33.8%
Operating Exp. %	9.8%	11.4%
Marketing Exp. %	1.8%	1.8%
Occupancy %	10.3%	13.2%
AUV = annualized average sales volume		
DT= Drive Through		
<u>Additional Franchisee related cost rates</u>		
Royalty	5%	5%
Marketing	1%	1%
Additional Franchisee-related COGS	5-8%	5-8%
Franchisee Adjusted Cash Flow %	7% to 10%	-1% to 2%

Notes to Table 4:

- The information and results provided in Table 4 are based on our affiliate's experience operating company-owned Coffeehouses in fiscal 2024, and should not be considered as the actual or potential costs that you will incur, nor will they be static over time given costs will vary with changes in market prices of key commodities such as coffee and dairy. Please note that because these are the results of company-owned Coffeehouses, these company-owned figures do not include costs that a franchisee will incur, such as royalties, incremental distribution and product costs that affect the franchisee COGS (defined below) rate, fees and the amortized portion of the initial franchise fee (if it was financed). Additionally, for some items we allocate internal charges to owned Coffeehouses that are less than the price charged to or will be incurred by a franchisee, because of our own internal accounting procedures, so as a result a franchisee will incur additional costs. Furthermore, company-owned Coffeehouses may experience economies of scale in distribution and freight costs which may not extend to a franchisee. However, we have estimated an approximate impact on cash flow rate for a franchisee based on expected terms of the franchise agreement.
- New Chalet and Cabin Coffeehouse openings in 2024 are excluded from the results in Table 4 as well as results from such Coffeehouses that were closed during, or for part of, the year. 16 Chalet and Cabin Coffeehouses that were not open for the full year were excluded from the results in Table 4 for that reason.
- The rates shown are the arithmetic averages of the results of the cost factors as a percentage of Gross Sales.
 - COGS is the total cost of products sold including the cost of coffee, beverage ingredients, food, paper, and other products. Franchisees will incur additional COGS costs, such as incremental product costs, that are adjusted in the table.

- Labor includes hourly and salaried employee compensation, bonuses, taxes, and benefits at the store level, but does not include corporate store leadership overhead.
 - Operating expenses include ordinary operating maintenance and repairs, planned and unplanned maintenance and repairs, supplies, and other miscellaneous operating expenses.
 - Marketing expenses relate to all marketing spend.
 - Occupancy expenses include rent, CAM, utilities and real estate taxes.
 - Cash Flow means profit after deducting the following costs and excluding depreciation, expressed as a percentage of Gross Sales: COGS; Labor (including store manager labor); and operating, marketing and occupancy expenses. Note that company-owned Cash Flow presented in the table above does not include franchisee related costs such as royalties, product purchases and other fees. However, as noted below, an amount of marketing expense included above would count toward franchisee ad fund rates. Store leadership overhead and corporate overhead (or general and administrative expenses) is not included in Cash Flow.
- The table presents additional franchisee related-COGS of +5-8% which includes an estimate of incremental freight and distribution costs a franchisee may occur when operating in “outer markets” with at least eight Coffeehouses. It is estimated that freight and distribution costs may be higher in “outer markets” when operating fewer than eight Coffeehouses, and that freight and distribution costs may be lower when operating a larger number of Coffeehouses in a market.

* * *

The above costs and Cash Flow rates do not include adjustments for any franchisee expenses, such as royalty fees and marketing contributions, that we do not incur for our own company-owned Coffeehouses, but that a franchisee would incur. COGS rates that the company-owned Coffeehouses experience also reflect efficiencies within the cost of distribution given the geographic concentration of Coffeehouses in Minnesota and surrounding market. Distribution costs will vary based on the geography of the franchised Coffeehouses. In addition, because we operate many company-owned Coffeehouses, we may have some labor-related efficiencies in the operation of our company-owned Coffeehouses that are not available to franchisees.

Other costs, as described below, have been excluded from this discussion, as we consider that differences in accounting and business practices would make comparative analysis inconclusive or misleading. You will incur other substantial costs in the operation of your Coffeehouse that are not included in this discussion, including, among others, local marketing expenses, mortgage or other debt/financing costs, computer upgrades, renovations, improvements, and major repair/maintenance expenses, legal and professional fees, income and other non-real estate taxes, and various other expenses (together, these are referred to as “**Additional Costs**”). You will incur Additional Costs and should determine and account, for yourself, the Additional Costs that you will have to have to pay.

Some Coffeehouses have sold these amounts. Your individual results may differ materially. There is no assurance you will sell as much.

Written substantiation for financial performance representations will be made available to prospective franchisees upon reasonable request.

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 Jessica Monson, Chief Legal Officer, at

3900 Lakebreeze Avenue N., Minneapolis, Minn. 55429 (tel. 763-592-2200), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20**Outlets and Franchisee Information**Table No. 1

Systemwide Outlet Summary for 2022 to 2024

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2022	139	145	+6
	2023	145	147	+2
	2024	147	152	+5
Affiliate-Owned	2022	321	339	+18
	2023	339	333	-6
	2024	333	335	+2
Total Outlets	2022	460	484	+24
	2023	484	480	-4
	2024	480	487	+7

Notes to all Item 20 charts:

- (1) All details are as of December 31, 2024 for FY 2024, December 26, 2023 for FY 2023, and December 27, 2022 for FY 2022.
- (2) States not listed had no activity during the relevant time frame.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for 2022 to 2024

State	Year	Number of Transfers
Minnesota	2022	3
	2023	1
	2024	2
Ohio	2022	0
	2023	0

State	Year	Number of Transfers
	2024	1
Virginia	2022	1
	2023	0
	2024	0
Wisconsin	2022	1
	2023	0
	2024	5
Total	2022	5
	2023	1
	2024	8

Table No. 3

Status of Franchised Outlets
for 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Colorado	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	1	0	0	3
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Georgia	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Iowa	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1	5
	2024	5	0	0	0	0	0	5
Illinois	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
Indiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Kansas	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	1	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Michigan	2022	1	0	0	0	0	0	1
	2023	1	4	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Minnesota	2022	46	1	0	1	0	0	46
	2023	46	2	0	3	0	0	45
	2024	45	5	2	0	0	0	48
Missouri	2022	9	0	0	1	0	0	8
	2023	8	0	0	0	0	1	7
	2024	7	0	0	0	0	0	7
Nebraska	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	0	6
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
North Dakota	2022	18	1	0	0	0	0	19
	2023	19	0	0	0	0	0	19
	2024	19	1	0	0	0	0	20
Ohio	2022	1	1	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	2	0	0	0	0	6
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
South Dakota	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	2	7
Texas	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	3	1
	2024	1	0	1	0	0	0	0
Wisconsin	2022	18	5	0	0	0	0	23
	2023	23	3	0	0	0	0	26
	2024	26	2	0	0	0	2	26
Wyoming	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2024	1	0	0	0	0	0	1
Total	2022	139	10	2	2	0	0	145
	2023	145	12	0	3	0	7	147
	2024	147	14	3	1	0	5	152

Table No. 4

Status of Affiliate-Owned Outlets
for 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2022	6	0	0	1	0	5
	2023	5	0	0	2	0	3
	2024	3	0	0	0	0	3
Florida	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Georgia	2022	5	0	0	0	0	5
	2023	5	1	0	1	0	5
	2024	5	3	0	1	0	7
Iowa	2022	11	0	0	0	0	11
	2023	11	0	0	1	0	10
	2024	10	1	0	1	0	10
Kansas	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Minnesota	2022	257	15	0	9	0	263
	2023	263	11	0	19	0	255
	2024	255	0	0	8	0	247
Missouri	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
North Carolina	2022	8	0	0	0	0	8
	2023	8	0	0	0	0	8
	2024	8	4	0	0	0	12

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
North Dakota	2022	13	3	0	0	0	16
	2023	16	1	0	1	0	16
	2024	16	0	0	0	0	16
South Dakota	2022	9	3	0	1	0	11
	2023	11	2	0	0	0	13
	2024	13	0	0	1	0	12
Wisconsin	2022	10	8	0	0	0	18
	2023	18	5	0	2	0	21
	2024	21	5	0	0	0	26
Totals	2022	321	29	0	11	0	339
	2023	339	20	0	26	0	333
	2024	333	13	0	11	0	335

Table No. 5
Projected Openings for 2025

State	Franchise Agreements Signed But Coffeehouses Not Open as of 12/31/24	Projected New Franchised Coffeehouses in Next Fiscal Year	Projected New Company-Owned Coffeehouses in Next Fiscal Year
Florida	0	3	0
Georgia	0	1	8
Iowa	0	0	4
Kansas	0	0	1
Minnesota	0	1	0
Missouri	0	1	0
North Dakota	0	1	0
North Carolina	0	1	8
Ohio	0	1	0
Oklahoma	0	1	0
South Carolina	0	0	1

South Dakota	0	1	0
Texas	0	0	2
Wisconsin	0	1	1
Totals	0	12	25

The names, addresses, and telephone numbers of our franchisees as of our fiscal year ending December 31, 2024 are listed in Exhibit I. The name and last known home address and telephone number of every one of our franchisees who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an agreement during the one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the date of this disclosure document, is also listed in Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with our company.

Item 21

Financial Statements

The financial statements listed below are attached to this disclosure document as Exhibit G:

Caribou Coffee Company, Inc. and subsidiaries' consolidated financial statements as of December 31, 2024 and December 26, 2023, and for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022.

* CCC guarantees our obligations to our franchisees, and a copy of those guarantees is attached at Exhibit G. CCC's fiscal year ends on the Tuesday closest to December 31 each year.

Item 22

Contracts

Exhibit A	Franchise Agreement with Exhibits
	A – Data Sheet
	B – Guarantee, Indemnification, & Acknowledgements
	C – List of Principals
	D – ACH – Authorization Agreement for Direct Debit
	E – ADA Certification
	F – Sample Form of Non-Disclosure & Non-Competition Agreement
	G – Site Selection Addendum
	H – Lease Rider

I – Index to Defined Terms

Exhibit B Development Agreement

Exhibit E Form of General Release

Exhibit H State-Specific Addenda

Item 23

Receipts

The last two pages of this disclosure document (Exhibit L) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy of the receipt page and please keep the other copy together with this disclosure document.

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EXHIBIT A Franchise Agreement with Exhibits

Caribou Coffee Development Company, Inc. Franchise Agreement

**Caribou Coffee Development Company, Inc.
Franchise Agreement**

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Exhibits

A	Data Sheet	F	Sample Form of Non-Disclosure and Non-Competition Agreement
B	Guarantee, Indemnification, and Acknowledgement	G	Site Selection Addendum
C	List of Principals	H	Lease Rider
D	ACH - Authorization Agreement for Prearranged Payments (Direct Debits)	I	Index to Defined Terms
E	ADA Certification		

Caribou Coffee Development Company, Inc. Franchise Agreement

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the date that we have indicated on the signature page of this Agreement (the “**Effective Date**”) by and between:

- Caribou Coffee Development Company, Inc., a Minnesota corporation with its principal place of business at 3900 Lakebreeze Avenue N, Minneapolis, Minnesota 55429 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”); and
- _____, a [resident of] [corporation organized in] [limited liability company organized in] the State of _____ and having offices at _____ (“**you**” or the “**Franchisee**”).

Introduction

*We and our affiliates (as defined below) own a format and system relating to the establishment and operation of “Caribou Coffee” retail coffee shop businesses that feature, among other things, fresh roasted coffee and espresso-based beverages, caffeinated beverages, teas, freshly made baked goods, sandwiches, and other beverage and food products (each a “**Coffeehouse**”). Coffeehouses specialize in the sale of beverages and products that we may periodically specify for on-premises and carry-out consumption, which may include Proprietary Items (as defined in this Agreement) as well as non-Proprietary Items to customers on-site (collectively, the “**Retail Products**”). The services associated with offering Retail Products to consumers are referred to as the “**Services**”.*

*Among the distinguishing characteristics of a Coffeehouse are that it operates under our “Caribou Coffee” System. Our System includes (among other things): Retail Products; signage; distinctive interior and exterior design and accessories; opening hours; operational procedures; standards and specifications; quality and uniformity of products and services offered; recipes and preparation techniques; management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts, menus, the Proprietary Marks (defined below), as well as advertising and promotional programs (together, the “**System**”).*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark “CARIBOU COFFEE” and logo), service marks, trademarks, logos, emblems, and indicia of origin (for example, the “CARIBOU COFFEE” mark and logo), as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our “**Proprietary Marks**”). We and our affiliates continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of Retail Products and Services marketed under those marks and under the System, and to represent the System’s standards of quality, cleanliness, appearance, and service.*

We are in the business of developing, programming and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a Coffeehouse, using the same brand and Proprietary Marks as other independent businesses that operate other Coffeehouses under the System (including some operated by our affiliates). We will not operate your Coffeehouse for you, although we have (and will continue) to set standards for Coffeehouses that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your Coffeehouse according to our brand standards.

You have asked to enter into the business of operating a Coffeehouse under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1 GRANT

1.1 **Rights and Obligations.** We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:

1.1.1 To operate one Coffeehouse under the System (the “**Franchised Business**”);

1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 To do all of those things only at the Accepted Location (as defined in Section 1.2 below).

1.2 **Accepted Location.** The street address or latitude/longitude of the location for the Franchised Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the “**Accepted Location**.”

1.2.1 You will have the option of establishing and operating one of three types of Coffeehouses at the Accepted Location: (a) a “**Cabin**,” (b) a “**Chalet**” or (c) a “**Kiosk**.” The format of your Franchised Business shall be designated in the Data Sheet that is attached as Exhibit A. Unless otherwise designated, each of a Cabin, Chalet, and Kiosk will be referred to in this Agreement as a “Coffeehouse” or “Franchised Business.”

1.2.2 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Franchised Business, then:

1.2.2.1 you agree to enter into the site selection addendum (the “**Site Selection Addendum**,” attached as Exhibit G to this Agreement) at the same time as you sign this Agreement;

1.2.2.2 you will then find a site which will become the Accepted Location after we have given you our written approval for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written approval and in accordance with the Site Selection Addendum; and

1.2.3 We have the right to grant, condition, and/or to withhold approval of the Accepted Location under this Section 1.2. You agree that our review and approval of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum,

does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

- 1.2.4 You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will only be considered if you are in compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates), will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration commitments that we have made to other franchisees, licensees, landlords, real estate developers, and other parties relating to the proximity of a new Coffeehouse to their establishment. If you wish to relocate, then you must reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the **"Relocation Expenses"**). The parties will reconcile the Relocation Expenses within thirty (30) days after you have reopened your Coffeehouse at the new location, based on a statement of our actual Relocation Expenses, at which time: **(a)** we will refund to you the unused balance of the funds that you have advanced as compared to our actual Relocation Expenses; or **(b)** you will pay us the additional amount necessary to fully reimburse us for our actual Relocation Expenses.
- 1.3 *Protected Territory.* After an Accepted Location has been agreed upon, we will determine whether a Protected Territory for the Franchised Business is appropriate and, if so, its size, based on a number of factors, such as the character of nearby businesses, drive times, demographics, and other physical and commercial characteristics of the location and trade area. If we grant you a Protected Territory, then during the term of this Agreement, we will not operate, nor will we grant to any other party the right to operate, a Coffeehouse within the area designated in the Data Addendum (Exhibit A) as your **"Protected Territory"** (provided that you and your affiliates are in compliance with the terms of this Agreement and any other agreements with us and our affiliates relating to any Coffeehouses), subject to the limitations in Sections 1.4 to 1.7 below.
- 1.4 *Our Reserved Rights.* We and our affiliates reserve all rights that are not expressly granted to you under this Agreement. Therefore, among other things, we have the sole right to do any or all of the following (despite proximity to your Protected Territory and/or Franchised Business as well as any actual or threatened impact on sales at your Franchised Business):
 - 1.4.1 We have the right to establish, and franchise others to establish, Coffeehouses anywhere outside the Protected Territory;
 - 1.4.2 We have the right to establish, and license others to establish, Coffeehouses at any Non-Traditional Facility (as defined below) inside or outside the Protected Territory, despite such Coffeehouses' proximity to the Accepted Location or their actual or threatened impact on sales at the Franchised Business;
 - 1.4.3 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses also offer or sell products and services that

are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located;

- 1.4.4 We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Coffeehouse under the Proprietary Marks inside the Protected Territory); and
 - 1.4.5 We have the right to sell Retail Products and services through any method that is not a physical Coffeehouse (including alternative distribution channels such as e-commerce, foodservice and retail consumer packaged goods), anywhere.
 - 1.4.6 The term “**Non-Traditional Facility**” includes, among other things, college campuses, schools, hotels, casinos, resorts, airports and other travel facilities; federal, state, or local government facilities (including military bases); Native American nations; theme and amusement parks; recreational facilities; healthcare facilities; seasonal facilities; corporate campuses; shopping malls; convenience stores; grocery stores; theaters; and sporting event arenas and centers. *Limits on Where You May Operate.*
- 1.5 You may offer and sell the Retail Products and Services only: **(a)** in accordance with the requirements of this Agreement and the procedures set out in the Manual (defined below); and **(b)** to customers of the Franchised Business.
- 1.5.1 You agree not to offer or sell any products or services (including the Retail Products and the Services) through any means other than through the Franchised Business at the Accepted Location (so for example, you agree not to offer or sell services or products from satellite locations, temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, Digital Sites, through other businesses, and/or through any other electronic or print media).
 - 1.5.2 You agree that you will offer and sell Retail Products from the Accepted Location only to retail customers:
 - 1.5.2.1 Face to face, for consumption on the Coffeehouse premises;
 - 1.5.2.2 Face to face, for personal carry-out consumption;
 - 1.5.2.3 By order-ahead (including through our designated digital applications or platforms); and/or
 - 1.5.2.4 For catering service provided at customers’ homes, offices, and other locations (“**Catering**”), and for delivery service through the use of an approved local third-party provider of delivery services (“**Delivery**”), but only as provided in Section 1.6 below.
 - 1.5.3 You further understand that we will not prohibit other Coffeehouses or any other restaurant or food service business (whether owned or franchised by us or by our affiliates) from delivering food to customers at any location.
- 1.6 *Delivery and Catering.* You agree that Coffeehouses are primarily intended for on-premises and off-premises carry-out consumption, and that we have the right to approve or disapprove any activity(ies) proposed to take place outside the Coffeehouse, including Delivery and

Catering activities. We will consider various factors in determining whether to permit you to provide Delivery and/or Catering services from the Franchised Business (whether directly and/or through third parties), including the period of time you have been operating your Franchised Business, your sales volume, whether you have met certain quality standards and other benchmarks, and other standards that we may determine. In addition:

- 1.6.1 You agree not to engage in Delivery and/or Catering services, whether inside or outside of the Protected Territory, unless you have obtained our prior written consent as to the proposed Delivery and/or Catering.
- 1.6.2 Any Delivery or Catering activities that you undertake must be conducted in accordance with the procedures that we specify in the Manual or otherwise in writing. By granting approval to any one or more proposals to cater or deliver, we will not be deemed to have given our approval to, or waived our right to disapprove or condition our approval of, any ongoing or additional Catering or Delivery activities.
- 1.6.3 We have the right (but not the obligation) to establish a catering program that may include online and telephone ordering features, on our own and/or in conjunction with one or more outside vendors (the **"Catering Program"**).
- 1.6.4 We have the right to require that you conduct Delivery only through Coffeehouse staff and/or approved third-party Delivery vendors. We will have the right at all times to approve or disapprove of any such Delivery services and other vendors (including aggregators), including the arrangements that you propose to make with any third-party Delivery vendor.
- 1.6.5 All Delivery and Catering sales will be considered as part of the Gross Sales (see Section 4.2.2 below) of your Franchised Business.
- 1.7 ***Other Brands.*** You understand that we may operate (or be affiliated with companies that operate) businesses under brand names (whether as company-owned concepts, as a franchisor, or as a franchisee) in addition to the "Caribou Coffee" brand, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, **"Other Brands"**). You understand and agree that this Agreement does not grant you any rights with respect to any such Other Brands.

2 TERM AND RENEWAL

- 2.1 ***Term.*** The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire on the date set out in the Data Sheet attached as Exhibit A.
- 2.2 ***Renewal.*** You will have the right to renew your rights to operate the Franchise Business for two (2) additional consecutive successor terms of five (5) years each, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.9 before each such renewal:
 - 2.2.1 You agree to give us written notice of your election to renew at least six (6) months before the end of the term of this Agreement (but not more than twelve (12) months before the term expires).

- 2.2.2 You agree to remodel and refurbish the Franchised Business to comply with our then-current standards in effect for new Coffeehouses (as well as the provisions of Section 8.8 below).
- 2.2.3 At the time of renewal: **(a)** you must be in compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates) and **(b)** in our reasonable judgment, you must have been in compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet those obligations.
- 2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Brand Fund, and/or the Regional Fund, as well as your vendors (including your lessors, suppliers, staff, and all other parties with whom you do business), throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations). You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.
- 2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which will not supersede this Section 2), and which you agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage Royalty Fee and marketing contribution). Your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term “**entity**” includes a corporation, a limited liability company, a partnership, and/or a limited liability partnership.)
- 2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee in the amount set out in the Data Sheet attached as Exhibit A.
- 2.2.7 You agree to sign and deliver to us a renewal agreement that will include a mutual general release (which will be effective as of when signed as well as the date of renewal), in a form that we will provide (which will include limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. Your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.
- 2.2.8 You and your personnel must meet our then-current qualification and training requirements.
- 2.2.9 You agree to present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

3 OUR DUTIES

- 3.1 *Training.* We will provide you with the training specified in Section 6 below.
- 3.2 *Site Selection.* We will provide the site selection assistance that we think is needed, but you will retain the sole responsibility for choosing a viable site (even though we will have provided assistance and our opinions on the options).
- 3.3 *Standard Layout and Equipping of a Coffeehouse.* We will make available to, at no additional charge, our standard layout, design and image specifications for a Coffeehouse based on the format you have chosen to develop and operate, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We have the right to modify our standard layout plans and specifications as we deem appropriate periodically (however, once we have provided those plans and specifications to you, we will not further modify the layout plans and specifications for the initial construction of your Coffeehouse). We will also provide the site selection and lease review assistance called for under Section 5.3 below.
- 3.4 *Opening and Additional Assistance.* We will provide such on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Manual (defined below).
- 3.5 *Manual.* We will lend to you one (1) copy of (or provide you with access to), during the term of this Agreement, our confidential Manuals and other written instructions relating to the operation of a Coffeehouse (the “**Manual**”), in the manner and as described in Section 10 below.
- 3.6 *Marketing Materials.* We will assist you in developing the New Store Opening Marketing (NSO) Launch Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.
- 3.7 *Brand Funds.* We will administer the Brand Fund (as defined in Section 13 below) in the manner set forth in Section 13 below.
- 3.8 *Inspection Before Opening.* We will evaluate the Franchised Business before it first opens for business. You agree to not open the Franchised Business to customers or otherwise start operation until you have received our prior written approval to do so. You agree to provide us with written notice of the date that you intend to start operating at least forty-five (45) days in advance of the planned opening date.
- 3.9 *Periodic Assistance.* We will provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain representatives of ours, such as a field consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations.
- 3.10 *Services Performed.* You agree that any of our designees, employees, agents, or independent contractors (such as an “area representative”) may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).
- 3.11 *Our Decision-Making.* In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other

franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new Proprietary Items, products that are not Proprietary Items, and operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.

- 3.12 *Confirmation of Performance.* After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the “**Confirmation of Performance**”), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) business day period, provide us with written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term “pre-opening obligations” means the obligations we have to you under this Agreement that must be performed before you open your Franchised Business.

4 FEES; SALES REPORTING

- 4.1 *Initial Franchise Fee.* You agree to pay us an initial franchise fee in the amount set out in the Data Sheet attached as Exhibit A (the “**Initial Franchise Fee**”). The Initial Franchise Fee is due and payable to us on the day that you sign this Agreement. The Initial Franchise Fee is not refundable. The Initial Franchise Fee is payable in consideration of the services that we provide to you in connection with helping you to establish your new Coffeehouse.
- 4.2 *Royalty Fee and Sales Reports.* For each Period during the term of this Agreement, you agree to: **(a)** pay us a continuing royalty fee in the amount set out in the Data Sheet attached as Exhibit A (“**Royalty Fees**” or “**Royalties**”); and **(b)** report to us your Gross Sales, in the form and manner that we specify (a “**Sales Report**”), by the time specified in Section 4.3 below. As used in this Agreement:
- 4.2.1 The term “**Gross Sales**” means all revenue from the sale of all Retail Products and Services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit. Gross Sales excludes: **(a)** sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; **(b)** revenue you derive from issuing or selling gift or loyalty cards (although revenue that you derive from selling Retail Products or Services to customers who use such cards for payment will be included in Gross Sales); **(c)** discounts and promotions provided to customers as part of reasonable discount and promotion campaigns conducted in the ordinary course of business; and **(d)** the amount of any documented refunds or credits the Franchised Business in good faith gives to customers (if those amounts were originally included in Calculating Gross Sales).

- 4.2.2 The term “**Period**” means an accounting interval that we will periodically designate during the calendar year for the purpose of organizing books and records, which will be either a four or five-week accounting interval (with 12 or 13 Periods in one year) or a weekly interval. We will have the right to establish the schedule for Periods with reasonable advance notice to you.
- 4.3 *Due Date.* All payments required by Section 4.2 above and Section 13 below must be made by ACH (as specified below) by days and times during each Period that we designate in writing (the “**Due Date**”), based on the Gross Sales of the previous Period. In addition, you agree to all of the following:
- 4.3.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request. You also agree to deliver the Sales Report to us by the Due Date based on the sales of the previous Period.
- 4.3.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of “ACH - Authorization Agreement for Prearranged Payments (Direct Debits),” a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: **(a)** comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: **(i)** you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and **(ii)** if you do not do so, then you agree to pay us upon demand the amounts due and also reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we will have the right to impose.
- 4.3.3 You agree that your obligations to make full and timely payment of Royalty Fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due as soon as you are first open to the public.
- 4.3.4 You agree not to, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Brand Fund, the Regional Fund, our affiliates, suppliers, or others.
- 4.3.5 You agree that if you do not provide us, as requested, with access to your Computer System to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Period(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the Royalties on that amount by our deduction of that amount from your direct debit account.

- 4.4 *No Subordination.* You agree: **(a)** not to subordinate to any other obligation your obligation to pay us the Royalty Fee and/or any other amount payable to us, whether under this Agreement or otherwise; and **(b)** that any such subordination commitment that you may give without our prior written consent will be null and void.
- 4.5 *Late Payment.* If we do not receive any payment due under this Agreement (and if the appropriate Brand Fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. If any payment is late, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). Our entitlement to such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.
- 4.6 *Other Funds Due.* You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.
- 4.7 *Index.* We have the right to adjust, for inflation, the fixed-dollar amounts under this Agreement (except for the Initial Franchise Fee) to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.
- 4.8 *Funds.* You agree to make all payments to us in U.S. Dollars to such bank account as we may periodically designate in writing (or as we otherwise direct in writing).

5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION

- 5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You agree to establish the Franchised Business and have it open and in operation within one (1) year after the Effective Date of this Agreement. **Time is of the essence.** The date the Franchised Business opens and is in operation is the "**Commencement Date.**"
- 5.2 *Site for the Coffeehouse.* As provided in Section 1.2 above, if you do not have (and we have not approved in writing) a location for the Coffeehouse as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Coffeehouse, all in accordance with the Site Selection Addendum.
- 5.3 *Our Review and Your Responsibilities.* Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only, and to evaluate the proposed site against our internal standards. In addition:
- 5.3.1 You agree that our review, comments about, and even our approval of a proposed site, lease, sublease, design plans, and/or renovation plans for the Coffeehouse is not (and shall not be deemed) our recommendation, endorsement, and/or guarantee of the suitability of that location or the terms of the lease, sublease, and/or purchase agreement.

- 5.3.2 You agree to take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, and/or purchase agreement for the site are beneficial and acceptable to you (including retaining your own legal counsel to review the lease). Additionally, no matter to what extent (if any) that we participate in any lease, sublease, and/or purchase negotiations, discussions with the landlords or property owners, and/or otherwise in connection with reviewing the lease, sublease and/or purchase agreement, you have to make the final decision as to whether or not the proposed contract is sensible for your business, and the final decision as to whether or not to sign the lease, sublease, and/or purchase agreement is yours, and we will not be responsible for the terms and conditions of your lease, sublease, and/or purchase agreement.
- 5.3.3 You agree that: **(a)** any standard layout and equipment plans that we provide to you, as well as any review and comments that we provide to the plans that you develop for your Coffeehouse, are not meant to address the requirements of any Operating Codes (as defined in Section 8.7 below); **(b)** our standard plans or comments to your modified plans, will not reflect the requirements of, nor may they be used for, construction drawings or other documentation that you will need in order to obtain permits or authorization to build a specific Coffeehouse; **(c)** you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and **(d)** our review, comment, and approval of your plans will be limited to reviewing those plans to assess compliance with our standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the purpose, atmosphere, and functioning of Coffeehouses).
- 5.3.4 You agree that our recommendation or acceptance of the Accepted Site indicates only that we believe that the Accepted Site falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the Accepted Site.
- 5.3.5 We will not review nor may our approval be deemed to address whether or not you have complied with any of the Operating Codes, including provisions of the Americans with Disabilities Act (the “**ADA**”); and you agree that compliance with such laws is and will be your sole responsibility.
- 5.3.6 You acknowledge that we will have no liability to you or any regulatory authority if you fail to obtain and/or maintain any necessary licenses or approvals required for the operation of the Franchised Business.
- 5.4 **Lease Review.** You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written approval. We have the right to condition our approval of the lease, sublease, or purchase agreement upon the inclusion of terms that we find acceptable and that are consistent with our rights and your responsibilities under this Agreement, including, that you and the landlord execute a lease rider in the form attached to this Agreement as Exhibit H. You also agree:
- 5.4.1 to provide us with a copy of the fully signed lease and/or sublease, including a signed lease rider (in the form attached as Exhibit H), before you begin construction or renovations as the Accepted Location;

- 5.4.2 that our recommendation or acceptance of the proposed lease, sublease, or purchase agreement for the Accepted Location indicates only that we believe that the lease, sublease, or purchase agreement falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the lease, sublease, or purchase agreement for the Accepted Location;
- 5.4.3 that our acceptance of the proposed site as well as your proposed lease, sublease, or purchase agreement for the Accepted Site does not constitute any guarantee or warranty, express or implied, of the successful operation or profitability of your Coffeehouse operated at the Accepted Site (and that our acceptance indicates only that we believe that the Accepted Site and the terms of the lease, sublease, or purchase agreement fall within our own internal criteria); and
- 5.4.4 that we have advised that you have your own attorney review and evaluate the lease, sublease, or purchase agreement.
- 5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following things:
 - 5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;
 - 5.5.2 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Manual or otherwise);
 - 5.5.3 complete the construction and/or remodeling as described in Section 8.8 below, and installation of all equipment, fixtures, furniture and signs and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;
 - 5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and
 - 5.5.5 purchase an opening inventory of ingredients for Retail Products and other materials and supplies.
- 5.6 *Construction or Renovation.* In connection with any construction or renovation of the Franchised Business (and before you start any such construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:
 - 5.6.1 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our approval, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Franchised Business based upon standard layout, design and image specifications we will furnish in the Manual (depending on whether, for example, your Franchised Business will be operated as a Cabin, Chalet, or Kiosk). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of

a Franchised Business. Our approval will be limited to conformance with our standard image specifications and layout, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written approval, final architectural drawings, plans and specifications. We will have the right to request changes and approve, but we will not supervise or otherwise oversee your project. We will not unreasonably withhold our approval of your adapted plans, provided that such plans and specifications conform to our general criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

- 5.6.2 You agree to comply with all Operating Codes, including, the applicable provisions of the ADA regarding the construction and design of the Franchised Business. Additionally, before opening the Franchised Business, and after any renovation, you agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.
- 5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) which may be required by state or local laws, ordinances, or regulations (or that may be necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Franchised Business. You must certify in writing to us that all such permits and certifications have been obtained.
- 5.6.4 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and to complete all improvements.
- 5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15 below; and you agree to deliver to us such proof of such insurance as we may reasonably require.
- 5.7 *Pre-Opening.* Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement, the Manual, and/or that we may otherwise specify in writing.
- 5.8 *Reporting Development Costs.* Within ninety (90) days after the Franchised Business first opens for business, you agree to give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require.

6 OPERATING OWNER, PERSONNEL, AND TRAINING

6.1 *Operating Owner and Management.*

- 6.1.1 One of the parties that owns an interest in you must serve as your “**Operating Owner.**” The Operating Owner must supervise the operation of the Franchised Business and must own at least ten percent (10%) of all the voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Operating Owner to hold a smaller interest. The Operating Owner (and any replacement for that individual) must have qualifications reasonably acceptable to us to serve in this

capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B.

- 6.1.2 You must employ a full-time certified general manager (a “**Certified General Manager**”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.
 - 6.1.3 The Franchised Business must at all times be under the active full-time management of the Certified General Manager (who must have successfully completed our initial training program to our satisfaction).
 - 6.1.4 The term “**Additional Trained Personnel**” means Store personnel, in addition to the Operating Owner and Certified General Manager, who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Franchised Business.
- 6.2 *Initial Management Training.* The Operating Owner and your Certified General Manager, and other designated individuals we approve in advance, must attend and successfully complete, to our satisfaction, the initial training program that we offer at our headquarters or another location that we specify. In connection with the initial training program, you must pay to us a non-refundable initial training fee in the amount of Six Hundred Dollars (\$600) before training begins.
- 6.3 *Additional Obligations and Terms Regarding Training.*
- 6.3.1 If for any reason your Operating Owner and/or Certified General Manager cease active management or employment at the Franchised Business, or if we revoke the certification of your Operating Owner or your Certified General Manager to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within forty-five (45) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so. We will train up to four (4) Certified General Managers or other supervisors during the term of this Agreement without any additional charge to you, but we reserve the right to apply reasonable charges for training additional Certified General Managers or supervisors or retraining any existing Certified General Manager(s) or supervisors.
 - 6.3.2 We may require that you and your Operating Owner, Certified General Manager and Additional Trained Personnel attend such refresher courses, seminars, and other training programs as we may reasonably require periodically.
 - 6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Retail Products and Services that will be offered to customers of the Coffeehouse.

6.3.4 Your Operating Owner and Certified General Manager must sign and deliver to us a personal covenant of confidentiality in substantially the form of Exhibit F to this Agreement.

6.3.5 Training Costs and Expenses.

6.3.5.1 We agree to bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2, 6.3, 6.4, and 6.5 of this Agreement.

6.3.5.2 You agree to bear all expenses incurred in connection with any training, including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees. Training may take place at one or more locations that we designate, including Minnesota or elsewhere.

6.3.5.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.

6.3.5.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.

6.4 *Additional On-Site Training.* You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our out-of-pocket expenses to do so. Additionally, if you do not pass one or more mystery shopper visits and/or inspections, then we have the right to determine that you are not operating your Coffeehouse in accordance with our brand standards, and we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.

6.5 *Conventions and Meetings.* You agree to attend the conventions and meetings that we may periodically require and to pay a reasonable fee (if we charge a fee) for each person who is required to attend (and, if applicable, additional attendees that you choose to send as well). You will also be responsible for all of the other costs of attendance, including travel, room and board, and your employees' wages, benefits and other expenses.

7 PURCHASING AND SUPPLY

The requirements of this Section 7 apply to Proprietary Items (Section 7.2), Input Items that you must purchase or otherwise source from approved suppliers (Section 7.1), and Input Items that you must otherwise purchase or source in accordance with our standards and specifications (Section 7.3).

7.1 *Input Items.* You agree to buy all ingredients, equipment, furniture, supplies, paper products, t-shirts, and other apparel), materials (such as packaging), and other products and services used (or offered for sale) at the Coffeehouse (together, "**Input Items**") only from suppliers as to whom we have given our prior written approval (and whom we have not subsequently

disapproved). (The term Input Items also includes any pre-packaged Retail Products that you buy from approved suppliers.) In this regard, the parties further agree:

- 7.1.1 In determining whether we will approve any particular supplier for an Input Item, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then current standards and specifications for such items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, recipes, and/or formulae); **(e)** whether the goods or services purchased from the supplier upholds our standards and the integrity of our products and processes; **(f)** whether any requested deviations in equipment, tools, and smallwares adhere to our current recipes and Manual; and/or **(g)** whether the supplier, in good faith, will work in conjunction with our current tools and systems.
- 7.1.2 For the purpose of this Agreement, the term “**supplier**” includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You agree that we have the right to appoint only one supplier for any particular product, ingredient or item (which may be us or one of our affiliates).
- 7.1.3 You agree to offer and sell only Retail Products and Services at the Franchised Business. You may not offer or sell anything at the Franchised Business that is not a Retail Product or a Service.
- 7.1.4 If you want to buy any Input Item from an unapproved supplier (except for Proprietary Items, which are addressed in Section 7.2 below), then you must first submit a written request to us asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. Any approved alternate suppliers will be required to, and must be able to, upload and maintain specifications (which food safety documentation for vendor facilities and specifications for individual products) for any approved products within our then-current product specification tracking system. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.
- 7.1.5 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are

willing to supply all or some Coffeehouses with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Coffeehouses, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Input Items, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Coffeehouses. We have the right to approve or disapprove of the suppliers who may be permitted to sell Input Items to you. Any of our affiliates that sell Input Items to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell Input Items to you, or to withhold certain discounts that might otherwise be available to you.

- 7.1.6 You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, **"Allowances"**) offered by suppliers to you or to us (or our affiliates) based upon your purchases of Input Items. These Allowances include those based on purchases of products, paper goods, ingredients, beverages, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.
- 7.1.7 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.
- 7.2 *Proprietary Items.* You agree that: **(a)** we have the right to require that certain Retail Products that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products (**"Proprietary Items"**); **(b)** we have the right to require that you purchase and offer Proprietary Items (as well as any packaging bearing the Proprietary Marks) only from us, our affiliates, and/or our designated suppliers, and not to offer or sell any other such products at or from the Franchised Business; and **(c)** we have the right to determine whether any particular item (now or in the future) is or will be deemed a "Proprietary Item."
- 7.3 *Specifications.* In addition to the provisions of Sections 7.1 and 7.2 above, as to those Input Items that we do not require you to buy or otherwise source from approved suppliers and that are not proprietary items (as specified in Section 7.2 above), you agree to purchase or otherwise source those Input Items only in accordance with the standards and specifications that we specify in the Manual or otherwise in writing (for example, USDA Grade A eggs).
- 7.4 *Use of the Marks.* You agree to use all Logo Items that we require and not to use any items that are a substitute for a Logo Item without our prior written consent. The term **"Logo Items"** is agreed to mean all marketing materials, signs, decorations, paper goods (including and all forms and stationery used in the Franchised Business). You agree that all Logo Items that you use will bear the Proprietary Marks in the form, color, location, and manner we prescribe (and that all such Logo Items will be subject to our prior written approval as provided in Section 13.8 below).
- 7.5 *Manufacturing.* You agree not to produce or otherwise manufacture any items in your Coffeehouse (except for products that we have otherwise authorized and approved for production in the Manual or otherwise in writing).

8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

- 8.1 *Importance of Following Standards.* You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other “Caribou Coffee” franchisees in order to develop and maintain our brand and operating standards, to provide customer service to customers and participants, to increase the demand for the Retail Products and Services sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.
- 8.2 *Opening.* In connection with the opening of the Franchised Business:
 - 8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.
 - 8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we will send a representative to attend the opening; and you agree not to open the Franchised Business without our representative present. If we cannot provide our representative on the date that you propose to first open the Franchised Business for business, then you must reschedule such opening to a date on which our representative can be in attendance; provided, that we will not unreasonably delay opening of the Franchised Business due to these considerations.
 - 8.2.3 You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including to materials, quality of work, signage, decor, paint, and equipment, and we have given you our prior written approval to open, which we will not unreasonably withhold.
 - 8.2.4 You agree not to open the Franchised Business until the Operating Owner, Certified General Manager, and Additional Trained Personnel have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business’s customers.
 - 8.2.5 In addition, you agree not to open the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.
- 8.3 *Staffing.*
 - 8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to promptly service customers and to comply with staffing and service criteria, which may include without limitation specified positions that we may designate from time to time as necessary or appropriate for providing quality member experience according to our standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Manual.

- 8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.
- 8.3.3 Your employees must comply with such dress code and other brand standards as we may reasonably require, which may include use of branded (or other “**uniform**”) apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you (and that you ensure that your employees also) comply with our brand standards concerning personal appearance (including dress code, footwear, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).
- 8.3.4 You agree to develop, cultivate, and at all times maintain a cooperative, cordial, and respectful work environment for your staff and among all of the owners of the Franchised Business.
- 8.4 *Operate According to Our Standards.* To ensure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Manual or otherwise in writing. In this regard, you agree to do all of the following:
 - 8.4.1 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.
 - 8.4.2 You agree: **(a)** to sell or offer for sale only those Services, items, and Retail Products using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business; **(b)** to sell or offer for sale all Services, items, and Products using the standards and techniques that we specify in writing; **(c)** not to deviate from our standards and specifications; **(d)** to stop using and offering for use any Services or Retail Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and **(e)** that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.
 - 8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the Retail Products, equipment and to remove samples of items or Retail Products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the Retail Products, equipment, or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.
 - 8.4.4 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify, and to periodically make upgrades and other changes to such items at your expense as we may reasonably request in writing.

Without limiting the above, you agree that changes in our System standard may require you to purchase new and/or additional equipment for use in the Franchised Business.

- 8.4.5 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.
- 8.4.6 You agree to immediately notify us in writing if you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein.
- 8.4.7 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees to the licensing organizations associated with playing that music (subject to Section 14.1.2 below).
- 8.5 *Use of the Premises.* You may use the Accepted Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location.
- 8.6 *Hours and Days of Operation.* You agree to keep the Franchised Business open and in normal operation for such hours and days as we may periodically specify in the Manual or as we may otherwise approve in writing.
- 8.7 *Health Standards and Operating Codes.* You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. As used in this Agreement, "**Operating Codes**" means all applicable laws, codes, ordinances, and/or regulations (whether federal, state, municipal, and/or local) that apply to the Services, Retail Products, construction and design of the Coffeehouse, and/or other aspects of operating the Franchised Business (including the ADA, laws pertaining to employment, etc.).
 - 8.7.1 You agree to send us, within two (2) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.
 - 8.7.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the Services you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business.
 - 8.7.3 You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

8.8 *Your Franchised Business:*

8.8.1 *Franchised Business Condition, Repairs and Maintenance.* You agree that at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In addition, you agree to make such repairs and replacements to the Franchised Business as may be required for that purpose (but no others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require. You also agree to obtain maintenance services from qualified vendors for any equipment as we may specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.8.1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Sections 8.8.2 and 8.8.3 below with respect to Minor Remodeling and Major Remodeling.

8.8.2 *Minor Remodeling.* You also agree to complete a Minor Refurbishment as we may reasonably require, which will not be more than once every five (5) years. (The term **"Minor Refurbishment"** includes Computer Upgrades as defined in Section 14 below.)

8.8.3 *Major Remodeling.* In addition to the maintenance and upkeep obligations requirements and Minor Refurbishment of Sections 8.8.1 and 8.8.2 above, you agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Coffeehouses, including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, **"Major Remodeling"**). In this regard, the parties agree that:

8.8.3.1 You will not have to conduct a Major Remodeling more than once every ten (10) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a pre-condition to renewal (as described in Section 2.2.2 above); and

8.8.3.2 You will have one (1) year after you receive our written notice within which to complete a Major Remodeling (but, in the case of a renewal, the Major Remodeling must be completed before you may renew).

8.9 *Use of the Marks.* You agree to follow all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.10 *Depending on your type of Entity:*

8.10.1 *Corporation.* If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears

which references the transfer restrictions imposed by this Agreement; **(c)** not issue any additional shares (whether voting securities or securities convertible into voting securities); and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

- 8.10.2 *Partnership/LLP*. If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.
- 8.10.3 *LLC*. If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; **(c)** prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.
- 8.10.4 *Guarantees*. If you (the Franchisee under this Agreement) are an entity, then you agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: **(a)** shareholder of a corporate Franchisee; **(b)** member of a limited liability company Franchisee; **(c)** partner of a partnership Franchisee; and/or **(d)** partner of a limited liability partnership Franchisee.
- 8.11 *Quality-Control and Customer Survey Programs*. We may periodically designate an independent evaluation service to conduct a “mystery shopper,” “customer survey,” “food safety,” and/or similar quality-control and evaluation programs with respect to Coffeehouses. You agree to participate in such programs as we require. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses). If we inspect the Franchised Business and determine that it does not comply with all System standards and specifications, we may require you to pay us an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500) for each re-inspection of the Coffeehouse, plus expenses as noted above for the personnel administering the re-inspection.
- 8.12 *Prices*.
- 8.12.1 We may periodically provide suggested retail pricing, however (subject to Section 8.12.2 below), you will always have the right to set your own prices.

- 8.12.2 You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Retail Products and Services offered and sold at the Coffeehouse under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and **(b)** if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.
- 8.13 *Environmental, Social, and Governance (“ESG”) Matters.* Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors’ actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to ESG for the System through the Manual and the policies we may periodically issue in writing, and you agree to abide by those standards.
- 8.14 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Coffeehouse. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the sole right to use those ideas, concepts, methods, techniques, and/or products without compensation to you. You agree: (a) not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval; (b) to sign any assignment or other documents that we may request to evidence our ownership in, or to assist us in securing, intellectual property rights in such Innovations and Creations; (c) not to use any such Innovation or Creation outside the System; and (d) not to allow any other person or entity to use any such Innovation or Creation for any purpose, without obtaining our prior written approval.
- 8.15 *Suspending Operation.* You agree to immediately suspend operating the Franchised Business and promptly notify us in writing if: **(a)** any equipment used, or products or services sold, at the Franchised Business deviate from our standards; **(b)** any equipment used, or products or services sold, at the Franchised Business fail to comply with applicable laws or regulations; and/or **(c)** you fail to maintain the equipment, Franchised Business premises, personnel, or operation of the Franchised Business in accordance with any applicable law or regulations. In the event of such closing, you agree to immediately notify us, in writing, and also remedy the unsafe, or other condition or other violation of the applicable law or regulation. You agree not to reopen the Franchised Business until after we have inspected the Franchised Business premises (physically or otherwise), and we have determined that you have corrected the condition and that all equipment used, or products or services to be sold, at the Franchised Business comply with our standards. This Section 8.15 does not limit or restrict our other rights under this Agreement.

9 PROPRIETARY MARKS

- 9.1 *Our Representations.* We represent to you that we own (and/or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks, and that we have taken (and will

take) all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 *Your Agreement.* With respect to your use of the Proprietary Marks, you agree that:

- 9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.
- 9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor-approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).
- 9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name “Caribou Coffee” without prefix or suffix (except with our prior written approval).
- 9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business (visible to customers, visible only to your staff, and otherwise as we may designate in writing).
- 9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.
- 9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.
- 9.2.7 You agree not to use the Proprietary Marks: **(a)** as part of your corporate or other legal name; **(b)** as part of any e-mail address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provided in Section 14.11); and/or **(c)** in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.
- 9.2.8 You agree to: **(a)** comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and **(b)** execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we may require for use of the Proprietary Marks on the Internet or in other marketing.
- 9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:
 - 9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You agree to

communicate only with us, our affiliates, our counsel, or your counsel regarding any such infringement or challenge. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.9.2 Defense and Costs:

- (a) *If You Used the Marks in Accordance with this Agreement:* If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things (except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement).
- (b) *If You Used the Marks But Not in Accordance with this Agreement:* If you used the Proprietary Marks in any manner that was not in accordance with this Agreement (including our instructions), then we will still defend you, but at your expense, against such third party claims, suits, or demands (including all of the costs of defense as well as the cost of any judgment or settlement). You agree to reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.

- 9.2.9.3 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements.* You agree that:

- 9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.
- 9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.
- 9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).
- 9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

- 9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.
- 9.3.6 The license that we have granted to you under this Agreement to use our Proprietary Marks is not exclusive, and therefore we have the right, among other things:
- 9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Retail Products and Services;
 - 9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to you and other licensees; and
 - 9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.
- 9.4 *Change to Marks.* We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different, updated, or changed Proprietary Marks will be beneficial to the System. In such circumstances, you agree to adopt the new Proprietary Marks and that your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

10 CONFIDENTIAL MANUAL

- 10.1 *You Agree to Abide by the Manual.* In order to protect our reputation and goodwill and to maintain our standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Manual. We will lend to you (or permit you to have access to) one (1) copy of our Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.
- 10.2 *Format of the Manual.* We will have the right to provide the Manual in any one or more format that we determine is appropriate (including paper and/or by making some or all of the Manual available to you only in electronic form, such as through an internet website or an extranet), and we may change how we provide the Manual from time to time. If at any time we choose to provide some or all of the Manual electronically, you agree to immediately return to us any and all physical copies of the portions of the Manual that we have previously provided to you.
- 10.3 *We Own the Manual.* The Manual will at all times remain our sole property and you agree to promptly return the Manual (including any and all copies of some or all of the Manual) when this Agreement expires and/or is terminated.
- 10.4 *Confidentiality and Use of the Manual.*
- 10.4.1 The Manual contains our proprietary information and you agree to keep the Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the

Manual will be available at the Franchised Business premises in a current and up-to-date manner. Whenever the Manual is not in use by authorized personnel, you agree to maintain secure access to the Manual at the premises of the Franchised Business, and you agree to grant only authorized personnel (as defined in the Manual) with access to the security protocols for the Manual.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Manual in whole or in part.

- 10.5 *You Agree to Treat Manual as Confidential.* You agree that at all times, you will treat the Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.
- 10.6 *Which Copy of the Manual Controls.* You agree to keep your copy of the Manual only at the Franchised Business (and as provided in Section 10.4 above) and also to insure that the Manual is kept current and up to date. You also agree that if there is any dispute as to the contents of the Manual, the terms of the master copy of the Manual that we maintain in our head office will be controlling. Access to any electronic version of the Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.
- 10.7 *Revisions to the Manual.* We have the right to revise the contents of the Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Manual and to comply with each new or changed standard.
- 10.8 *Modifications to the System.* You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques) as if they were part of this Agreement at the time when you and we signed this Agreement. You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

11 CONFIDENTIAL INFORMATION

11.1 Confidentiality.

- 11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.
- 11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure

of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

- 11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third-party beneficiary of such covenants with the independent right to enforce them.
- 11.1.4 As used in this Agreement, the term “**Confidential Information**” includes, without limitation, our business concepts and plans, business model, financial model, recipes, food preparation methods, equipment, printing and digital document management methods, operating techniques, marketing methods, processes, formulae, manufacturing and vendor information, results of operations and quality control information, financial information, sales, royalty rates, accounting chart, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Manual, customer profiles, preferences, or statistics, menu breakdowns, itemized costs, franchisee composition, territories, and development plans, this Agreement and other agreements related to the Franchised Business, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made before or at the time any Confidential Information is disclosed to you.
- 11.2 *Consequences of Breach.* You agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

12.1 *Accounting Records and Sales Reports.*

- 12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.
- 12.1.2 With respect to the Franchised Business, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Manual or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, bank reconciliations, daily deposit slips, and cancelled checks; **(e)** all tax returns; **(f)** supplier’s invoices (paid and unpaid); **(g)** dated daily and weekly cash register journals and POS reports in accordance with our standards; **(h)** periodic balance

sheets, periodic profit and loss statements, and periodic trial balances; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** such other records that we may periodically and reasonably request. You agree to allow us access to review all of these records as specified below in Section 12.6.

- 12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We have the right to require you to use only an approved bookkeeping service and an approved independent certified public accountant. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.
- 12.1.4 Each Period, you agree to submit to us, in the form we specify and/or utilizing our Required Software (as that term is defined in Section 14.1.2 below), the Sales Report for the immediately preceding Period. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise) for our receipt no later than the times required under Section 4.3 above. You agree that if you do not submit those reports to us in a timely manner, and/or if you do not permit us to access your Computer System as provided, we will have the right to charge you for the costs that we incur in auditing your records.

12.2 *Financial Statements.*

- 12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year. We may request that the annual financial statement be reviewed and certified by an independent certified public accountant (as to whom we do not have a reasonable objection). In addition, you agree to provide us with an annual reconciliation of monthly reported sales to your total annual sales reported in your financial statements.
- 12.2.2 In addition, within 28 days of the end of each Period during the term of this Agreement after the opening of the Franchised Business, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified), a fiscal period and fiscal year-to-date profit and loss statement and a periodic balance sheet (which may be unaudited) for the Franchised Business. We may also periodically request, and you must timely provide, reports of those income and expense items of the Franchised Business for the Period that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business).

- 12.2.3 Upon our request, you agree to take a physical inventory of the stock at your Coffeehouse and to provide us with a written report on the results of that inventory.
- 12.2.4 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2. If we deem it necessary as part of our review or audit of your gross sales, you also agree to provide us with copies of your federal, state, and local income tax returns within ten (10) days of our request. If you do not meet your obligation to provide us with access to your books and records, as well as copies of required accounting records and financial statements, as specified in this Section 12, or if you fail to provide us with required reports (such as sales reports), then we will have the right to require you to have your annual financial statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us (however, if you have failed on more than one occasion to meet the foregoing standards, then we will have the right to require that your annual financial statement be prepared on an audited basis by an independent certified public accountant that is reasonably satisfactory to us).
- 12.2.5 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.
- 12.3 *Additional Information.* You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Manual or otherwise in writing, including: **(a)** information in electronic format; **(b)** restated in accordance with our financial reporting periods; **(c)** consistent with our then-current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.
- 12.4 *PCI Compliance and Credit Cards.* With respect to processing customer payments by credit and debit cards, you agree to do all of the following:
- 12.4.1 You agree to comply with all of our policies regarding customer payment by credit and/or debit cards, including for example the required use of credit and/or debit cards and other payment methods offered by Payment Vendors, minimum purchase requirements for a customer's use of a credit and/or debit card, and other such requirements that we may set out in the Manual.
- 12.4.2 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

- 12.4.3 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.
- 12.4.4 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.
- 12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.
- 12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.
- 12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.
- 12.5 *Gift Cards and Incentive Programs.* You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile payment and/or customer affinity applications); and you agree to do all of those things in compliance with our standards and procedures for such programs (which may be set out in the Manual or otherwise in writing). You agree to abide by the written standards that we establish and disseminate (in the Manual or otherwise) with respect to the loyalty program and gift card residual value. For this purpose, you must purchase the software, hardware, and other items needed to facilitate the loyalty program, sell and process gift cards, and to contact with the supplier of gift cards and gift card processing services, as we may specify in writing in the Manual or otherwise. You must also pay such transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.
- 12.6 *Our Right to Inspect Your Books and Records.* We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your Royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable

accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

- 12.7 **Operational Inspections.** In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses in an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500) if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under this Agreement.

13 MARKETING

13.1 *Marketing Contribution.*

13.1.1 For each Period during the term of this Agreement, you agree to contribute or spend an amount equal to up to three percent (3%) of your Franchised Business' Gross Sales during the preceding Period (the "**Marketing Contribution**"), allocated as provided in Section 13.1.2 below. You agree to pay the Marketing Contribution in the manner and at the times required under Section 4.3 above (and as otherwise provided in this Section 13). In addition to the Marketing Contribution, you agree to spend a minimum sum specified in Exhibit A to this Agreement to conduct the New Store Opening Launch Program (as further described in Section 13.5 below).

13.1.2 We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: **(a)** the marketing and promotional fund for the U.S. (the "**Brand Fund**"), if established as noted below; **(b)** any Regional Fund established for your area, as provided in Section 13.3 below (but we are not required to establish a Regional Fund for your area); and **(c)** to be spent by you on local marketing and promotion.

13.1.3 We currently allocate the Marketing Contribution as follows:

2%	To be contributed to the Brand Fund; and
1%	To be spent by you on local marketing and promotion, as specified in Section 13.4 below.

13.1.4 We have the right to periodically make changes to the allocation of the Marketing Contribution by giving you written notice of the change, and those changes will take effect at the end of that Period.

- 13.1.5 No part of the Marketing Contribution shall be subject to refund or repayment under any circumstances.
- 13.2 **Brand Fund.** We have the right (but not the obligation) to establish, maintain, and administer the Brand Fund. If we establish the Brand Fund, then the following provisions will apply to it:
- 13.2.1 We (or our designee) will have the right to direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund.
- 13.2.2 The Brand Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing and implementing website, social networking/media, search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist therein; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; conducting and administering loyalty programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for Coffeehouses and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the Coffeehouses operated under the System).
- 13.2.3 You agree to contribute the portion of the Marketing Contribution allocated to the Brand Fund in the manner and at the times that are specified above in Section 4.3. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Brand Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for franchisees and the System. The Brand Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Brand Fund.

- 13.2.4 The Brand Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Brand Fund as shown on our books.
- 13.2.5 Although once established the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for marketing purposes.
- 13.3 *Regional Fund.* We have the right to designate any geographical area for purposes of establishing a Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located has been established at the time you commence operations under this Agreement, then you must immediately become a member of such Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Regional Fund within thirty (30) days after the date on which the Regional Fund commences operation. In no event will you be required to join more than one Regional Fund. The following provisions will apply to each such Regional Fund:
- 13.3.1 Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing.
- 13.3.2 Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.
- 13.3.3 No marketing, advertising or promotional plans or materials may be used by a Regional Fund or furnished to its members without our prior approval, pursuant to the procedures and terms as set forth in Section 13.8 below.
- 13.3.4 Once you become a member of a Regional Fund, you must contribute to a Regional Fund pursuant to the allocation that we specify in Section 13.1.2 above, at the time required under Section 4.3 above, together with such statements or reports that we, or the Regional Fund (with our prior written approval) may require. We also have the right to require that you submit your Regional Fund contributions and reports directly to us for distribution to the Regional Fund.
- 13.3.5 Voting will be on the basis of one vote per full-service Coffeehouse, and any full-service Coffeehouses that we (or our affiliates) operate in the region will have the same voting rights as those owned by franchisees. Each franchised Coffeehouse in the Regional Fund shall also have one vote (no matter how many people own the franchisee).
- 13.3.6 A majority of the Coffeehouse owners in the Regional Fund may vote to increase the amount of each Coffeehouse owner's contribution to the Regional Fund by up to an additional two percentage points (200 basis points) of each Coffeehouse's Gross Sales. You must contribute to the Regional Fund in accordance with any such vote by the Regional Fund to increase each Coffeehouse's contribution as provided in this section.

- 13.3.7 Although once established, each Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.
- 13.3.8 The amounts that you pay to a Regional Fund will also count toward your obligation to make expenditures on local marketing and promotion under Section 13.4 below.
- 13.4 *Local Marketing and Promotion.* You must spend such amounts on local marketing and promotion as we specify in Sections 13.1.3 and 13.1.4 above on a continuous basis (monthly if not otherwise as agreed with us in writing) (and as provided in Section 13.3.8 above). As used in this Agreement, the term “local marketing and promotion” will consist only of the direct costs of purchasing and producing marketing materials (including camera-ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties agree that local marketing may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:
- 13.4.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons (however, you may also include within local marketing and promotion food giveaways, but only the wholesale cost plus direct labor associated with the food giveaways, and you may cover labor expenses associated with local brand activation events);
- 13.4.2 Charitable, political, or other contributions or donations; and/or
- 13.4.3 The value of discounts provided to consumers.
- 13.5 *New Store Opening Launch Program.* In addition to the Marketing Contribution, you agree to spend at least the amount designated on the Data Sheet attached as Exhibit A for grand opening marketing and promotional programs in conjunction with the Franchised Business’s initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the “**New Store Opening Launch Program**”). The New Store Opening Launch Program must begin sixty (60) days before the scheduled commencement date for the Franchised Business and be completed no later than sixty (60) days after the Franchised Business commences operation, and is subject to the provisions of Section 13.8 below. You may include food giveaways in the New Store Opening Launch Program (but only the wholesale cost plus direct labor associated with those food giveaways).
- 13.6 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- 13.7 *Standards.* All of your local marketing and promotion must: **(a)** be in the media, and of the type and format, that we may approve; **(b)** be conducted in a dignified manner; and **(c)** conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.8 below.

- 13.8 *Our Review and Right to Approve All Proposed Marketing.* For all proposed local marketing and promotion, advertising, and promotional plans, you (or the Regional Fund, where applicable) must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you (or the Regional Fund) have not received our written approval within twenty (20) days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.
- 13.9 *Rebates.* You agree that periodic rebates, giveaways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, giveaways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.
- 13.10 *Considerations as to Charitable Efforts.* You agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions, positions, and/or make statements that are (or that may be perceived by the public to be) taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.
- 13.11 *Additional Marketing Expenditure Encouraged.* You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

14 TECHNOLOGY

- 14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:
- 14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Coffeehouses, and in accordance with our standards, including: **(a)** back office and point of sale systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at Coffeehouses, between or among Coffeehouses, and between and among the Franchised Business, and you, and us; **(b)** point-of-sale (POS) (defined in Section 14.6 below); **(c)** physical, electronic, and other security systems and measures; **(d)** printers and other peripheral devices; **(e)** archival back-up systems; **(f)** internet access mode (e.g., form of telecommunications connection) and speed; **(g)** technology used to enhance and evaluate the customer experience; **(h)** digital and virtual menu boards and related technology, hardware, software, and firmware; **(i)** front-of-the-house WiFi

and other connectivity service for customers; **(j)** cloud-based back-end management systems and storage sites; **(k)** in-shop music systems under Section 8.4.7 above; **(l)** consumer-marketing oriented technology (including loyalty, affinity, and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites); and **(m)** a minimum of 5G wireless backup internet service (collectively, all of the above are referred to as the “**Computer System**”).

- 14.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: **(a)** computer software programs and accounting system software that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) (“**Required Software**”), which you must install and maintain; **(b)** updates, supplements, modifications, or enhancements to the Required Software, which you must install and maintain; **(c)** the media upon which you must record data; and **(d)** the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so. The term “Required Software” also includes the affinity program cards that is required under Section 12.5 above.
- 14.1.3 You agree to install, use, maintain, update, and replace (as needed) the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.
- 14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, “**Computer Upgrades**”) (which may be in conjunction with a Minor Refurbishment or as is otherwise needed).
- 14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.
- 14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).
- 14.1.7 Each Period, you agree to pay us a technology fee in our then-current amount, which amount may periodically change by giving you written notice one or more Periods before that change takes effect. You may also be charged fees by tech vendors that provide products and/or services to you, and you agree to pay those charges in the ordinary course of business.

14.2 *Data.*

- 14.2.1 You agree that all data relating to the Franchised Business that you collect, create, provide, or otherwise develop on your Computer System (excluding consumers’ credit card and/or other payment information) (whether or not uploaded to our system from your system and/or downloaded from your system to our system) is and will be owned

exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

- 14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.
- 14.2.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.
- 14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, or at the time of any transfer of an interest in you and/or of the Franchised Business.
- 14.3 *Data Requirements and Usage.* We may periodically specify in the Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:
 - 14.3.1 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, vendor, and transactional information ("**Privacy Laws**").
 - 14.3.2 You agree to comply with our standards and policies that we may issue (without any obligation to do so) pertaining to the privacy of consumer, employee, vendor, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you agree to: **(a)** comply with the requirements of Privacy Laws; **(b)** immediately give us written notice of such conflict; and **(c)** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.
 - 14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.
 - 14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply with any standards and policies that we may issue (without obligation to do so) in this regard.
- 14.4 *Extranet.* You agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). The Extranet may include, among other things, the

Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

- 14.5 *No Separate Digital Sites.* Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:
- 14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.
 - 14.5.2 Any Digital Site that you own or that is maintained by or for your benefit will be deemed “marketing” under this Agreement, and will be subject to (among other things) our right of review and prior approval under Section 13.8 above.
 - 14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, proposed screen shots, links, and other content), and non-visible content (including, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.
 - 14.5.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.
 - 14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).
 - 14.5.6 If we require, you agree to establish such hyperlinks to our Digital Site and others as we may request in writing.
 - 14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to the Digital Site to reflect information regarding specials and other promotions at your Franchised Business.
 - 14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

- 14.6 *POS Systems.* You agree to record all sales on integrated computer-based point of sale systems we approve or on such other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) that we may designate in the Manual or otherwise in writing ("**POS Systems**"), which will be deemed part of your Computer System. You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you agree to record all Gross Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. The POS System is part of the Computer System. You agree to at all times maintain a continuous high-speed Ethernet-cabled (not wireless) connection to the Internet to send and receive POS data to us.
- 14.7 *E-Mail.* You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), the Federal Telephone Consumer Protection Act, and the Canada Anti-Spam Law (known as "CASL"). (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)
- 14.8 *Outsourcing.* You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent.
- 14.9 *Telephone Service.* You agree to use the telephone service for the Coffeehouse that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Franchised Business, and you agree to sign the forms necessary to implement this clause.
- 14.10 *Changes.* You agree that changes to technology are dynamic and likely to occur during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.

- 14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging.* You agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, **“Official Senders”**) to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: **(a)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; **(b)** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders’ transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(c)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as “john.smith@CARIBOUCOFFEEshops.com or “jane.jones@CARIBOUCOFFEEfranchisee.com”) (the **“Permitted E-mail Address”**) in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

15 INSURANCE

- 15.1 *Required Insurance Coverage.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least “A-” in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (however, you agree that we may reasonably specify additional coverages and higher policy limits in the Manual or

otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, and/or other relevant changes in circumstances), the following (all subject to the additional requirements of this Section 15):

- 15.1.1 Commercial general liability insurance (subject to Section 15.2 below) protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Coffeehouse and protecting against assumed or contractual liability under this Agreement with respect to the Coffeehouse and your operations, with such policy to be placed with minimum limits of Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) in the aggregate; provided, however, that at our election, such minimum limits may be periodically increased. This coverage shall not exclude losses due to assault, battery, and/or the use or brandishing of firearms.
- 15.1.2 Products & Completed Operations liability insurance (subject to Section 15.2 below) in an amount not less than Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) in the aggregate.
- 15.1.3 Automobile liability insurance (subject to Section 15.2 below), in an amount not less than Two Million Dollars (\$2,000,000) combined single limit for bodily injury and/or property damage claims per occurrence. Coverage will include, but not be limited to, coverage for all vehicles owned or operated by or on behalf of you, including hired, leased and non-owned vehicles. Such policy must have the contractual exclusion removed, unless you provide separate evidence that contractual liability for automobile exposure is otherwise insured.
- 15.1.4 Statutory workers' compensation insurance as required by law in each state where work is being performed and employer's liability insurance (all subject to Section 15.2 below) with a minimum limit of One Million Dollars (\$1,000,000) each accident, bodily injury by accident; One Million Dollars (\$1,000,000) policy limit, bodily injury by disease and One Million Dollars (\$1,000,000) each employee bodily injury by disease; as well as any such other disability benefits type insurance as may be required by statute or rule of the state in which the Coffeehouse is located.
- 15.1.5 Cyber liability insurance (subject to Section 15.2 below) with limits of liability not less than One Million Dollars (\$1,000,000) each occurrence and in the aggregate.
- 15.1.6 Employment practices liability insurance (subject to Section 15.2 below) with limits of liability not less than One Million Dollars (\$1,000,000) each occurrence and in the aggregate.
- 15.1.7 Foodborne illness coverage (subject to Section 15.2 below) shall be included within the general liability coverage noted in Section 15.1.1 above, with coverage of at least One Million Dollars (\$1,000,000) combined single limit for both bodily injury and property damage.
- 15.1.8 Commercial umbrella liability insurance (subject to Section 15.2 below) with limits which bring the total of all primary underlying coverages (commercial general liability, comprehensive automobile liability, and employers liability) to not less than Five Million Dollars (\$5,000,000) each occurrence, Five Million Dollars (\$5,000,000) general aggregate, and Five Million Dollars (\$5,000,000) products/completed operations aggregate. Such umbrella liability must provide at a minimum those coverages and endorsements required in the underlying policies.

- 15.1.9 Property insurance (subject to Section 15.2 below) providing All Risk Coverage/All Risk Perils for direct physical loss or damage to real and personal property in minimum coverage of One Million Dollars (\$1,000,000) for the building and Two Hundred and Fifty Thousand Dollars (\$250,000) for contents coverage including the perils of flood and earthquake. Appropriate coverage must also be provided for boiler and machinery exposures and business interruption/extra expense exposures, written on an actual loss sustained basis. The policy should include coverage for food spoilage of at least Twenty-Five Thousand Dollars (\$25,000), off-premises service interruption, ordinance and law, civil authority, as well as sewer and drain back up. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance must not be less than 90% of the full replacement value of the Coffeehouse, its furniture, fixtures, equipment, and stock (real and personal property). The policy should include wind or named storm deductible at 2% with Twenty-Five Thousand Dollars (\$25,000) minimum per occurrence deductible. Any deductibles contained in such policy will be subject to our review and approval.
- 15.1.10 Any other insurance coverage that is required by federal, state, or municipal law (subject to Section 15.2 below).
- 15.1.11 All coverages must be written with no coinsurance penalty.
- 15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15 (above and those below), you agree that:
- 15.2.1 All policies listed in Section 15.1 above (unless otherwise noted below) must contain such endorsements as we will periodically specify in writing to you.
- 15.2.2 All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).
- 15.2.3 All public liability and property damage policies must: **(a)** list as additional insureds, us and any other entities in which we have an interest (as well as all other entities affiliated with us), and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; and **(b)** contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees, including as additional insureds.
- 15.2.4 You agree to provide us with sixty (60) days' advance written notice in the event of cancellation, change, and/or non-renewal of any policy, in the manner provided in Section 24 below.
- 15.3 *Construction Coverages.* In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you agree to require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in writing by us, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.

- 15.4 *Other Insurance Does Not Impact your Obligation.* Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Coffeehouses that you (and/or your affiliates) operate under the System.
- 15.5 *Certificates of Insurance.* At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy (and also on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date), you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.
- 15.6 *Required Coverages are Minimums.* You agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.
- 15.7 *Obtaining Coverage.* If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within five (5) days after we send them to you.

16 TRANSFER OF INTEREST

- 16.1 *By Us.* We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.
- 16.2 *Your Principals.* Each party that holds any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each, a "**Principal**"), and the interest that each Principal holds in you (directly, indirectly, and/or beneficially) is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, and/or their respective interests in you, to change without complying with this Agreement.
- 16.3 *Principals.* We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically upon written notice to you.
- 16.4 *By You.* You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

- 16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.
- 16.4.1.1 As used in this Agreement, the term “**transfer**” is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: **(a)** this Agreement; **(b)** Franchisee; **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or substantially all of the assets of the Franchised Business.
- 16.4.1.2 Any purported assignment or transfer that does not have our prior written consent as required by this Section 16 will be null and void and will also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.
- 16.4.2 You agree (unless you are a partnership) that: **(a)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such. If you are a general partnership, limited partnership, or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.
- 16.4.3 Principals must not, without our prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction shall also be deemed a “transfer” under this Agreement.
- 16.4.4 You also agree that in the case of any proposed transfer, you authorize us to truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Coffeehouse (such as sales reports) (although we will have the right not to provide any or all such information).
- 16.5 *Transfer Conditions.* We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:
- 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, claims arising under this Agreement, any other agreement between you and us, and/or your affiliates, our affiliates, and federal, state, and local laws and rules.
- 16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed

by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.

- 16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.
- 16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, higher Royalties and marketing fees.
- 16.5.5 If we request, then you must conduct Minor Remodeling and Major Remodeling (if not already done under the schedules specified in this Agreement) and purchase new equipment to conform to the then-current standards and specifications of new Coffeehouses then-being established in the System, and you agree to complete the upgrading and other requirements specified above in Sections 8.8.2 and 8.8.3 within the time period that we specify.
- 16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).
- 16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.
- 16.5.8 A Principal of the transferee whom we designate to be a new Operating Owner, and those of the transferee's Operating Owner, Certified General Manager, and Additional Trained Personnel as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).
- 16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee will be Fifteen Thousand Dollars (\$15,000) or fifty percent (50%) of our then-current initial franchise fee charged to new franchisees (whichever is more), or such additional amounts as may be necessary to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. If any party has engaged a broker with respect to the transfer, you must also pay (or ensure the buyer's payment of) any applicable commission to the broker in connection with the transfer.

- 16.5.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3, 19.4, and 19.5 below.
- 16.6 **Right of First Refusal.** If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:
- 16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.
- 16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.
- 16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.
- 16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.
- 16.7 **Death or Incapacity.** If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within six (6) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction, including our attorneys' fees.

- 16.7.1 In addition, if the deceased or incapacitated person is the Operating Owner, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.
- 16.7.2 For purposes of this section, “**incapacity**” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for a period of thirty (30) or more consecutive days; or **(b)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent’s interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- 16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.
- 16.8 *Consent to Transfer.* Our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.
- 16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Coffeehouse.* You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.
- 16.10 *Bankruptcy Issues.* If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties’ understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including the terms of Sections 16.4, 16.5, and 16.6 above.
- 16.11 *Securities Offers.* All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.
- 16.11.1 You agree that: **(a)** no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; **(b)** our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and **(c)** we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

- 16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.5.2 below) in connection with the offering.
- 16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.
- 16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.
- 16.11.5 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION

- 17.1 *Automatic with no notice and no opportunity to cure.* If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: **(a)** if you will become insolvent or make a general assignment for the benefit of creditors; **(b)** if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; **(c)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(d)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(e)** if a material final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); **(f)** if you are dissolved; or if execution is levied against your business or property; **(g)** if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or **(h)** if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.
- 17.2 *With Notice and no opportunity to cure.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):
 - 17.2.1 If you do not obtain an Accepted Location for the Franchised Business within the time limits specified under the Site Selection Addendum, or if you do not construct and open

the Franchised Business within the time limits specified in Sections 5.1 and 8.2 above (and within the requirements specified in Sections 5 and 8.2 above);

- 17.2.2 If at any time: **(a)** you cease to operate or otherwise abandon the Franchised Business for two (2) or more consecutive business days and/or two (2) or more business days within any week (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as defined in Section 22 below); **(b)** you lose the right to possession of the premises; **(c)** forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we will not unreasonably withhold, subject to Section 1.2.3 above);
- 17.2.3 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;
- 17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business and/or if you fail to comply with the requirements of Section 8.15 above;
- 17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;
- 17.2.6 If you fail to comply with the requirements of Section 19 below;
- 17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information that we provide to you;
- 17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.7 above;
- 17.2.9 If you maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;
- 17.2.10 If you commit three (3) or more defaults under this Agreement in any fifty-two (52) week period, whether or not each such default has been cured after notice;
- 17.2.11 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any Input Items from an unapproved supplier, or if you sell anything from the Coffeehouse that is not a Retail Product or a Service;
- 17.2.12 If you fail to pay any taxes owed by the Franchised Business to any applicable governmental authority within ten (10) days following receipt of written notice from such authority(ies) of a failure to pay taxes;
- 17.2.13 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or

17.2.14 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.3 *With Notice and Opportunity to Cure.*

17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: **(a)** immediately initiating a remedy to cure such default; **(b)** curing the default to our satisfaction; and **(c)** promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).

17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.

17.4 *Bankruptcy.* If, for any reason, this Agreement is not terminated pursuant to this Section 17, and this Agreement is assumed, or assignment of same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment or assumption of the Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment or assumption of this Agreement.

17.5 *Our Rights Instead of Termination.* If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement.

17.6 *Reservation of Rights under Section 17.5.* If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at

any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

- 17.7 *Damages.* You agree that you will pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect (except to the extent otherwise permitted under a separate valid franchise agreement between you and/or one of your affiliates and us):

- 18.1 *Cease Operation.* You agree to: **(a)** immediately and permanently stop operating the Franchised Business; and **(b)** never directly or indirectly represent to the public that you are a present or former franchisee of ours.
- 18.2 *Stop Using Marks and Intellectual Property.* You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the marks "CARIBOU COFFEE" and "Caribou Coffee" and any and all other current and former Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.
- 18.3 *Cancel Assumed Names.* You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the marks "CARIBOU COFFEE" and "Caribou Coffee" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.
- 18.4 *Premises.* We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Coffeehouse is operated and/or for the building in which the Coffeehouse is operated.
- 18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Coffeehouses, and must make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and must promptly execute such documents or take such steps

necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us.

- 18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) will have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.
- 18.5 *Our Option to Buy Your Assets.* We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that “fair market value” will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment’s original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.
- 18.6 *No Use of the Marks in Other Businesses.* You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.
- 18.7 *Pay All Sums Due.* You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and expenses (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.
- 18.8 *Pay Damages.* You agree to pay us all damages, costs, and expenses (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.
- 18.9 *Return Confidential Information.* You agree to immediately return to us the Manual and all other manuals, records, and instructions containing confidential information (including, any copies of some or all of those items, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.
- 18.10 *Right to Enter and Continue Operations.* In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose of continuing the Franchised Business’s operation and maintaining the goodwill of the business.

- 18.11 *Lost Future Royalties.* If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, you agree to pay to us, as liquidated damages, an amount calculated as follows: (a) the average of your monthly Royalty Fees that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 12 months, the average of your monthly Royalty Fees for the number of months you have operated the Franchised Business); (b) multiplied by the lesser of 36 or the number of months remaining in the then-current term of this Agreement under Section 2. You acknowledge and agree that the liquidated damages payable under this Section 18.11 not constitute a penalty, and that the parties have negotiated in good faith for such specific liquidated damages and have agreed that the amount is reasonable in light of the anticipated harm caused by a default and termination of this Agreement and cessation of your operation of the Franchised Business.
- 18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.
- 18.13 *Offsets.* We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

19 COVENANTS

- 19.1 *Full Time Efforts.* You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Operating Owner) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.
- 19.2 *Understandings.*
- 19.2.1 You agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.
- 19.2.2 As used in this Section 19, the term “**Competitive Business**” is agreed to mean any foodservice business offering products or services: **(a)** that are the same as or similar to those that are then-offered from a Coffeehouse, or **(b)** at which sale of caffeinated coffee and coffee-based or flavored beverages (in any combination or individually) comprise twenty percent (20%) or more of its gross revenues.
- 19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in

Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

- 19.3.1 Divert or attempt to divert any actual or potential business or customer of any Coffeehouse to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.
 - 19.3.2 Own, maintain, develop, operate, engage in, assist, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.
- 19.4 *Where Restrictions Apply.* During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only within five (5) miles of the miles of the Accepted Location and also within five (5) miles of any previous (within the last year), then-existing or then-planned Coffeehouse business locations. These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) pursuant to a valid franchise agreement with us or one of our affiliates.
- 19.5 *Post-Term.* You further covenant and agree that, for a continuous period of two (2) years after **(a)** the expiration of this Agreement, **(b)** the termination of this Agreement, and/or **(c)** a transfer as contemplated in Section 16 above:
- 19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and
 - 19.5.2 You also agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two-year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.
- 19.6 *Periods of Non-Compliance.* Any period of non-compliance with the requirements of this Section 19, whether such non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.
- 19.7 *Publicly-Held Entities.* Section 19.3.2 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term “**publicly-held corporation**” will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.
- 19.8 *Personal Covenants.* You agree to require and obtain execution of covenants similar to those set forth in Sections 9.3, 11, 16, 18 above, and this Section 19 (as modified to apply to an individual), from your Operating Owner, Certified General Manager, and Additional Trained Personnel and other managerial and/or executive staff, as well as your Principals. The covenants required by this section must be in the form provided in Exhibit F to this Agreement.

If you do not obtain execution of the covenants required by this section and deliver to us those signed covenants, that failure will constitute a default under Section 17.2.6 above.

- 19.9 *Construction.* The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.
- 19.10 *Claims Not a Defense.* You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.
- 19.11 *Covenant as to Anti-Terrorism Laws.* You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.
- 19.12 *Defaults.* You agree that if you violate this Section 19, that would result in irreparable injury to us for which no adequate remedy at law may be available, and accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS

- 20.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 20.2 *Payment of Trade Creditors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.
- 20.3 *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 20.4 *Compliance with Law.* You agree to comply with all Operating Codes and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the

Franchised Business, including, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any Operating Codes are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

- 20.5 *Notice of Violations and Actions.* You agree to notify us in writing within two (2) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within two (2) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

- 21.1 *Independent Contractor Relationship.* The parties agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;

21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

- 21.2 *Notice of Status.* At all times during the term of this Agreement and any extensions hereof, you will hold yourself out as an independent contractor operating the business pursuant to a franchise from us both to the public and also to your staff. You agree to take such action as may be necessary to do so, including exhibiting a notice of that fact in conspicuous places at the Accepted Location, the content and placement of which we reserve the right to specify in the Manual or otherwise.

- 21.3 *No Contracts in our Name.* It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

- 21.4 *Indemnification.*

21.4.1 You agree to indemnify, hold harmless, and defend each of the Franchisor Parties against any and all Expenses arising directly or indirectly from any Claim, as well as

from any claimed breach by you of this Agreement. Your indemnity obligations shall: **(a)** survive the expiration or termination of this Agreement, and shall not be affected by any insurance coverage that you and/or any Franchisor Party may maintain; and **(b)** exclude any Claim and/or Expense that a court with competent jurisdiction determines was caused solely by a Franchisor Party's gross negligence and/or willful misconduct.

21.4.2 *Procedure.* We will give you notice of any Claim and/or Expense for which the Franchisor Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Franchisor Parties. We shall have the right: **(a)** to participate in any defense that you undertake with counsel of our own choosing, at our expense; and **(b)** to undertake, direct, and control the defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Franchisor Party.

21.4.3 *Definitions.* As used in this Section 21.4, the parties agree that the following terms will have the following meanings:

21.4.3.1 **"Claim"** means any allegation, cause of action, and or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Coffeehouse, sale of Retail Products or Services, events occurring at the Coffeehouse, data theft or other data-related event, or otherwise, whether asserted by a customer, vendor, employee, or otherwise), a violation of the Operating Codes, and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, and Expenses). The indemnification obligations under Section 16.11.2 are included within this definition of a Claim.

21.4.3.2 **"Expenses"** includes interest charges; fees for accountants, attorneys and their staff, arbitrators, and expert witnesses; costs of investigation and proof of facts; court costs; travel and living expenses; and other costs and expenses associated with litigation, investigative hearings, or alternative dispute resolution, whether or not a proceeding is formally commenced.

21.4.3.3 **"Franchisor Parties"** means us and our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, agents, and employees.

22 FORCE MAJEURE

22.1 *Impact.* Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** strikes,

lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, environmental emergencies, public health emergencies, epidemics, pandemics, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business.

- 22.2 *Transmittal of Funds.* The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

23 APPROVALS AND WAIVERS

- 23.1 *Request for Approval.* Whenever this Agreement requires our prior approval or consent, you agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing.
- 23.2 *No Warranties or Guarantees.* You agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.
- 23.3 *No Waivers.* No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend the terms of this Agreement.

24 NOTICES

- 24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, reputable national delivery or courier service, or by other means that provides the sender with evidence of delivery, rejected delivery, and/or attempted delivery. Any notice by a means that gives the sender effective evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.
- 24.2 Notices shall be sent to the address designated on the signature page of this Agreement (unless a party changes its address for those notices by giving prior written notice to the other party in the manner specified above). If the parties have designated a specific e-mail address, then notices sent to that e-mail address (which may be changed as noted above) will be considered as having been sent at the time they are delivered into that e-mail address.

- 24.3 The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

25 ENTIRE AGREEMENT AND AMENDMENT

- 25.1 *Entire Agreement.* This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior understandings, agreements, and communication on the subject matter of this Agreement. The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement is meant to (nor shall it be read to) disclaim any representation that we made in our Franchise Disclosure Document (“**FDD**”) (including all of the exhibits and amendments to the FDD).
- 25.2 *Amendment.* Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

26 SEVERABILITY AND CONSTRUCTION

- 26.1 *Introductory Paragraphs.* With respect to the introductory paragraphs of this Agreement, under the heading “Introduction,” the parties agree that: (a) those paragraphs are accurate; and (b) those paragraphs are incorporated into the text of this Agreement as if they were printed here in full.
- 26.2 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any portion, section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.
- 26.3 *No Third Party Rights.* Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.
- 26.4 *Captions Don’t Amend Terms.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.
- 26.5 *Including.* The parties agree that when used in this Agreement, the terms “include”, “includes”, and “including” shall be understood to mean “including but not limited to”.

- 26.6 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.
- 26.7 *Expenses.* Each party agrees to bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.
- 26.8 *Counterparts.* This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

27 APPLICABLE LAW AND DISPUTE RESOLUTION

- 27.1 *Choice of Law.* This Agreement takes effect when we accept and sign this document. This Agreement will be interpreted and construed exclusively under the laws of the State of Minnesota, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Minnesota choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under Minnesota law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Minnesota (or any other state) that would not otherwise apply if the words in this Section 27.1 were not included in this Agreement.
- 27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over Hennepin County, Minnesota. Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.
- 27.2.1 The parties agree that this Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.
- 27.2.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.
- 27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.
- 27.3 *Mediation.* Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in Minneapolis, Minnesota.
- 27.4 *Parties Rights Are Cumulative.* No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

- 27.5 *Injunctions.* Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
- 27.6 **WAIVER OF JURY TRIALS.** EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.
- 27.7 **MUST BRING CLAIMS WITHIN ONE YEAR.** EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES' RELATIONSHIP, AND/OR YOUR OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER (EXCLUDING CLAIMS SEEKING INDEMNIFICATION), SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.
- 27.8 **WAIVER OF PUNITIVE DAMAGES.** EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES IT HAS SUSTAINED (INCLUDING LOST FUTURE ROYALTIES).
- 27.9 *Payment of Legal Fees.* You agree to pay us all damages, costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

28 ACKNOWLEDGMENTS

- 28.1 *Your Investigation of the Coffeehouse Possibilities.* You acknowledge, recognize, and agree that: (a) you conducted an independent investigation of the business franchised under this Agreement; (b) this business venture involves business and financial risks; and (c) your success will be largely dependent upon your personal ability (and that of your owners as independent businesspersons).
- 28.2 *No Warranties or Guarantees.* We expressly disclaim the making of (and you agree that you did not receive) any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.
- 28.3 *Receipt of FDD and Complete Agreement.* You acknowledge receipt of a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with sufficient time to review it with your advisors. You also acknowledge receipt of our FDD at least fourteen (14) days before you signed this Agreement and made any payment to us.

- 28.4 *You Have Read the Agreement.* You agree that you have read and understood the FDD, this Agreement, and all of the exhibits to this Agreement.
- 28.5 *Your Advisors.* You acknowledge that we recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you had sufficient time and opportunity to consult with those advisors.
- 28.6 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.
- 28.7 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.
- 28.8 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Coffeehouse, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.
- 28.9 *Different Franchise Offerings to Others.* You agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.
- 28.10 *Our Advice.* You agree that our advice is only that; that our advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.
- 28.11 *Your Independence.* You agree that:
- 28.11.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);
 - 28.11.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);
 - 28.11.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;
 - 28.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards

(or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and

- 28.11.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.
- 28.12 *Success Depends on You.* You agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided by you and your staff, as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.
- 28.13 *General Release.* If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Coffeehouses and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.*

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Caribou Coffee Development Company, Inc.
Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

By: _____

Name: _____

Title: _____

Address for Notices:

3900 Lakebreeze Avenue N.
Brooklyn Center, Minnesota 55429
Telephone: (877) 435-7268
Attn: General Counsel
E-mail: legal@cariboucoffee.com

Address for Notices:

Telephone: _____
Attn: _____
E-mail: _____

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET

¶	Section Cross Ref.	Item
1	1.2	The Accepted Location under this Agreement will be: _____ _____.
2	1.2	The format for the Coffeehouse to be established under this Agreement shall be a: <input type="checkbox"/> Kiosk <input type="checkbox"/> Cabin <input type="checkbox"/> Chalet
3	1.3	The Protected Territory will be: _____ _____.
4	2.1	The initial term expires ten (10) years following the Commencement Date.
5	2.2.6	The renewal fee will be \$_____.
6	4.1	The Initial Franchise Fee will be \$15,000 for a Kiosk (but \$7,000 for a Kiosk at a Non-Traditional Facility that is a university or hospital) and \$30,000 for a Cabin or Chalet.

7	4.2	The Royalty Fee will be five percent (5%) of the Gross Sales of the Franchised Business for Cabin or Chalet format. For a Kiosk format, the Royalty Fee will be six percent (6%) of the Gross Sales of the Franchised Business, and four percent (4%) of the Gross Sales of the Franchised Business for Kiosks located in a Non-Traditional Facility that is an airport, hospital or university. Beginning twelve (12) months after the Effective Date, your annual Royalty Fee payments to us must total at least six thousand dollars (\$6,000) (the " Minimum Royalty "). If at the end of each year of this Agreement following the first year, you have not paid us the Minimum Royalty, then you must immediately pay to us the difference between the Royalty Fees paid during the previous year and the Minimum Royalty.
8	13.1	The Marketing Contribution will be up to three percent (3%) of the Gross Sales of the Franchised Business.
9	13.5	Your minimum expenditure on the New Store Opening Launch Program will be \$3,000 for a Kiosk and \$8,000 for a Cabin and \$10,000 for a Chalet.

Initials

Franchisor

Franchisee

Caribou Coffee Development Company, Inc.
 FRANCHISE AGREEMENT
 EXHIBIT B
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Caribou Coffee Development Company, Inc. ("**Franchisor**") to sign the Caribou Coffee Franchise Agreement between Franchisor and _____ ("**Franchisee**"), dated _____ (the "**Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract (including another franchise agreement) with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Franchisee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or **(d)** give notice of demand for payment by Franchisee.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).
- S/he will indemnify, defend, and hold harmless Franchisor against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.
- S/he will be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement.
- S/he agrees to be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.
- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the

"CARIBOU COFFEE" marks) or the system licensed to Franchisee under the Agreement; **(b)** s/he have read, in full, and understands, all of the provisions of the Agreement that are referred to above in this paragraph, and that s/he intends to fully comply with those provisions of the Agreement as if they were printed here in full; and **(c)** s/he have had the opportunity to consult with a lawyer of her/his own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Minnesota, and that in the event of any conflict of law, Minnesota law will prevail (without applying Minnesota conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

(signed in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

(signed in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

(signed in his/her personal capacity)

Printed
Name: _____

Date: _____

Home Address:

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT C
LIST OF PRINCIPALS

Name of Principal	Home Address	Percentage Interest Held in Franchisee

Initials

Franchisor

Franchisee

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT D

AUTHORIZATION AGREEMENT FOR ACH PAYMENTS
(DIRECT DEBITS FOR ROYALTY, MARKETING CONTRIBUTION, AND OTHER FEES)

_____ (Name of Person or Legal Entity)

_____ (Tax ID Number (FEIN))

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes Caribou Coffee Development Company, Inc. ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit such account(s) pursuant to our instructions.

Depository/Bank Name

Branch Name

City

State

Zip Code

Bank Transit/ABA Number

Account Number

This authorization is to remain in full and force and effect until sixty (60) days after we have received written notification from Franchisee of its termination.

Printed Name
of Depositor: _____

Signed By: _____

Printed Name: _____

Title: _____

Date: _____

Caribou Coffee Development Company, Inc.
 FRANCHISE AGREEMENT
 EXHIBIT E
ADA CERTIFICATION

Caribou Coffee Development Company, Inc. (“**Franchisor**” or “**us**”) and _____ (“**Franchisee**” or “**you**”) are parties to a franchise agreement dated _____ (the “**Franchise Agreement**”) for the operation of a Franchised Business at _____ (the “**Franchised Business**”).

- In accordance with Section 5.6.2 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.
- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.
- You acknowledge that we have relied on the information contained in this certification.
- You agree to indemnify us and our officers, directors, members, managers, shareholders, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed by Franchisee:

By: _____

Printed Name: _____

Title: _____

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT F-1

SAMPLE FORM OF
NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
*(to be signed by Franchisee with its
executive/management staff)*

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("**Agreement**") is made on _____, by and between _____ (the "**Franchisee**"), and _____, who is a Principal, manager, supervisor, member, partner, or a person in an executive or managerial position with, Franchisee (the "**Member**").

Background:

A. Caribou Coffee Development Company, Inc. ("**Franchisor**") owns (and/or is a licensee for) a format and system (the "**System**") relating to the establishment and operation of "CARIBOU COFFEE" businesses operating in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Coffeehouse**").

B. Franchisor identifies "CARIBOU COFFEE" Coffeehouses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "CARIBOU COFFEE") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "CARIBOU COFFEE" Coffeehouse (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Member, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. During the time that Member is engaged by Franchisee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Franchised Business that the Member learns about during the Member's engagement by Franchisee. Any and all information, knowledge, know-how, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of his/her position with Franchisee, Member will receive valuable specialized training and

confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:

(i) Divert or attempt to divert any business or customer of the Franchised Business or of any Franchised Business using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System; or

(ii) Either directly or indirectly for him/herself or on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity, Member will not own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to the Franchised Business and which business is, or is intended to be, located within a three (3) mile radius of the Franchised Business operated by Franchisee.

(d) As used in this Agreement, the term "same as or similar to the Franchised Business" means any foodservice business offering products or services: **(i)** that are the same as or similar to those that are then-offered from a Coffeehouse, or **(ii)** at which sale of caffeinated coffee and coffee-based or flavored beverages (in any combination or individually) comprise twenty percent (20%) or more of its gross revenues.

(e) As used in this Agreement, the term "Post-Term Period" means one (1) year from the date of termination of Member's employment with Franchisee (except as may otherwise be required under applicable law). Any period of non-compliance with this requirement shall not count toward satisfying this requirement.

3. **Injunctive Relief.** Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. **Severability.** All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Member's legitimate business needs as permitted by applicable law and public policy. In so doing, the Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. **Delay.** No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this

Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE

MEMBER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT F-2

SAMPLE FORM OF
NON-DISCLOSURE AGREEMENT
*(to be signed by Franchisee with its
non-management staff)*

THIS NON-DISCLOSURE AGREEMENT ("**Agreement**") is made on _____, by and between _____ (the "**Franchisee**") and _____, who is an employee of Franchisee (the "**Employee**").

Background:

A. Caribou Coffee Development Company, Inc. ("**Franchisor**") owns a format and system (the "**System**") relating to the establishment and operation of "CARIBOU COFFEE" businesses in structures that bear Franchisor's interior and exterior trade dress, and under its Proprietary Marks, as defined below (each, a "**Coffeehouse**").

B. Franchisor identifies "CARIBOU COFFEE" Coffeehouses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin (including for example the mark "CARIBOU COFFEE") and certain other trade names, service marks, and trademarks that Franchisor currently and may in the future designate in writing for use in connection with the System (the "**Proprietary Marks**").

C. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a "CARIBOU COFFEE" Coffeehouse (the "**Franchised Business**") and to offer and sell products, services, and other ancillary products approved by Franchisor and use the Proprietary Marks in connection therewith under the terms and conditions of the Franchise Agreement.

D. The Employee, by virtue of his or her position with Franchisee, will gain access to certain of Franchisor's Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties agree as follows:

1. Confidential Information. During the time that Member is engaged by Franchisee, and after that engagement ends, Member will not communicate, divulge, or use for the benefit of any other party the methods of operation of the Franchised Business that the Member learns about during the Member's engagement by Franchisee. Any and all information, knowledge, know-how, and techniques that are deemed confidential are will be deemed confidential for purposes of this Agreement.

2. Injunctive Relief. Employee acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Employee agrees to pay all costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

3. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, will be held invalid by any court of competent jurisdiction for any reason, then the Employee agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Employee's legitimate business needs as permitted by applicable law and public policy. In so doing, the Employee agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

4. Delay. No delay or failure by the Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

5. Third-Party Beneficiary. Employee hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

IN WITNESS WHEREOF, the Franchisee and the Employee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

FRANCHISEE

By: _____

Name: _____

Title: _____

EMPLOYEE

By: _____

Name: _____

Title: _____

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT G

SITE SELECTION ADDENDUM

Caribou Coffee Development Company, Inc. (“**Franchisor**” or “**us**” or “**we**”) and _____ (“**Franchisee**” or “**you**”) have on _____ entered into a CARIBOU COFFEE Franchise Agreement (“**Franchise Agreement**”) and wish to supplement its terms as set out below in this Site Selection Addendum (the “**Addendum**”). The parties agree as follows:

AGREEMENT

1. **Time to Locate Site:** Unless otherwise agreed to by the parties, within ninety (90) days after the date of this Addendum, you agree to acquire or enter into a binding lease/sublease (collectively, a “**lease**”), at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the “**Franchised Business**”) at a site that we will have approved in writing as provided below. You must provide us with a copy of the signed purchase agreement or lease/sublease (and you need to close/settle on the property if purchasing).

a. Such location must be within the following area: _____

(the “**Site Selection Area**”).

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchised Business.

c. We will not establish, nor franchise another party to establish, a “CARIBOU COFFEE” business operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term “**Search Period**” means ninety (90) days from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for your Franchised Business, whichever event first occurs. Upon expiration of the Search Period, the protections of this paragraph 1.c will expire and you will have no further rights in and to the Site Selection Area other than as otherwise provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have approved in writing) for the Franchised Business in accordance with this Addendum by not later than one hundred and eighty (180) days after the date of this Addendum, that will constitute a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services:** We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable. We may perform an on-site evaluation if we determine it is necessary but may not do so in all cases. We will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval:** You must submit to us, in the form that we specify: **(a)** a completed site approval form (in the form that we require); **(b)** such other information

or materials that we may reasonably require; and **(c)** an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. We have the right to approve or disapprove any such site to serve as the Accepted Location for the Franchised Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we will be deemed to have disapproved the site.

4. **Lease Responsibilities:** After we have approved a site and before the expiration of the Search Period, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the lease rider attached to the Franchise Agreement as Exhibit H. However, even if we examine the lease, we are not responsible for review of the lease for any terms other than those contained in the lease rider.

5. **Accepted Location:** After we have approved the location for the Franchised Business and you have leased or acquired that location, the location will constitute the **Accepted Location** described in Section 1.2 of the Franchise Agreement. The Accepted Location will be specified on Exhibit A to the Franchise Agreement, and will become a part the Franchise Agreement.

a. You hereby agree that 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 the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You agree that your acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

6. **Construction:** This Addendum will be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined herein will have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

Caribou Coffee Development Company, Inc.
Franchisor

Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT H
LEASE RIDER

THIS ADDENDUM (the "**Addendum**") has been executed on _____, by and between _____ ("**Franchisee**") and _____ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein ("**Lease**") dated as of _____ for the premises located at _____, in the State of _____ ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Caribou Coffee Development Company, Inc. ("**Franchisor**") for the development and operation of a "CARIBOU COFFEE" business at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

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 are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord agrees to deliver to Franchisor a copy of any notice of default by Franchisee or termination of the Lease at the same time such notice is delivered to Franchisee. Franchisor agrees to deliver to Landlord a copy of any notice of termination under the Franchise Agreement. Franchisee hereby consents to that exchange of information by Landlord and Franchisor.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment will be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor has notified the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor will have the right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default by Franchisee, should Franchisee fail to do so) upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
4. Franchisee and Landlord agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.
5. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, sublet and/or assign the Lease to another franchisee of Franchisor to operate a "CARIBOU COFFEE" business at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord agrees to execute such further documentation to confirm

its consent to an assignment permitted under this Addendum as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

6. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a "CARIBOU COFFEE" business (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.
7. If Landlord is an affiliate or an owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "CARIBOU COFFEE" business is located.
8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used herein will mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all such Confidential Information belongs exclusively to Franchisor.
9. Landlord agrees that: **(a)** Franchisor has granted to only one party, the Franchisee, the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "**Marks**") at the Premises under the terms of the Franchise Agreement; and **(b)** Franchisor has not granted any rights or privileges to use the Marks to Landlord.
10. Landlord and Franchisee agree that the Premises will be used solely for the operation of a "CARIBOU COFFEE" business.
11. Landlord and Franchisee agree that any default by Franchisee under the Lease will also constitute a default under the Franchise Agreement, and any default by Franchisee under the Franchise Agreement will also constitute a default by Franchisee under the Lease.
12. Landlord and Franchisee agree that the terms in this Addendum will supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.

13. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.
14. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at _____ (attention _____), or to such other address as Franchisor may specify by giving written notice to Landlord.

Agreed to by:

Landlord:

Franchisor*

Franchisee:

Date:

Date:

Date:

* The Franchisor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease.

Caribou Coffee Development Company, Inc.
FRANCHISE AGREEMENT
EXHIBIT I
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EXHIBIT B Development Agreement



Caribou Coffee Development Company, Inc.
3900 Lakebreeze Avenue N.
Minneapolis, Minnesota 55429

Date:

Re: **Area Development Agreement**

Dear _____:

We are pleased to be entering into this Area Development Agreement (the “**Agreement**”) with you today. As used in this Agreement, the terms “**you**”, “**your**”, and “**Area Developer**” mean _____, and the terms “**we**”, “**us**”, and “**Franchisor**” mean Caribou Coffee Development Company, Inc.

1. **Development.** This Agreement relates to the terms under which you will develop retail “Caribou Coffee” retail coffee shop businesses that feature, among other things, fresh roasted coffee beverages, teas, freshly made baked goods, sandwiches, and other beverage and food products (each a “**Coffeehouse**”) within the “**Development Area**” that is specified on the attached Data Sheet (Exhibit A). Each Coffeehouse will be established under the terms of a separate Franchise Agreement (the “**Franchise Agreement**”) for that Coffeehouse, which will specify, among other things, the approved location of that Coffeehouse. You will have the option of establishing and operating one of three types of Coffeehouses under each Franchise Agreement: a “**Cabin**,” a “**Chalet**” or a “**Kiosk**.” The format of Coffeehouse for each Franchise Agreement that you select and we approve will be designated in each Franchise Agreement. Unless otherwise designated, each of a Cabin, Chalet, and Kiosk will be referred to in this Agreement as a “Coffeehouse.”

2. **Development Schedule.** You agree to establish each of the Coffeehouses in the Development Area according to the development schedule that is specified on the attached Data Sheet (Exhibit A). That schedule is referred to as the “**Development Schedule**.”

3. **Term.** The term of this Agreement starts only when both parties have signed below, and will end on the last date specified in the Development Schedule (the “**Term**”), unless this Agreement is sooner terminated.

4. **Fees.**

4.1 **Fees.**

a. In consideration of the development rights granted in this Agreement, you agree to pay us upon signing this Agreement a development fee in an amount equal to the Initial

Franchise Fee due under the Franchise Agreement for the first Coffeehouse, plus one-half (½) of the Initial Franchise Fee, as defined in the Franchise Agreement, due under the Franchise Agreement for each additional Coffeehouse required to be developed under the Development Schedule, as specified on the attached Data Sheet (Exhibit A) (the “**Development Fee**”). By way of example, if your Development Schedule is for the development of three Cabin Coffeehouses, the Development Fee would be \$60,000 (\$30,000 for the first Initial Franchise Fee and \$15,000 for each of the additional two Initial Franchise Fees).

b. The Development Fee will be fully earned when we receive it from you and it shall be non-refundable in consideration of the services and items that we provide to you under this Agreement, for our lost opportunities, and other factors.

4.2 When you enter into the Franchise Agreement for each Coffeehouse that you are required to develop under this Agreement, you must pay the Initial Franchise Fee due under each such Franchise Agreement; however, provided you (and your affiliates) are in compliance with this Agreement, we will apply the portion of the Development Fee that you paid to us for that particular Coffeehouse towards your payment of that Initial Franchise Fee. By way of example, if you paid a Development Fee of \$60,000 for three Cabin Coffeehouses, you will be credited \$30,000 towards your Initial Franchise Fee for the first Coffeehouse; for your second Coffeehouse, you will be credited \$15,000; and for your third Coffeehouse an additional \$15,000.

4.3 All payments that are due under this Agreement shall be made without deduction or offset, including for any taxes or other amounts.

4.4 All payments shall be made in the U.S. and in U.S. Dollars, by wire-transfer to a bank account that we designate in writing for that purpose.

5. Protected Development Area. We will not establish, nor license anyone other than you to establish, a Coffeehouse in the Development Area during the Term of this Agreement (except as otherwise provided under Section 6 below) so long as you (and your affiliates) are in compliance with this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates).

6. Reservation of Rights.

6.1 Except as otherwise specifically provided above in Section 5, we retain all other rights, and therefore we have the exclusive right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to do any or all of the following (and, in each case, despite their proximity to the Development Area, and despite their actual or threatened impact on sales at any Coffeehouse):

a. We have the right to establish, and franchise others to establish, Coffeehouses anywhere outside the Development Area;

b. We have the right to establish, and license others to establish, Coffeehouses at any Non-Traditional Facility or Captive Market Location (as defined below) inside or outside the Development Area, despite such Coffeehouses’ actual or threatened impact on sales at your Coffeehouses;

c. We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use our proprietary marks (which include, for example, the mark “CARIBOU COFFEE” and logo), and other service marks, trademarks, logos, emblems, and indicia of origin that we may periodically specify (the “**Proprietary Marks**”), even if

those businesses also offer or sell products and services that are the same as or similar to those offered from your Coffeehouses, no matter where those businesses are located;

d. We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a Coffeehouse under the Proprietary Marks inside the Development Area); and

e. We have the right to sell any products and services through any method that is not a physical Coffeehouse (including alternative distribution channels such as e-commerce, consumer packaged goods and foodservice), anywhere.

f. The term “**Non-Traditional Facility**” includes, among other things, college campuses, schools, hotels, casinos, resorts, airports and other travel facilities; federal, state, or local government facilities (including military bases); Native American nations, theme and amusement parks; recreational facilities; healthcare facilities; seasonal facilities; corporate campuses; shopping malls; convenience stores; grocery stores; theaters; and sporting event arenas and centers.

7. **Other Brands.** You understand that we may operate (or be affiliated with companies that operate) businesses under brand names (whether as company-owned concepts, as a franchisor, or as a franchisee) in addition to the brand operated under the Proprietary Marks, and also that we may acquire other brands (or be acquired by a company that operates other brands) (collectively, “**Other Brands**”). You understand and agree that this Agreement does not grant you any rights with respect to any such Other Brands.

8. **No License to use the Marks.** This Agreement does not grant you any license to use, in any manner whatsoever, our Proprietary Marks or System. To the extent that we are licensing those rights to you, that license will be set out under the Franchise Agreements.

9. **Signing of the Franchise Agreements.**

9.1 You must sign a separate Franchise Agreement for each Coffeehouse. The form of the Franchise Agreement for each Coffeehouse developed under this Agreement shall be in the form of our then-current Franchise Agreement. You must sign the Franchise Agreement for each Coffeehouse and submit to us for countersignature not more than thirty (30) days after you sign the lease or purchase property for that Coffeehouse.

9.2 Each Coffeehouse shall be located at a site that we have approved, within the Development Area, as provided in Section 10 below.

10. **Coffeehouse Development and Site Approval.** For each site that you propose for a Coffeehouse, you must submit to us, in a form we may specify, a completed site approval package and such other information or materials as we may reasonably require. You must submit the site approval package, information, and materials by no later than one hundred and eighty (180) days before the date on which the Coffeehouse must open as listed in the Development Schedule. You also must obtain our site approval for the first Coffeehouse to be developed under this Agreement within four (4) months after the date of this Agreement. If we give our written approval to a proposed site, then we will send you written notice of approval within thirty (30) days after we receive your completed site approval package. If we do not send that notice to you within the same thirty-day period, then we shall be deemed to have disapproved the proposed site. You may not open or operate a Coffeehouse at a site without our prior written approval.

10.1 If you will occupy the premises from which the Coffeehouse is to be operated under a lease, then before signing the lease, you must submit to us the draft lease or sublease for our approval. Our approval of the lease shall be conditioned upon the inclusion in the lease of terms acceptable to

us, as specified in the “lease rider” that is attached to the form of Franchise Agreement found at Exhibit B to this Agreement. You must obtain our prior written approval as to the site for each Coffeehouse before you enter into a lease or sublease for that site, and before you start construction at these sites. Within thirty (30) days after we give our site approval, you must sign a lease, after obtaining our approval of the terms of the lease, or a binding agreement to purchase the site, subject only to your obtaining any necessary zoning variances, building, or use permits. Nothing in this Section 10 shall be deemed to amend or modify your obligation to meet the Development Schedule. As used in this Agreement, the term “lease” includes subleases and similar subordinate grants of occupancy rights.

10.2 Recognizing that time is of the essence, you agree to satisfy the Development Schedule. If you do not meet the Development Schedule, or if you do not submit a completed site approval package and obtain our approval within the time periods noted in Section 10, that will constitute a default under this Agreement.

10.3 We may provide guidance to you in obtaining sites for your Coffeehouses. Neither our acceptance of a proposed site nor any information we communicate to you regarding our standard site selection criteria for Coffeehouses nor publicly available data for the site constitutes a warranty or representation of any kind, expressed or implied, as to the suitability of the site for a Coffeehouse or for any other purpose. Our acceptance of a site merely signifies that we are willing to grant a franchise for a Coffeehouse at that location. Your decision to develop and operate a Coffeehouse at the site is based solely on your own independent investigation of the suitability of the site.

10.4 In consideration of our acceptance of the site, you and each of your owners release us and our affiliates, as well as our officers, directors, employees and agents, from all loss, damages and liability arising from or in connection with the selection or acceptance of the site for development as a Coffeehouse, and agree to hold each such party harmless for such site approval.

10.5 In connection with your proposed site and lease for the operation of each Coffeehouse, you acknowledge and agree that:

- a. Whether you choose to proceed ahead with a particular site depends on your confidence in the site after doing your homework, carefully investigating all of the concerns (in addition to any that we may have raised), and investigating whether proper signage can be used at the site. If you decide to proceed ahead with a proposed site, you will still have to determine whether you can obtain a lease on favorable terms.
- b. There is no way to know whether a particular site is likely to be successful or not, or whether you have considered every important factor. Factors that you cannot predict may also play a role (for example, a construction project that impedes the flow of traffic).
- c. If you decide to go ahead with a proposed site and we “approve” that site, you should know that our “go ahead” or even our “approval” does not mean that we have reached any conclusion as to whether or not you will be successful in operating a Coffeehouse at that site. Any review that we conduct will be solely for our own benefit and to confirm that a site meets certain internal characteristics.
- d. Our review and approval of the proposed site and lease is not a recommendation or endorsement, and obviously not a guarantee that the site or lease terms are suitable. You are responsible for making the decision and you must take the steps you think are needed to determine whether the site is beneficial to you and whether the terms of the proposed lease make sense.

10.6 You acknowledge and agree that any of our designees, employees, agents, or independent contractors may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).

11. Provisions of the Franchise Agreement Incorporated By Reference. The parties agree that the provisions of the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed in this Agreement (here, and in full text), and that the provisions noted above also apply to this Agreement (except that reference to the “Franchisee” in those provisions shall refer to you, as the “Area Developer,” under this Agreement):

- 11.1 Section 11 – Confidentiality;
- 11.2 Section 15 – Insurance;
- 11.3 Section 16 – Transfer of Interest (and also see Section 12 below);
- 11.4 Section 17 – Default and Termination (and also see Section 13 below);
- 11.5 Section 18 – Obligations upon Termination or Expiration;
- 11.6 Section 19 – Covenants;
- 11.7 Section 20 – Taxes, Permits, and Indebtedness;
- 11.8 Section 21 – Independent Contractor and Indemnification (and also see Section 15 below);
- 11.9 Section 22 – Force Majeure;
- 11.10 Section 23 – Approvals and Waivers;
- 11.11 Section 24 – Notices;
- 11.12 Section 26 – Severability and Construction;
- 11.13 Section 27 – *Applicable Law and Dispute Resolution (You specifically acknowledge and agree that the provisions in Section 27 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 27 provide (in the detail spelled out in the Franchise Agreement) that you agree that Minnesota law shall exclusively govern the terms of this Agreement (but not applying Minnesota conflict of laws rules), that the parties agree to waive any right trial by jury, that the parties agree to waive the right to seek or collect punitive damages, that the parties must first mediate any dispute before bringing an action in court; that the venue for any action that you file against us will be exclusively in the courts with jurisdiction over Minnesota, Minnesota, that you waive participation in a common or class action against us, and that all legal actions you bring must be brought within one (1) year from the occurrence of the facts giving rise to such claim or action – all as described in Section 27 of the Franchise Agreement, excluding claims for indemnification). Nothing in this Section 11.13 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Minnesota (or any other state) that would not otherwise apply without this Section 11.13; and*
- 11.14 Section 28 – Acknowledgments.

12. **Transfers.** In addition to the provisions of Section 11.3 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Coffeehouses, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).

13. **Defaults.**

13.1 In addition to the provisions of Section 11.4 above, you understand and agree that you will be in default under this Agreement if you:

a. do not meet your obligations under the Development Schedule and/or if any other agreement between you (and/or your affiliates) and us is terminated; and/or

b. fail to provide us with any information or documents we have the right to request under this Agreement or any other agreement between you (and/or your affiliates) and us (and/or our affiliates). If you are in default under this Agreement, then we will have the right to: (i) terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law); or (ii) take any lesser action instead of terminating this Agreement, including but not limited to suspending or eliminating your rights to the Development Area.

13.2 A default under this Agreement shall not constitute a default under any Franchise Agreement between the parties.

14. **Entire Agreement and Amendment.** This Agreement, together with the provisions that are incorporated by reference pursuant to Section 11 above, as well as the Data Sheet that is attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, representations, and other communications. The parties confirm that: (a) they were not induced by any representations other than the words of this Agreement ((and the Data Sheet, as well as the provisions of the Franchise Agreement that are incorporated by reference) before deciding whether to sign this Agreement; and (b) they relied only on the words printed in this Agreement (and the Data Sheet, and the provisions of the Franchise Agreement that are incorporated by reference) in deciding whether to enter into this Agreement (however, nothing in this Agreement is meant to disclaim any statement included in our franchise disclosure document). Except for those changes permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

15. **Indemnity.** In addition to the provisions of Section 11.8 above, you agree to indemnify, defend, and hold harmless us, our owners and affiliates, and our (and our affiliates') officers, directors, members, managers, employees, and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with your conduct and/or operation of the business contemplated under this Agreement, as well as the costs of defending against them (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses).

16. **Confirmation that You Read and Understand the Franchise Agreement.** You acknowledge that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit D (including but not limited to the provisions of the Franchise Agreement that are referenced (and/or incorporated by reference) into this Agreement via Section 11 above (including but not limited to the

waiver of jury trial, the waiver of punitive damages, the mediation and venue clauses, and the provision waiving participation in a common or class action).

17. **Captions.** The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and shall not be deemed) to change or have any affect upon the meaning of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

Caribou Coffee Development Company, Inc.
Franchisor

Area Developer Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Address for Notices:

Address for Notices:

3900 Lakebreeze Avenue N.
Minneapolis, Minnesota 55429
Attn: General Counsel

Attn: _____

Exhibits:

- A** – Data Sheet
- B** – Guarantee, Indemnification, and Acknowledgment
- C** – List of Principals in Area Developer
- D** – Form of Franchise Agreement

Caribou Coffee Development Company, Inc.
Area Development Agreement
Exhibit A
Data Sheet

The Development Area under this Agreement shall be:

The present political boundaries of _____ (subject to Section 6 of this Agreement).

Initialed

Franchisor

Area Developer

The Development Fee under this Agreement shall be:

How Development Fee Calculated	Total Development Fee
Full Initial Franchise Fee for the first Coffeehouse, plus one-half (½) of the Initial Franchise Fee for each additional Coffeehouse, that are required to be developed under the Development Schedule	

Initialed

Franchisor

Area Developer

The Development Schedule under this Agreement shall be:

By this anniversary of the date of this Agreement	Cumulative Total Number of Coffeehouses That You Agree To Have Open and in Operation in the Development Area
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]

Initialed

Franchisor

Area Developer

Caribou Coffee Development Company, Inc.
Area Development Agreement
Exhibit B
Guarantee, Indemnification, and Acknowledgment

In order to induce Caribou Coffee Development Company, Inc. ("**Franchisor**") to sign the Caribou Coffee Area Development Agreement between Franchisor and _____ ("**Area Developer**"), dated _____ (the "**Development Agreement**"), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Area Developer's obligations (monetary and otherwise) under the Development Agreement as well as any other contract between Area Developer and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor's demand, s/he will immediately make each payment required of Area Developer under the Development Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Area Developer for any payment required under the Development Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Area Developer; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; and/or **(d)** give notice of demand for payment by Area Developer.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer. Each of the undersigned persons waive notice of amendment of the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Area Developer, and agree to be bound by any and all such amendments and changes to the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Development Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Development Agreement.
- S/he will be personally bound by all of Area Developer's covenants, obligations, and promises in the Development Agreement.
- S/he agrees to be personally bound by all of Area Developer's covenants, obligations, and promises in the Development Agreement, which include, but are not limited to, those found in the following Sections of the Development Agreement: **Section 8** (generally regarding trademarks), **Section 11.1** (generally regarding confidentiality), **Sections 11.3 and 13** (generally regarding Transfers), **Section 11.5** (generally regarding obligations upon termination or expiration of this Development Agreement), and **Section 11.6** (generally regarding covenants against competition) of the Development Agreement.
- S/he understands that: **(a)** this Guarantee does not grant them any rights under the Development Agreement (including but not limited to the right to use any of Franchisor's marks

such as the “Caribou Coffee” marks); **(b)** that they have read, in full, and understand, all of the provisions of the Development Agreement that are referred to above in this paragraph (including the provisions of the franchise agreement that are incorporated into this Development Agreement), and that they intend to fully comply with those provisions of the Development Agreement as if they were printed here; and **(c)** that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Sections 11.14** of the Development Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions) that are incorporated by reference there from Section 27 of the attached franchise agreement. Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Minnesota, and that in the event of any conflict of law, Minnesota law will prevail (without applying Minnesota conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

(signed in his/her personal capacity)

Printed
Name:_____

Date:_____

Home Address:

(signed in his/her personal capacity)

Printed
Name:_____

Date:_____

Home Address:

(signed in his/her personal capacity)

Printed
Name:_____

Date:_____

Home Address:

Caribou Coffee Development Company, Inc.
Area Development Agreement
Exhibit C
List of Principals

Name of Principal	Home Address	Percentage Interest Held in Area Developer

Initials

Franchisor

Franchisee

Caribou Coffee Development Company, Inc.
Area Development Agreement
Exhibit D
Form of Franchise Agreement

EXHIBIT C**List of State Administrators**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8285
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920(401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 / (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT D**List of Agents for Service of Process**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677; (213) 576-7500	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 / (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Div., Bldg. 69, 1st Floor John O. Pastore Center, 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT E**Form of General Release**

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

Franchisee, its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "Franchisee Group"), hereby forever release and discharge, and forever hold harmless Caribou Coffee Development Company, Inc., its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "Franchisor Parties"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Parties, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Coffeehouse.

Each party represents and warrants to the others, and agrees, that it may later learn of new or different facts, but that still, it is that party's intention to fully, finally, and forever release all of the Demands that are released above. This includes the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.") The Franchisee Group further indemnifies and holds the Franchisor Parties harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Parties may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Coffeehouse. The Franchisee Group and its owners represent and warrant that they have not asserted (nor made an assignment or any other transfer of any interest in) the claims, causes of action, suits, debts, agreements, or promises described above.

EXHIBIT F

Table of Contents to Manual

Table of Contents – Caribou Coffee Operations Manual (Digital Edition in Caribou Crossing LMS)

- **Product Guidebooks & Job Aids**
 - Guidebooks (230 Pages)
 - Job Aids (7 Pages)
 - Shelf-Life Charts (1 Page)

- **Role Based Training**
 - Activity Trackers (3 Pages)
 - Job Aids (5 Pages)
 - Trainer’s Guides & Workbooks (741 Pages)

- **Store Operations Materials**
 - Deployment Maps (33 Pages)
 - Equipment (72 Pages)
 - Food Safety (2 Pages)

- **EcoSure Store Brand Assessment with Help Text (89 Pages)**

- **Guide-Where to Order (1 Page)**

Total Pages in Manual: 1,184

EXHIBIT G

Audited Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

Caribou Coffee Company, Inc. and Subsidiaries

(A Majority-Owned Subsidiary of Caribou Coffee Holdings, LLC)

As of December 31, 2024 and December 26, 2023; and for the Fiscal Years

Ended December 31, 2024, December 26, 2023 and December 27, 2022

With Report of Independent Registered Public Accounting Firm



COFFEE & BAGEL BRANDS



Caribou Coffee Company, Inc. and Subsidiaries

Consolidated Financial Statements

As of December 31, 2024 and December 26, 2023;
and for the Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

Contents

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GRANT THORNTON LLP

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders
Caribou Coffee Company, Inc

Opinion

We have audited the consolidated financial statements of Caribou Coffee Company, Inc (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and December 26, 2023, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for the three years ended December 31, 2024, December 26, 2023, and December 27, 2022, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 26, 2023, and the results of its operations and its cash flows for the three years ended December 31, 2024, December 26, 2023, and December 27, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for



one year after the date the consolidated 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 consolidated 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Denver, Colorado
March 27, 2025

CARIBOU COFFEE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands (except share information))

	December 31, 2024	December 26, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69,161	\$ 75,357
Trade accounts receivable, net	17,930	27,649
Other accounts receivable	1,635	1,514
Inventories	19,011	28,267
Prepaid expenses and other assets	5,117	4,479
Total current assets	112,854	137,266
Operating lease assets	258,184	237,322
Property and equipment, net	181,735	145,182
Other assets:		
Goodwill	341,885	384,813
Trademarks, net	457,500	457,500
Other intangible assets, net	4,487	7,370
Note receivable	89,842	-
Deposit and other	2,263	2,307
Total other assets	895,977	851,990
Total assets	\$ 1,448,750	\$ 1,371,760
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 47,463	\$ 86,504
Accrued expenses	98,974	69,713
Current operating lease liabilities	61,033	57,646
Current portion of long-term debt	2,124	3,841
Total current liabilities	209,594	217,704
Long-term debt, net of unamortized discount	76,711	266,820
Deferred income taxes, net	103,301	100,840
Long-term operating lease liabilities	227,058	208,793
Other long-term liabilities	105,071	5,092
Total long-term liabilities	512,141	581,545
Commitments and contingencies		
Noncontrolling interests subject to put provisions	52,454	57,070
Shareholders' equity:		
Caribou Coffee Company, Inc. and Subsidiaries shareholders'		
Common stock, par value \$0.01; 28,000,000 shares authorized;		
21,315,011 shares issued and outstanding at December 31, 2024 and December 26, 2023,		
respectively	213	213
Additional paid-in capital	413,561	310,382
Retained earnings	257,865	201,902
Total shareholders' equity before non-controlling interest	671,639	512,497
Noncontrolling interest	2,922	2,944
Total shareholders' equity	674,561	515,441
Total liabilities and shareholders' equity	\$ 1,448,750	\$ 1,371,760

Refer to the accompanying notes as an integral part of these consolidated financial statements.

CARIBOU COFFEE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Coffeehouse and bagel bakery sales	\$ 928,364	\$ 859,563	\$ 792,112
Franchise royalties and fees	29,393	26,126	23,426
Franchise advertising sales	5,277	4,347	4,017
Franchise and commercial product sales	98,930	161,441	150,136
Net sales	1,061,964	1,051,477	969,691
Cost of goods sold	226,684	216,401	203,878
Labor	272,016	248,045	240,207
Occupancy	91,836	85,519	83,686
Other operating expenses	144,214	132,419	113,309
Total coffeehouse and bagel bakery expense	734,750	682,384	641,080
Franchise operations and other expenses	3,276	3,406	2,307
Ad fund expense franchise	5,277	4,408	4,017
Franchise and commercial product cost of goods sold	74,289	126,434	116,077
Depreciation and amortization	45,304	40,071	40,926
General and administrative expenses	117,472	102,607	85,453
Pre-opening expenses	4,614	2,450	2,830
Total costs and expenses	984,982	961,760	892,690
Operating income	76,982	89,717	77,001
Interest expense, net	2,990	16,186	18,100
Pre-tax income	73,992	73,531	58,901
Income tax expense	16,297	13,991	8,686
Net income	\$ 57,695	\$ 59,540	\$ 50,215
Less net income attributable to noncontrolling interest	1,732	1,800	1,531
Net income attributable to Caribou Coffee Company, Inc. and Affiliates	\$ 55,963	\$ 57,740	\$ 48,684

Refer to the accompanying notes as an integral part of these consolidated financial statements.

CARIBOU COFFEE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	December 31, 2024	Fiscal Year Ended December 26, 2023	December 27, 2022
Net income	\$ 57,695	\$ 59,540	\$ 50,215
Other comprehensive income			
Unrealized gain on cash flow hedges, net of tax expense of \$0, \$0, and \$283 for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively	—	—	817
Reclassification of loss on cash flow hedge, net of tax benefit of \$0, \$0, and \$825 for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively	—	—	2,375
Settlement of PNC derivative securities and novation of BNP and Rabo derivative securities	—	—	475
Comprehensive income attributable to Caribou Coffee Company, Inc. and Subsidiaries	<u>57,695</u>	<u>59,540</u>	<u>53,882</u>
Less net comprehensive income attributable to noncontrolling interest	<u>1,732</u>	<u>1,800</u>	<u>1,531</u>
Comprehensive income attributable to Caribou Coffee Company, Inc. and Subsidiaries	<u><u>\$ 55,963</u></u>	<u><u>\$ 57,740</u></u>	<u><u>\$ 52,351</u></u>

Refer to the accompanying notes as an integral part of these consolidated financial statements.

CARIBOU COFFEE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except share information)

	Non-controlling interests subject to put provisions	Common Stock		Additional Paid In Capital	Noncontrolling Interest	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	\$	Shares	Amount	\$	\$	\$	\$	\$
Balance, December 28, 2021	27,144	21,125,385	211	336,689	3,286	(3,462)	95,478	459,346
Net income	759	-	-	-	772	-	48,684	50,215
Adjustments required under tax sharing agreement	-	-	-	766	-	-	-	766
Stock based compensation expense	7,465	-	-	-	-	-	-	7,465
Accrued interest on shareholder note receivable	(43)	-	-	-	-	-	-	(43)
Unrealized gain on derivative securities, net of income tax	12	-	-	-	-	805	-	817
Reclassification of loss on cash flow hedge, net of tax benefit	35	-	-	-	-	2,340	-	2,375
Settlement of PNC derivative securities and novation of BNP and Rabo derivative securities	158	-	-	355	-	317	-	830
Distribution of non-controlling interest	-	-	-	-	(1,145)	-	-	(1,145)
Changes in noncontrolling interest from:								
Distributions (repurchases), including repayments on shareholder notes receivable	(3,623)	-	-	(324)	-	-	-	(3,947)
Contributions (share issuances), net of shareholder notes receivable	1,031	-	-	-	-	-	-	1,031
Fair value remeasurements	25,614	-	-	(25,614)	-	-	-	-
Balance, December 27, 2022	58,552	21,125,385	211	311,872	2,913	-	144,162	517,710
Net income	840	-	-	-	960	-	57,740	59,540
Adjustments required under tax sharing agreement	-	-	-	830	-	-	-	830
Stock based compensation expense	9,790	-	-	-	-	-	-	9,790
Accrued interest on shareholder note receivable	(58)	-	-	-	-	-	-	(58)
PBI equity contribution	-	189,626	2	18,796	-	-	-	18,798
Dividend	(302)	-	-	(18,472)	-	-	-	(18,774)
Distribution of noncontrolling interest	-	-	-	-	(929)	-	-	(929)
Changes in noncontrolling interest from:								
Distributions (repurchases), including repayments on shareholder notes receivable	(15,673)	-	-	-	-	-	-	(15,673)
Contributions (share issuances), net of shareholder notes receivable	1,277	-	-	-	-	-	-	1,277
Fair value remeasurements	2,644	-	-	(2,644)	-	-	-	-
Balance, December 26, 2023	57,070	21,315,011	213	310,382	2,944	-	201,902	572,511
Net income	823	-	-	-	909	-	55,963	57,695
Divestiture of Roastery Operations	1,378	-	-	95,017	-	-	-	96,395
Adjustments required under tax sharing agreement	-	-	-	971	-	-	-	971
Stock based compensation expense	13,023	-	-	-	-	-	-	13,023
Accrued interest on shareholder note receivable	(188)	-	-	-	-	-	-	(188)
Distribution of noncontrolling interest	-	-	-	-	(931)	-	-	(931)
Changes in noncontrolling interest from:								
Distributions (repurchases), including repayments on shareholder notes receivable	(1,773)	-	-	-	-	-	-	(1,773)
Contributions (share issuances), net of shareholder notes receivable	1,002	-	-	-	-	-	-	1,002
Cancellations of outstanding shares	(11,690)	-	-	-	-	-	-	(11,690)
Fair value remeasurements	(7,191)	-	-	7,191	-	-	-	-
Balance, December 31, 2024	52,454	21,315,011	213	413,561	2,922	-	257,865	727,015

Refer to the accompanying notes as an integral part of these consolidated financial statements.

CARIBOU COFFEE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
OPERATING ACTIVITIES:			
Net income (loss)	\$ 57,695	\$ 59,540	\$ 50,215
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	45,190	39,951	40,086
Amortization of deferred financing fees	588	685	1,552
Stock-based compensation	13,023	9,790	7,465
Deferred income taxes	(1,695)	262	8,736
Impairment of restaurant assets	114	120	840
Right of use asset impairment charges	52	40	2,029
Losses on disposal of assets	378	538	1,113
(Benefit from) provision for losses on accounts receivable	(161)	1	38
Other	2,829	2,405	2,197
Changes in operating assets and liabilities:			
Trade and other accounts receivable, net	8,955	1,692	1,829
Inventories	1,340	(3,266)	(3,282)
Prepaid expenses and other	(726)	302	(1,166)
Deposits and other	(123)	7,192	(125)
Accounts payable	(38,630)	362	10,599
Accrued expenses	19,131	(6,228)	(6,543)
Operating lease assets and lease liabilities	(4,862)	(7,307)	(7,743)
Other long-term liabilities	(8,689)	918	(2,740)
Net cash provided by operating activities	94,409	106,997	105,100
INVESTING ACTIVITIES:			
Payments for property and equipment	(85,284)	(42,757)	(41,196)
Proceeds from disposal of property and equipment	(3)	38	13
Net cash used in investing activities	(85,287)	(42,719)	(41,183)
FINANCING ACTIVITIES:			
Distribution of noncontrolling interest	(931)	(929)	(1,145)
Issuances of noncontrolling interests subject to put provisions	1,002	1,277	1,031
Repurchases of noncontrolling interests subject to put provisions	(1,601)	(15,673)	(4,447)
Proceeds on line of credit	-	-	313,000
Repayments on line of credit	(45,000)	(45,000)	(373,000)
Settlement of canceled shares	(239)	-	-
Settlement of cash flow hedge liability	-	-	(262)
Proceeds from term loan	-	-	86,875
Term loan repayments	(3,549)	(4,346)	(89,375)
Dividends	-	(18,774)	-
Proceeds from intercompany note receivable	35,000	-	-
Payment of debt financing fees	-	-	(2,308)
Net cash used in financing activities	(15,318)	(83,445)	(69,631)
Net (decrease) increase in cash, cash equivalents & restricted cash	(6,196)	(19,167)	(5,714)
Cash, cash equivalents and restricted cash, beginning of period	75,357	94,524	100,238
Cash, cash equivalents and restricted cash, end of period	\$ 69,161	\$ 75,357	\$ 94,524

Refer to the accompanying notes as an integral part of these consolidated financial statements.

Caribou Coffee Company, Inc. and Subsidiaries
 Notes to Consolidated Financial Statements
 As of December 31, 2024 and December 26, 2023; and for the
 Fiscal Years Ended December 31, 2024, December 26, 2023 and December 27, 2022

1. Business and Summary of Significant Accounting Policies

Description of Business

Caribou Coffee Company, Inc. (the Company or CCCI) is the parent company of certain consolidated subsidiaries that comprise its two business units namely, the Coffee business unit and the Bagel Brands business unit. The Coffee business unit (or Caribou), including Caribou Coffee Operating Company (CCOC), Caribou Coffee Development Company, Inc. and Caribou MSP Airport, operate, franchise and license Caribou Coffee branded retail coffeehouses. These subsidiaries sell high-quality premium coffee and espresso-based beverages, foods, and coffee lifestyle items. The Bagel Brands business unit (ENRGI), including Einstein Noah Restaurant Group, Inc. and its subsidiary, Bruegger's Enterprises, Inc. (BEI), operate franchise and license specialty bagel bakeries in the United States under the Einstein Bros. Bagels (Einstein Bros.), Noah's New York Bagels (Noah's), Manhattan Bagel Company (Manhattan Bagel), and Bruegger's Bagels brands. Bagel Brands also sells its high quality bagels through grocery, club and foodservice distribution channels.

The Company is a majority-owned subsidiary of Caribou Coffee Holdings, LLC (a Delaware limited liability company), which is an indirect wholly-owned subsidiary of Panera Brands, Inc. (PBI), a Delaware corporation.

As of December 31, 2024, Caribou operated 335 company-owned retail coffeehouses and franchised/licensed 501 locations across 19 states. Of the 501 franchised/licensed locations, 349 operate internationally, primarily in the Middle East. ENRGI operated 538 company-owned retail bagel bakeries and franchised/licensed 454 locations across 45 states.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries, CCOC and ENRGI. CCOC consolidates Caribou MSP Airport, a partnership in which CCOC owns a 49% interest and operates six coffeehouses at the Minneapolis/St. Paul International Airport. CCOC bears all the risk of loss but does not control all decisions that may have a significant effect on the success of the venture. Therefore, CCOC consolidates the Caribou MSP Airport, as it is the primary beneficiary in this variable interest entity. All material intercompany balances and transactions have been eliminated in consolidation.

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1. Business and Summary of Significant Accounting Policies (continued)

Noncontrolling Interest

Noncontrolling interests subject to put provisions in the Company's consolidated financial statements includes a 0.15% interest in CCCI, a 1.20% interest in CCOC, and a 1.28% interest in ENRGI as of December 31, 2024. The Company consolidates the financial results of CCOC and ENRGI. The noncontrolling owner's share of net assets and results of operations are deducted and reported as a noncontrolling interest on the consolidated balance sheets and as net income attributable to noncontrolling interest in the consolidated statements of operations.

Noncontrolling interest in the Company's consolidated financial statements represents the 51% interest in Caribou MSP Airport. Since the Company consolidates the financial statements of Caribou MSP Airport, the noncontrolling owner's share of Caribou MSP Airport's net assets and results of operations are deducted and reported as a noncontrolling interest on the consolidated balance sheets and as net income attributable to noncontrolling interest in the consolidated statements of operations.

Fiscal Year End

Beginning with the fiscal year ending December 26, 2023, the Company's fiscal year ends on the last Tuesday in December, consistent with Panera Bread, a reportable segment of Panera Brands, Inc. Prior to that, the Company's fiscal year ended on the Tuesday closest to December 31. The three most recent fiscal years consisting of 53, 52, and 52 weeks, respectively, ended on December 31, 2024, December 26, 2023, and December 27, 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements. Actual results may differ from those estimates, and such differences may be material to the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased. All credit and debit card transactions that process in less than seven days are classified as cash and cash equivalents. The amounts due from banks for these credit and debit card transactions classified as cash total \$3.0 million and \$1.9 million as of December 31, 2024 and December 26, 2023, respectively.

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1. Business and Summary of Significant Accounting Policies (continued)

Restricted Cash

The Company's restricted cash consists of franchisee paid funds which are earmarked as advertising fund contributions. Restricted cash of \$1.0 million and \$2.3 million as of December 31, 2024 and December 26, 2023, respectively, is included in cash and cash equivalents on the Company's consolidated balance sheets.

Concentrations of Risk

The Company maintains cash and cash equivalent balances with financial institutions that exceed federally insured limits. The Company has not experienced any losses related to these balances, and management believes its credit risk to be minimal.

Fair Value Measurements

The fair value measurement accounting standard provides a framework for measuring fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. The standard establishes a valuation hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on independent market data sources. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available.

The valuation hierarchy is composed of three categories. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described as follows:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

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1. Business and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Company's financial instruments typically consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, note receivable, interest rate swap derivatives and debt. The fair values of accounts receivable and accounts payable approximate their carrying values, due to their short-term nature. The fair value of the Company's long-term debt approximates carrying value because the applicable interest rates are variable and reflect current market rates. Refer to Note 6 for more information on the fair value of interest rate swap derivatives.

Trade Accounts Receivable, Net and Other Accounts Receivable

Trade accounts receivable, net consists primarily of amounts due to the Company from related parties such as Peet's and KDP, other commercial customers, its franchisees and licensees for purchases of products from the Company, royalties due to the Company from franchisee and licensee sales, information technology services provided to franchisees, and catering on-account sales.

As of December 31, 2024, other accounts receivable consisted primarily of \$1.3 million of sublease income receivable from subtenants and a \$0.3 million foreign tax receivable. As of December 26, 2023, other accounts receivable consisted primarily of \$1.0 million of sublease income receivable from subtenants and a \$0.4 million foreign tax receivable.

Allowance for Credit Loss on Accounts Receivable

Management evaluates the expected credit loss of an asset on an individual basis, except in cases where assets collectively share similar risk characteristics where they are pooled together. The Company maintains an allowance based upon expected credit losses of outstanding accounts receivable. The Company evaluates and estimates this allowance for credit loss by considering reasonable, relevant, and supportable available information using a variety of factors, including historical collection and loss patterns; the current aging of receivables; customer-specific credit risk factors (when warranted); and probable future economic conditions which inform adjustments to historical loss patterns. The provision for expected credit losses is recorded in general and administrative expenses in the accompanying consolidated statements of operations. Accounts receivable deemed to be uncollectible are written off, net of expected or actual recoveries. A summary of the allowance for credit loss on accounts receivable is as follows (in thousands):

Fiscal Year Ended	Beginning Balance	Additions	Deductions	Ending Balance
December 31, 2024	\$ 324	\$ 128	\$ (289)	\$ 163
December 26, 2023	\$ 324	\$ 268	\$ (268)	\$ 324

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1. Business and Summary of Significant Accounting Policies (continued)

Inventories

Raw materials consist primarily of coffee beans and bagel ingredients. Finished goods include roasted coffee, tea, bagels, packaged foods, and accessory products and supplies. Caribou inventories are stated at the lower of weighted average cost or net realizable value while ENRGI inventories are stated at the lower of first-in, first-out cost or net realizable value.

Property and Equipment

Property and equipment are stated on the basis of cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the assets' estimated useful lives of one to twenty years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the related initial non-cancelable lease term, excluding renewal option terms, which is generally five to ten years, unless it is reasonably assured that the renewal option term is going to be exercised.

Capitalization of Internal Construction Costs

The Company capitalizes direct costs associated with the construction of new coffeehouses and bagel bakeries that would not have been incurred had the site-specific lease not been obtained. The Company capitalized \$0.7 million, \$0.6 million, and \$0.7 million of such costs during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. These costs are amortized over the initial lease term of the underlying leases.

Asset Retirement Obligations

The Company has certain asset retirement obligations, primarily associated with leasehold improvements, whereby at the end of a lease, the Company is contractually obligated to remove such leasehold improvements in order to comply with the lease agreement. At the inception of a lease with such conditions, the Company records an asset retirement obligation liability and a corresponding capital asset in an amount equal to the estimated fair value of the obligation. The liability is estimated based on a number of assumptions requiring management's judgment, including store closing costs and discount rates, and is accreted to its projected future value over time. The capitalized asset is depreciated using the estimated useful life for depreciation of leasehold improvement assets. Upon satisfaction of the asset retirement obligation conditions, any difference between the recorded asset retirement obligation liability and the actual retirement costs incurred is recognized as an operating gain or loss in the Company's financial statements in the period incurred. There were no net operating gains recorded for the fiscal years ended December 31, 2024 and December 26, 2023, and December 27, 2022, respectively.

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1. Business and Summary of Significant Accounting Policies (continued)

Asset Retirement Obligations (continued)

Total asset retirement obligation expense was less than \$0.1 million for each of the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, and is included in costs of sales and related occupancy costs and depreciation and amortization. As of December 31, 2024 and December 26, 2023, the Company's net asset retirement obligation asset included in property, plant and equipment, net of accumulated depreciation and amortization was less than \$0.1 million for each fiscal year, while the Company's net asset retirement obligation liability was equal to \$0.1 million and \$0.3 million for the fiscal years ended December 31, 2024 and December 26, 2023.

Operating Leases and Rent Expense

The Company leases all coffeehouse and bagel bakery locations as well as its corporate office spaces under operating leases. The Company also has equipment leases that qualify as operating leases. The Company determines if an arrangement is a lease at inception. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

Right of use assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. The Company includes short-term leases, or leases with a term of twelve months or less, in its right of use asset and lease liability calculations. Operating leases are included in operating lease assets, current operating lease liabilities, and long-term operating lease liabilities on the Company's consolidated balance sheets. Operating right of use lease assets and obligations are recognized at the commencement date, which is the date we take possession of the property, based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at the commencement date in determining the present value of lease payments. The right of use asset also includes any lease payments made less upfront lease incentives received from the lessor.

The Company's lease terms generally include rent escalation clauses and options to extend or terminate the lease upon exercise of the lease option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Additionally, tenant allowances used to fund leasehold improvements are recognized when earned and reduce our right of use asset related to the lease. These are amortized through the operating lease asset as reductions of expense over the lease term. Refer to Note 10 for more information on leases.

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1. Business and Summary of Significant Accounting Policies (continued)

Deferred Financing Fees

The Company capitalizes the costs incurred to issue debt. These costs are included as a component of current portion of long-term debt and long-term debt, net of unamortized discount on the Company's consolidated balance sheets as of December 31, 2024 and December 26, 2023, respectively. The costs are being amortized over the life of the debt agreement on a straight-line basis, which approximates the effective interest method.

Goodwill

Goodwill represents the excess of the acquisition costs over estimated fair value of assets acquired, less liabilities assumed. For financial accounting and reporting purposes, the Company reports results for its two business units as follows: (1) the Coffee business unit, including CCOC, Caribou Coffee Development Company, Inc. and Caribou MSP Airport, and (2) the Bagel Brands business unit, including ENRGI and its consolidated subsidiary, BEI. Within the two business units, the Company has allocated its goodwill into its seven reporting units and analyzes for impairment accordingly. These reporting units are defined as Coffee Retail, Coffee Commercial, Coffee Domestic Franchise & Licensing, Coffee International Franchise & Licensing, Bagels Retail, Bagels Commercial, and Bagels Domestic Franchise & Licensing.

The Company had gross goodwill of \$341.9 million and \$384.8 million as of December 31, 2024 and December 26, 2023, respectively. No additional goodwill was recognized for the fiscal years ended December 31, 2024 and December 26, 2023. During the fiscal year ended December 31, 2024, the Company wrote off the goodwill associated with its Coffee Commercial reporting unit and eliminated that reporting unit as a result of the sale of a group of assets associated with the production, marketing, distribution, and sale of Caribou-branded packaged coffee products. Refer to Note 3 for more information on the sale and its impact on the Company's goodwill.

The Company tests goodwill for impairment annually or upon the occurrence of events that may indicate possible impairment. When assessing the recoverability of goodwill, the Company may first perform an assessment of qualitative factors. We may elect to skip the qualitative assessment and proceed directly to the quantitative analysis, for any reporting unit, in any period. If we do not perform a qualitative assessment, or if we determine it is not more-likely-than-not that the fair value of the reporting unit exceeds its carrying amount, the Company assesses goodwill for impairment through a quantitative analysis, utilizing a discounted cash flow approach, which incorporates assumptions regarding future growth rates, terminal values, and discount rates. This process compares the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. The Company recognizes a goodwill impairment charge for the amount by which the reporting unit's carrying amount exceeds its fair value. If the fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not to be impaired. If circumstances change significantly that would indicate a possible impairment, the Company would also test a reporting unit's goodwill for impairment at an interim date between its annual tests.

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1. Business and Summary of Significant Accounting Policies (continued)

Goodwill (continued)

For the fiscal years ended December 31, 2024 and December 26, 2023, the Company elected to perform a qualitative assessment for its annual review of goodwill to determine whether or not indicators of impairment exist. As a result of the qualitative assessment, no indicators of impairment were identified that would require further testing for impairment. There were no goodwill impairment charges for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022.

Intangible Assets and Liabilities

Intangible assets primarily represent the tradenames for the Company's brands, contractual customer relationships including franchise, K-cup® pods coffee supply and concession agreements, and reacquired franchise rights. All tradenames except for one, Manhattan Bagel, have been assigned an indefinite life and are reviewed for impairment annually. All other intangible assets and liabilities are amortized on a straight-line basis over their estimated useful lives.

For the fiscal years ended December 31, 2024 and December 26, 2023, the Company elected to perform a qualitative assessment for its annual review of intangibles to determine whether or not indicators of impairment exist. As a result of the qualitative assessment, no indicators of impairment were identified that would require further testing for impairment. The Company did not have any impairment of indefinite-lived intangible assets during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022.

Self-Insurance Reserves

The Company provides for workers' compensation, general liability and employee healthcare benefits claims using a combination of self-insurance and third party liability insurance. The Company is responsible for a portion of the claims costs for workers' compensation, general liability and employee healthcare benefits and accrues a liability for the estimate of the ultimate cost of the claim incurred and unpaid as of the balance sheet date. The workers' compensation and general liability is based upon an estimate from a third party actuary, while the employee healthcare benefits liability is based upon the Company's analysis of both current and historical data. These liabilities are included in accrued expenses. The Company also maintains stop-loss coverage with third party insurers which limits the exposure from workers' compensation liability, general liability and employee healthcare benefits claims.

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1. Business and Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets and Disposal of Long-Lived Assets

The Company reviews long-lived assets, including right of use assets and certain definite-lived intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future undiscounted net cash flows expected to be generated by the asset group. If such asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the assets. In accordance with Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, when a right of use asset related to an operating lease is impaired, the Company amortizes the remaining right of use asset on a straight-line basis over the remaining lease term, similar to the accounting a lessee would apply to finance type leases.

The Company recorded impairment charges of \$0.2 million during the fiscal year ended December 31, 2024, comprised of \$0.1 million and less than \$0.1 million of leasehold improvement impairments and right of use asset impairments, respectively, which were recorded in depreciation and amortization expense and occupancy expense, respectively, in the Company's consolidated statements of operations.

The Company recorded impairment charges of \$0.2 million during the fiscal year ended December 26, 2023, comprised of \$0.1 million and \$0.1 million of leasehold improvement impairments and right of use asset impairments, respectively, which were recorded in depreciation and amortization expense and occupancy expense, respectively, in the Company's consolidated statements of operations.

The Company recorded store impairment charges of \$2.9 million during the fiscal year ended December 27, 2022, comprised of \$0.9 million and \$2.0 million of leasehold improvement impairments and right of use asset impairments, respectively. The impairment charges were recorded in depreciation and amortization expense in the Company's consolidated statements of operations.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Stock Compensation

The Company maintains a long-term incentive equity plan, which provides for the granting of non-qualified stock options and restricted stock to officers, certain key employees and certain non-employees. For the fiscal year ended December 28, 2021 and prior fiscal years, the Company issued restricted stock awards and non-qualified stock options that generally vest four and half years from the date of grant. The Company continued to issue these awards under the same vesting

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1. Business and Summary of Significant Accounting Policies (continued)

Stock Compensation (continued)

schedule to only its executive employees during the fiscal year ended December 27, 2022. For certain other key employees and non-employees, during the fiscal years ended December 31, 2024,

December 26, 2023, and December 27, 2022, the Company issued restricted stock awards that vest 60% 30 months from the date of grant, vest an additional 20% 42 months from the date of grant, and vest the final 20% 54 months from the date of grant. The awards the Company granted to executive employees during the fiscal years ended December 31, 2024 and December 26, 2023 also vest 60% 30 months from the date of grant, vest an additional 20% 42 months from the date of grant, and vest the final 20% 54 months from the date of grant. The plan includes provisions for the grantee, after the satisfaction of a six month holding period, to sell the vested shares to the Company in exchange for the current fair value of the shares. The Company has the option to call outstanding vested shares in exchange for the current fair value of the shares. CCOC and ENRGI also maintain long-term incentive equity plans with terms identical to the Company's long term incentive plan.

Restricted stock units are valued based on the grant date fair value of the shares. The fair value of the shares is estimated using a market approach, which estimates the value of the stock based upon comparison to comparable public companies in a similar line of business. From the comparable public companies, a representative market value multiple is determined and then applied to the Company's financial metrics. The estimated grant date fair value of stock options was calculated using Black-Scholes option-pricing model. The estimated grant date fair value of each stock-based award is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period (generally the vesting period).

Coffeehouse and Bagel Bakery Location Preopening and Closing Expenses

Costs incurred in connection with start-up and promotion of new coffeehouse and bagel bakery openings are expensed as incurred and are included in operating expenses in the consolidated statements of operations. The Company incurred \$4.6 million, \$2.5 million, and \$2.8 million of coffeehouse and bagel bakery pre-opening expenses during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. When a coffeehouse or bagel bakery is closed, the remaining carrying amount of property and equipment, net of expected recovery value, is charged to operations. For coffeehouses and bagel bakeries under operating lease agreements, the estimated liability under the lease is also accrued. In accordance with ASU No. 2016-02, *Leases (Topic 842)*, lease termination liabilities are included in the balance of the Company's right of use assets. Refer to Note 19 for more closed store information.

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1. Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Retail Revenue

The Company recognizes retail coffeehouse/bagel bakery sales for products and services when payment is tendered at the point of sale, as the performance obligation has been satisfied. Company-operated retail coffeehouse/bagel bakery revenues are reported excluding sales, use or other transaction taxes collected from customers, which are remitted to various tax jurisdictions. Accordingly, sales taxes have no effect on the Company's reported net sales in the accompanying consolidated statements of operations.

Product and Royalty Revenue

Sales of coffee, food, and related products to commercial, franchise or online customers is generally recognized upon shipment, depending on contract terms, as control typically transfers and performance obligations are typically met upon shipment. Pursuant to Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Company has elected to account for shipping and handling as fulfillment costs. Shipping charges billed to commercial, franchise, or online customers are recognized as revenue, and the expense of such shipping and handling costs is included in cost of sales, as incurred. ENRGI includes the shipping and handling fee in the total product price. The Company recorded shipping revenue of \$2.7 million, \$2.5 million, and \$1.8 million during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

During the fiscal years ended December 26, 2023 and December 27, 2022 and during the first quarter of the fiscal year ended December 31, 2024, the Company sold Caribou Coffee branded coffee to Peet's Coffee and Tea, LLC (Peet's, JDE, or JDE Peet's) and Keurig Dr. Pepper (KDP), affiliates of Panera Brands, Inc., and recognized revenue when the performance obligation was met, defined in the contract as the passage of title and risk of loss to the customer, generally upon shipment of product. Additionally, the Company received royalties from Peet's and KDP for all Caribou Coffee branded product sold to Peet's and KDP's consumer package goods (CPG) customers. Royalty revenue was recognized as the performance obligations were met and was included in franchise and commercial product sales in the accompanying consolidated statements of operations. As stated in Note 3 below, during the first quarter of the fiscal year ended December 31, 2024, CCOC agreed to sell a group of assets (the "Transferred Assets") associated with the production, marketing, distribution, and sale of Caribou-branded packaged coffee products (the Transferred Assets, together with the Tradename License, the "Caribou CPG business") to JDE. The Transaction closed on March 26, 2024 (the "Closing Date"). Refer to Note 3 for more details regarding the sale.

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1. Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Franchise Revenue

The Company's franchise agreements typically require upfront franchise fees such as initial fees paid upon opening of a store and fees paid to renew the term of the franchise right. Fees are recognized over the term of the related franchise license for the respective coffeehouse or bagel bakery on a straight-line basis, which is consistent with the Company's performance obligations under the agreements and the franchisee's right to use and benefit from the intellectual property.

Advertising Cooperatives

The Company participates in various advertising cooperatives with its franchisees. These advertising cooperatives are established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchise owners. Contributions to the advertising cooperatives are required for franchise coffeehouses or bagel bakeries. Franchisees remit to the Company a percentage of coffeehouse or bagel bakery sales, and the cooperatives are required to spend all funds collected on advertising and promotional programs. Revenues for these services are typically billed and paid monthly. The Company has determined the advertising services provided to franchisees are highly interrelated with the franchise right and therefore not a distinct performance obligation.

Total advertising cooperative revenue was \$5.3 million, \$4.3 million, and \$4.0 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. Expenses incurred to provide these services were \$5.3 million, \$4.4 million, and \$4.0 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

Stored Value Cards

The Company sells stored value cards of various denominations. Cash receipts related to stored value card sales are deferred when initially received and revenue is recognized when the card is redeemed and the related products are delivered to the customer. Such deferred revenue amounts are classified as accrued expenses in the Company's consolidated balance sheets.

The Company will honor all stored value cards presented for payment; however, the Company has determined that the likelihood of redemption is remote for certain card balances due to long periods of inactivity and historical redemption patterns. To the extent management determines there is no requirement for remitting balances to government agencies under unclaimed property laws, card balances may be recognized in the consolidated statements of operations. The Company uses the proportional model and recognizes the estimated value of abandoned cards as a percentage of every stored value card redeemed and includes the amount in coffeehouse and bagel bakery sales. Gift card breakage income of \$3.5 million, \$3.1 million, and \$3.3 million was recognized in

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1. Business and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Stored Value Cards (continued)

coffeehouse and bagel bakery sales in the consolidated statements of operations for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. All revenue is recognized net of any discounts, returns, allowances, and sales incentives, including coupon redemptions and rebates.

Advertising

Advertising costs are expensed as incurred except for production costs related to major radio, television or media campaigns which are expensed in the period when the advertisement is initially aired/distributed. Advertising expenses aggregated approximately \$42.1 million, \$35.1 million, and \$29.5 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. As of December 31, 2024 and December 26, 2023, the Company had \$0.8 million and \$0.6 million of prepaid advertising expenses, respectively, which are included as a component of prepaid expenses and other assets on the Company's consolidated balance sheets.

Supply Chain Financing

As part of the Company's ongoing efforts to improve cash flow and related liquidity, the Company negotiates with suppliers to optimize terms and conditions, which include the extension of payment terms not to exceed 365 days. The Company also has agreements with third-party administrators to allow participating suppliers to sell payment obligations from the Company to financial institutions, if voluntarily elected by the supplier. Suppliers can sell one or more of the Company's payment obligations at their sole discretion and the rights and obligations of the Company to its suppliers are not impacted. The Company has no economic interest in a supplier's decision to enter into these agreements. The Company's obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted. All outstanding payments owed under the programs are recorded within accounts payable in the consolidated balance sheets. All payment activities related to the supplier finance programs are presented within the increase (decrease) in accounts payable line in the consolidated statements of cash flows.

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1. Business and Summary of Significant Accounting Policies (continued)

Supply Chain Financing (continued)

A summary of significant changes to outstanding payment obligations due to suppliers under supplier finance programs is presented below (in thousands):

	<u>Fiscal Year Ended</u> <u>December 31, 2024</u>
Confirmed obligations outstanding, beginning of fiscal year	\$ 44,943
Invoices confirmed during the fiscal year	7,372
Confirmed invoices paid during the fiscal year	(44,943)
Confirmed obligations outstanding at end of fiscal year	<u>\$ 7,372</u>

Income Taxes

The Company accounts for income taxes under the liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A deferred tax asset or liability is recognized whenever there are future tax effects from existing temporary differences, operating losses and tax credit carryforwards. If the Company determines that a deferred tax asset could be realized in a greater or lesser amount than recorded, the asset's recorded amount is adjusted, and the consolidated statements of operations are either credited or charged, respectively, in the period during which the determination is made.

Though the validity of any tax position is a matter of tax law, the body of statutory, regulatory, and interpretive guidance on the application of the law is complex and often ambiguous. Because of this, whether a tax position will ultimately be sustained may be uncertain. The Company's recognition of an uncertain tax position is dependent on whether or not that position is more likely than not of being sustained upon audit by the relevant taxing authority. If an uncertain tax position is more likely than not to be sustained, the position must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained. Refer to Note 15 for more information.

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1. Business and Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued guidance which updates income tax disclosures related to the rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The guidance also provides further disclosure comparability. The guidance is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is to be applied prospectively; however, retrospective application is permitted. The Company is currently evaluating this guidance to determine its impact on the Company's disclosures.

In November 2024, the FASB issued guidance that requires public entities to disaggregate, in a tabular presentation, certain income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026. The guidance is to be applied prospectively; however, retrospective application is permitted. The Company is currently evaluating this guidance to determine its impact on the Company's consolidated financial statements and disclosures.

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2. Revenue

Disaggregation of Revenue

Financial information relating to our operations by line of business is as follows:

(in thousands)	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Coffeehouse and bagel bakery sales	\$ 928,364	\$ 859,563	\$ 792,112
Franchise royalties and fees	29,393	26,126	23,426
Franchise advertising sales	5,277	4,347	4,017
Product sales:			
Franchise	41,390	45,763	38,870
Commercial	57,540	115,678	111,266
Total franchise and commercial product sales	98,930	161,441	150,136
Net sales	<u>\$ 1,061,964</u>	<u>\$ 1,051,477</u>	<u>\$ 969,691</u>

Sublease income, reported within coffeehouse and bagel bakery sales on the consolidated statements of operations, was \$0.3 million, \$0.3 million, and \$0.5 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. Total future minimum sublease rental income is \$0.4 million as of December 31, 2024.

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2. Revenue (continued)

Contract Liabilities

The Company has contract liabilities which comprise unamortized upfront fees received from franchisees. A summary of significant changes to the unamortized upfront franchise fee liability balance, included within accrued expenses on the consolidated balance sheets, is presented below.

(in thousands)	Not yet amortizing*	Amortizing	Total
Balance at December 27, 2022	\$ 1,148	\$ 3,092	\$ 4,240
Additions:			
Upfront fees associated with amortizing contracts that were effective in prior periods due to the adoption of ASC 606	(337)	337	-
Upfront fees associated with amortizing contracts that became effective during the fiscal year ended December 26, 2023	1,363	826	2,189
Less:			
Revenue recognized that was included in unamortized upfront fees received from licensees/franchisees	-	(755)	(755)
Voided contracts prior to store opening	(10)	-	(10)
Balance at December 26, 2023	\$ 2,164	\$ 3,500	\$ 5,664
Additions:			
Upfront fees associated with amortizing contracts that were effective in prior periods due to the adoption of ASC 606	(353)	353	-
Upfront fees associated with amortizing contracts that became effective during the fiscal year ended December 31, 2024	640	546	1,186
Less:			
Revenue recognized that was included in unamortized upfront fees received from licensees/franchisees	-	(821)	(821)
Voided contracts prior to store opening	(26)	-	(26)
Balance at December 31, 2024	\$ 2,425	\$ 3,578	\$ 6,003

*“Not yet amortizing” includes deferred upfront fees for stores that have not yet opened and therefore have not yet begun the amortization process.

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2. Revenue (continued)

Contract Liabilities (continued)

The Company expects to recognize amortizing upfront franchise fees as revenue over the remaining term of the associated franchise agreement as follows (in thousands):

Fiscal year	Amount
2025	610
2026	505
2027	437
2028	378
2029	315
2030 and thereafter	1,333
	<u>\$ 3,578</u>

The Company also has contract liabilities for its stored value cards. Revenue from stored value cards is recognized upon card redemption. The Company's stored value cards do not expire. Based on historical redemption rates, a small and relatively stable percentage of stored cards will never be redeemed, referred to as "breakage." Estimated breakage revenue is recognized over time in proportion to actual stored value card redemptions. A summary of significant changes to the stored value card liability balance, included within accrued expenses on the consolidated balance sheets, is presented below (in thousands):

Balance at December 27, 2022	\$ 11,763
Stored value cards issued during the period	129,722
Stored value cards redeemed during the period	(126,849)
Breakage	(3,082)
Balance at December 26, 2023	<u>\$ 11,554</u>
Stored value cards issued during the period	159,021
Stored value cards redeemed during the period	(157,066)
Settlement of escheat liability	(948)
Breakage	(3,524)
Balance at December 31, 2024	<u>\$ 9,037</u>

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3. Divestiture

On January 18, 2024, CCOC entered into an asset purchase agreement (the “APA”) and license agreement (the “License Agreement”) with JDEP Blue Moon, Inc., a consolidated subsidiary of JDE Peets N.V. (“JDE”). JDE and the Company are under common control. Under the terms of the License Agreement, CCOC granted JDE the global, exclusive right to produce, market, distribute, and sell Caribou-branded packaged coffee products for an initial period of 40 years, with two automatic renewal terms of 40 years each (the “Tradename License”). Under the terms of the APA, CCOC agreed to sell a group of assets (the “Transferred Assets”) associated with the production, marketing, distribution, and sale of Caribou-branded packaged coffee products (the Transferred Assets, together with the Tradename License, the “Caribou CPG business”) to JDE.

The Caribou CPG business includes (i) manufacturing and commercializing Caribou-branded packaged coffee products worldwide, other than in Caribou retail locations (“Retail CPG”) and (ii) manufacturing and commercializing Caribou-branded packaged coffee products for colleges and universities, corporate offices and campuses, healthcare, hotels, and other food service channels worldwide (“Food Service”). Goodwill of \$42.9 million associated with the Caribou CPG business had previously been recorded in the Coffee Commercial reporting unit. On the closing date of the Transaction, the Company wrote off the goodwill associated with its Coffee Commercial reporting unit and eliminated that reporting unit.

PBI received cash consideration of \$268.5 million on behalf of CCOC for the transaction. CCOC recognized \$211.5 million of the consideration as an equity transaction from the sale of a business to an entity under common control. CCOC recognized the remaining \$57.0 million of the consideration as deferred revenue, as it has a continuing performance obligation to support the use of its brand by JDE, including providing access to certain intellectual property. As the inputs to determine the fair value of the deferred revenue relate to discounted projected sales over the life of the contract are unobservable, the Company considers this to be a Level 3 liability. Refer to Note 21 for more information regarding the proceeds from the Transaction.

CCOC will recognize the deferred revenue on a straight-line basis over the estimated economic life of the arrangement of 25 years. CCOC’s obligations to maintain the Caribou brand and other intellectual property are generally constant throughout the term of the arrangement. Accordingly, a straight-line recognition pattern is reflective of how CCOC will satisfy its performance obligations.

In connection with the transaction, CCOC entered into a supply agreement with JDE under which JDE will roast and supply coffee beans and Caribou-branded consumer-packaged goods for sale in Caribou Coffee retail locations. The supply agreement has an initial period of ten years, with three ten-year renewal terms.

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4. Goodwill

The following is a reconciliation of the beginning and ending balances of the Company's goodwill by reportable segment (in thousands):

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Coffee Retail	\$ 83,415	\$ 83,415	\$ 83,415
Coffee Commercial	-	42,929	42,929
Coffee Domestic Franchise & Licensing	23,569	23,568	23,568
Coffee International Franchise & Licensing	12,770	12,770	12,770
Bagels Retail	129,381	129,381	129,381
Bagels Commercial	9,017	9,017	9,017
Bagels Domestic Franchise & Licensing	83,733	83,733	83,733
	<u>\$ 341,885</u>	<u>\$ 384,813</u>	<u>\$ 384,813</u>

For the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, the Company elected to perform a qualitative assessment for its annual review of goodwill to determine whether indicators of impairment exist. As a result of the qualitative assessment, no indicators of impairment were identified. There were no goodwill impairment charges for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022.

5. Intangible Assets and Liabilities

Intangible assets and liabilities consist of the following (in thousands):

	As of December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Intangible assets not subject to amortization:			
Tradenames	\$ 457,500	\$ -	\$ 457,500
Intangible assets subject to amortization:			\$ -
Customer relationships	9,295	(9,295)	\$ -
Tradename (Manhattan Bagel)	3,700	(3,700)	\$ -
Reacquired franchise rights	957	(949)	\$ 8
Franchise agreements	35,470	(35,396)	\$ 74
K-cup coffee supply agreement	4,800	(4,800)	\$ -
Concession agreement	10,900	(6,495)	\$ 4,405
Total intangible assets subject to amortization	65,122	(60,634)	\$ 4,487
Total intangible assets	<u>\$ 522,622</u>	<u>\$ (60,634)</u>	<u>\$ 461,987</u>

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5. Intangible Assets and Liabilities (continued)

	As of December 26, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Intangible assets not subject to amortization:			
Tradenames	\$ 457,500	\$ -	\$ 457,500
Intangible assets subject to amortization:			
Customer relationships	9,295	(9,185)	110
Tradename (Manhattan Bagel)	3,700	(3,700)	-
Reacquired franchise rights	957	(913)	44
Franchise agreements	35,470	(33,414)	2,056
K-cup coffee supply agreement	4,800	(4,590)	210
Concession agreement	10,900	(5,950)	4,950
Total intangible assets subject to amortization	65,122	(57,752)	7,370
Total intangible assets	\$ 522,622	\$ (57,752)	\$ 464,870

The Company recognized net intangible asset amortization expense of \$2.8 million, \$3.5 million, and \$4.4 million during each of the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively, included in depreciation and amortization expense in the consolidated statements of operations.

The Company assigned the following useful lives to its intangible assets:

	Useful life	Location of Amortization Expense
Tradenames	Indefinite	—
Tradename (Manhattan Bagel)	6.5 years	Depreciation and amortization
Customer relationships	8-10 years	Depreciation and amortization
Franchise agreements	6.5-10 years	Depreciation and amortization
K-cup coffee supply agreement	10 years	Depreciation and amortization
Reacquired franchise rights	5-8.8 years	Depreciation and amortization
Concession agreement	20 years	Depreciation and amortization

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5. Intangible Assets and Liabilities (continued)

The Company estimates that amortization expense related to intangible assets will be as follows for the next five fiscal years (in thousands):

	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Thereafter	Total
Reacquired franchise rights	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8
Franchise agreements	27	27	20	-	-	-	74
Concession agreement	545	545	545	545	545	1,680	4,405
Total	<u>\$ 580</u>	<u>\$ 572</u>	<u>\$ 565</u>	<u>\$ 545</u>	<u>\$ 545</u>	<u>\$ 1,680</u>	<u>\$ 4,487</u>

6. Derivative Financial Instruments

The Company evaluates various strategies in managing its exposure to market-based risks, such as entering into derivative transactions to manage its exposure to fluctuating interest rates. For those cash flow hedges that have been designated and qualify as an effective accounting hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive loss, and subsequently reclassified into net earnings when the hedged exposure affects net income (loss). For those cash flow hedges that are not designated or do not qualify as an effective accounting hedge, the entire derivative gain or loss is recorded in interest expense, net on the consolidated statements of operations as incurred.

On July 2, 2018, the Company entered into an interest rate swap with BBVA Compass Bank pursuant to an ISDA Master Agreement. During 2021, PNC Financial Services Group acquired the U.S. subsidiary of BBVA, and as a result, the Company's interest rate swap was then held at PNC (the Bank). The Company entered into the interest rate swap agreement to mitigate its risk on \$350 million of the Company's total outstanding debt under its amended and restated credit facility dated as of October 5, 2017. The interest rate swap was designated as a cash flow hedge. It had an effective date of July 2, 2018, a trade date of July 3, 2018, and a termination date of October 5, 2022. The Company was required to make certain variable rate interest payments to the Bank based on a one-month LIBOR rate calculated on an initial notional amount of \$350 million, with annual amortizing reductions of the notional from \$350 million to \$250 million by its termination date. The Company paid or received payment for the difference between the swap rate of 2.7825% and the variable rate, effectively fixing the annual interest rate payable on the outstanding notional amount of the Company's total outstanding debt at 2.7825%, plus an applicable margin rate ranging from 1.25% to 2.00%. To the extent the hedge was effective, changes in fair value were recorded in other comprehensive income. To the extent the hedge was ineffective, changes in fair value were recorded as a charge/credit to income.

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6. Derivative Financial Instruments (continued)

Changes in fair value of the interest rate swaps were recorded as a component of accumulated other comprehensive income (AOCI) in the consolidated balance sheets. The Company reclassified the effective gain or loss from AOCI to interest expense, net in the consolidated statements of operations at the time of the forecasted transaction. The following table presents pre-tax gains and losses on the interest rate swaps recognized in other comprehensive income (OCI) and reclassified from AOCI to earnings for the periods indicated (in thousands):

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Net gains recognized in OCI before reclassifications	\$ -	\$ -	\$ 1,100
Net losses reclassified from AOCI to earnings	\$ -	\$ -	\$ 3,200

The Company did not recognize a gain or loss due to hedge ineffectiveness during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022.

During June 2022, in connection with the Company's debt refinancing, the Company paid \$0.3 million to terminate a portion of its interest rate swap and novated its remaining \$0.4 million interest rate swap balance to Panera Brands, Inc. No gain or loss was recorded as a result of the swap novation. The final payment on the terminated swap equaled the fair value of the interest rate swap at the time of its termination, and a gain of \$0.1 million was recognized as a result of the transaction. The Company does not hold or use derivative instruments for trading purposes.

The Company does not have any derivatives that are not designated as hedging instruments and has not designated any non-derivatives as hedging instruments.

7. Fair Value Measurements

Recurring Fair Value Measurements

The following table presents the assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 (in thousands):

	Total			
	December 31, 2024	Level 1	Level 2	Level 3
Noncontrolling interests subject to put provision	\$ 36,089			\$ 36,089
Total mezzanine equity	\$ 36,089	\$ -	\$ -	\$ 36,089

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7. Fair Value Measurements (continued)

Recurring Fair Value Measurements (continued)

The following table presents the financial liabilities measured at fair value on a recurring basis as of December 26, 2023 (in thousands):

	Total			
	December 26, 2023	Level 1	Level 2	Level 3
Noncontrolling interests subject to put provision	\$ 63,121	\$ -	\$ -	\$ 63,121
Total mezzanine equity	\$ 63,121	\$ -	\$ -	\$ 63,121

The fair value of noncontrolling interests subject to put provision is estimated using a market approach, which estimates the value of the stock based upon comparison to comparable public companies in a similar line of business. From the comparable public companies, a representative market value multiple is determined and then applied to the Company's financial metrics.

Nonrecurring Fair Value Measurements

Certain nonfinancial assets, primarily property, plant, and equipment, right of use assets, goodwill and intangible assets, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, these assets are required to be assessed for impairment whenever events or circumstances indicate that their carrying value may not be fully recoverable, and at least annually for goodwill and indefinite-lived intangible assets. In the event an impairment is required, the asset is adjusted to fair value, using market-based assumptions.

The fair value of non-financial assets measured at fair value on a non-recurring basis, which is classified as Level 3 in the fair value hierarchy, is determined based on appraisals or sales prices of comparable assets and estimates of future cash flows.

As of December 31, 2024, long-lived assets held and used with a carrying amount of \$0.7 million associated with distinct underperforming Company-owned coffeehouses and bagel bakeries and Company-owned coffeehouses and bagel bakeries were determined to have a fair value of \$0.5 million, resulting in an impairment loss of \$0.2 million.

As of December 26, 2023, long-lived assets held and used with a carrying amount of \$0.9 million associated with distinct underperforming Company-owned coffeehouses and bagel bakeries were determined to have a fair value of \$0.7 million, resulting in an impairment loss of \$0.2 million.

As of December 27, 2022, long-lived assets held and used with a carrying amount of \$9.0 million associated with distinct underperforming Company-owned coffeehouses and bagel bakeries were determined to have a fair value of \$6.1 million, resulting in an impairment loss of \$2.9 million.

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7. Fair Value Measurements (continued)

Nonrecurring Fair Value Measurements (continued)

Impairment charges on coffeehouse and bagel bakery assets and right of use assets are classified as Level 3 within the fair value hierarchy. Impairments of property and equipment, net are recorded within depreciation and amortization expense in the consolidated statements of operations. Impairments of operating lease assets are recorded within occupancy expense in the consolidated statements of operations for the fiscal years ended December 31, 2024 and December 26, 2023 and within depreciation and amortization expenses for the fiscal year ended December 27, 2022.

8. Inventories

Inventories consist of the following (in thousands):

	December 31, 2024	December 26, 2023
Coffee	\$ 733	\$ 10,903
Raw materials	849	652
Finished goods	17,429	16,712
Total	<u>\$ 19,011</u>	<u>\$ 28,267</u>

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9. Property and Equipment

Property and equipment consist of the following (in thousands):

	December 31, 2024	December 26, 2023
Leasehold improvements	\$ 233,045	\$ 200,639
Machinery and equipment	154,776	161,751
Computer software	22,677	17,775
Furniture and fixtures	57,487	54,911
Smallwares	3,395	3,035
Construction in progress	19,158	10,115
	490,538	448,226
Less accumulated depreciation and amortization	(308,803)	(303,044)
Total	<u>\$ 181,735</u>	<u>\$ 145,182</u>

The Company recorded depreciation expense related to these assets of \$42.5 million, \$36.5 million, and \$35.7 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively, reported in depreciation and amortization in our consolidated statements of operations. Depreciation expense for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 includes equipment and leasehold improvement impairments of less than \$0.1 million, \$0.1 million, and \$0.9 million, respectively. Repair and maintenance expenses are reported in the following lines in our consolidated statements of operations as follows (in thousands):

Repair and Maintenance Expenses Included in the Statement of Operations Line	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Other operating expenses	\$ 21,603	\$ 21,945	\$ 16,985
General and administrative expenses	800	1,480	783
Total	<u>\$ 22,403</u>	<u>\$ 23,425</u>	<u>\$ 17,768</u>

The Company capitalized \$1.0 million, \$0.7 million, and \$0.6 million of costs incurred in cloud computing service arrangements that are service contracts during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. These amounts are included in property and equipment, net on the consolidated balance sheets.

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10. Leases

Lease expenses are reported in cost of sales and related occupancy costs in the consolidated statements of operations. Certain leases provide for contingent (variable or percentage) rent, which is determined as a percentage of gross sales in excess of specified levels. The components of lease expense were as follows (in thousands):

	Fiscal year ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Operating lease expense	\$ 68,854	\$ 63,629	\$ 62,170
Variable lease expense	22,925	21,833	19,482
Non-lease components	20,977	19,949	19,023
Total	<u>\$ 112,756</u>	<u>\$ 105,411</u>	<u>\$ 100,675</u>

Supplemental cash flow information related to leases follows (in thousands):

	Fiscal year ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows related to operating leases	\$ 75,460	\$ 70,888	\$ 69,984
Right of use assets obtained in exchange for new operating lease liabilities	\$ 40,820	\$ 22,208	\$ 20,601

The Company monitors for events or changes in circumstances that may require a reassessment of one of its leases and determines if a remeasurement is required.

As of December 31, 2024, the weighted-average remaining lease term and discount rate were as follows:

	Weighted-Average Remaining Lease Term (Years)	Weighted-Average Discount Rate ⁽¹⁾
Operating leases	5.7	6.3%

⁽¹⁾ The Company cannot determine the interest rate implicit in its leases. Therefore, the discount rate used in determining the present value of lease payments represents the Company's incremental borrowing rate, which is determined based on the risk-free rate, adjusted for the risk premium attributed to the Company's credit rating for a secured or collateralized debt instrument.

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10. Leases (continued)

Future minimum lease payments under non-cancelable operating leases as of December 31, 2024 were as follows:

Fiscal Year	Operating Leases
2025	77,030
2026	69,434
2027	55,850
2028	42,939
2029	31,039
Thereafter	65,282
Total future minimum lease payments	\$ 341,574
Less: imputed interest	(53,483)
Present value of minimum lease payments	\$ 288,091

11. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31, 2024	December 26, 2023
Compensation and related employment taxes	\$ 27,844	\$ 18,752
Key employee retirement settlements	11,585	-
Loyalty program	10,593	10,149
Gift card liability	9,037	11,554
Insurance	7,356	6,508
Taxes, other than income tax	6,602	5,253
Capital expenditures	5,475	5,898
Occupancy costs	3,118	2,639
Deferred license revenue	2,280	-
Utilities	1,516	1,653
Advertising	1,271	2,170
Deferred revenue	1,100	1,017
Interest payable	(8)	-
Due from related parties	(1,268)	(562)
Other	12,473	4,682
Total	\$ 98,974	\$ 69,713

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11. Accrued Expenses (continued)

A key executive on the PBI management team retired from PBI, effective December 31, 2024. That executive had outstanding shares, restricted stock awards, and stock options in ENRG, all of which were settled upon the retirement date. \$11.6 million associated with payments to be made under this retirement agreement during 2025 have been accrued as of December 31, 2024.

The Company self-insures a portion of the exposure for costs related to employee healthcare, workers' compensation, and general liability. The Company utilizes third party actuarial experts' estimates of expected losses based on statistical analyses of the Company's actual historical data and historical industry data to determine required self-insurance reserves. The assumptions are closely reviewed, monitored, and adjusted when warranted. Estimated accruals for these liabilities could be affected if actual experience related to the number of claims and cost per claim differ from these assumptions and historical trends. As of December 31, 2024 and December 26, 2023, self-insurance reserves were \$7.4 million and \$6.5 million, respectively, and were included in accrued expenses in the consolidated balance sheets. Total amounts expensed for self-insurance were \$20.4 million, \$19.1 million, and \$17.4 million for fiscal 2024, fiscal 2023, and fiscal 2022, respectively. Expenses are recorded based on actuarial estimates for reported and incurred but not reported claims considering several factors, including historical claims experience, severity factors, litigation costs, inflation, and other actuarial assumptions.

12. Debt

On October 5, 2017, the Company entered into an amended and restated credit agreement (as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of July 20, 2018, that certain Second Amendment, Consent and Waiver to Amended and Restated Credit Agreement, dated as of December 6, 2018, that certain Third Amendment to Amended and Restated Credit Agreement, dated as of May 24, 2019, that certain Fourth Amendment to Amended and Restated Credit Agreement, dated as of June 30, 2020 and that certain Fifth Amendment to Amended and Restated Credit Agreement, dated as of April 28, 2021, collectively, the "Bank Agreement"). The Bank Agreement provided for term loans in an aggregate principal amount of \$100.0 million and \$375.0 million of revolving commitments. The initial proceeds from the Bank Agreement were used to refinance existing indebtedness and pay costs associated with an acquisition.

As of December 28, 2021, the Company had total borrowings of \$402.4 million under the Bank Agreement, composed of term loan borrowings of \$89.4 million and borrowings under the revolving credit facility of \$313.0 million, and outstanding letters of credit of \$9.8 million resulting in \$52.2 million of available capacity under the Bank Agreement. The Company refinanced the Bank Agreement pursuant to the PBI Credit Facility (as defined below) on June 15, 2022. All amounts were paid in full.

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12. Debt (continued)

Panera Brands, Inc. Credit Facility

On June 15, 2022, Panera Brands, Inc. entered into a new credit agreement (the PBI Credit Facility). The PBI Credit Facility provided for term loans in two tranches with an aggregate principal amount of \$1 billion each and a revolving credit facility in an aggregate principal amount of \$1 billion. The initial proceeds from the PBI Credit Facility were used in part to refinance the Bank Agreement described above and to fund working capital needs for Panera Brands, Inc. The revolving credit facility is available for general corporate purposes for Panera Brands, Inc. and its subsidiaries, including the Company.

Borrowings under the PBI Credit Facility accrue interest at a rate, per annum, equal to, in the case of “base rate” borrowings, the greater of (x) a prime rate, (y) the NYFRB Rate (as defined in the PBI Credit Facility) plus 0.50% and (z) the Adjusted Term SOFR Rate (as defined in the PBI Credit Facility) for a one month interest period plus a leverage-based margin of 0.25% to 1.00%. In the case of term benchmark borrowings, such borrowings under the PBI Credit Facility accrue interest at a rate, per annum, equal to the Adjusted Term SOFR Rate plus a leverage-based margin of 1.25% to 2.00%. Applicable interest rates are subject to a 0.00% SOFR floor. Letters of credit and unused revolver fees accrue based on a leverage-based fee. At December 31, 2024, the interest rate on the term loans and revolving credit facility was 6.2%.

The revolving credit facility and one tranche of term loans under the PBI Credit Facility matures five years after closing, and the second tranche of term loans under the PBI Credit Facility matures three years after closing. The maturity date of any credit facility under the PBI Credit Facility may be extended by an additional year with the consent of the applicable lenders. Pursuant to this extension option, each of the revolving credit facility and the five-year term loan tranche may be extended on two occasions and the three-year term loan tranche may be extended on one occasion. On May 7, 2024, the Company extended the maturity date of the second tranche of term loans under the PBI Credit Facility from June 15, 2025 to June 15, 2026. The obligations under the PBI Credit Facility are collateralized by substantially all of the assets of Panera Brands, Inc. and certain subsidiaries of Panera Brands that guarantee the PBI Credit Facility, including those of the Company. If an event of default occurs under the PBI Credit Facility, the lenders could elect to declare all amounts outstanding under the PBI Credit Facility to be immediately due and payable and enforce their interests against collateral pledged under the agreements.

As of December 31, 2024, PBI had total borrowings of \$2,401.8 million under the PBI Credit Facility, composed of Panera Brands term loans of \$1,775.0 million and borrowings under the Panera Brands revolving credit facility of \$626.8 million, and outstanding letters of credit of \$22.0 million, resulting in \$351.2 million of available capacity under the PBI Credit Facility. As of December 31, 2023, PBI had total borrowings of \$2,511.8 million under the PBI Credit Facility, composed of Panera Brands term loans of \$1,875.0 million and borrowings under the Panera Brands revolving credit facility of \$636.8 million, and outstanding letters of credit of \$21.3 million, resulting in \$341.9 million of available capacity under the PBI Credit Facility.

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12. Debt (continued)

Panera Brands, Inc. Credit Facility (continued)

The PBI Credit Facility contains customary negative covenants which, among other things, generally limited (with certain exceptions): mergers, amalgamations, or consolidations; the incurrence of additional indebtedness (including guarantees); the incurrence of additional liens; the sale, assignment, lease or conveyance or transfer of assets; certain investments and restricted payments (including to the Company); transactions with affiliates; engaging in materially different lines of business; swap agreements; and other activities customarily restricted in similar financing agreements. The PBI Credit Facility contains customary affirmative covenants, representations and warranties and events of default. The PBI Credit Facility also contains a financial covenant in which Panera Brands, Inc. shall not permit the Total Net Leverage Ratio (as defined in the PBI Credit Facility) to exceed 5.50x. Panera Brands, Inc. is in compliance with all financial covenants under the PBI Credit Facility as of December 31, 2024.

The PBI Credit Facility required a “Qualifying IPO” (as defined in the PBI Credit Facility) to occur on or prior to June 15, 2023. Within 10 business days after the occurrence of a “Qualifying IPO”, Panera Brands, Inc. is also required to repay \$160.0 million of outstanding borrowings under the PBI Credit Facility. A “Qualifying IPO” includes certain public issuances of common equity interests, SPAC transactions, and cash contributions to, and issuances of, qualified equity interests that, in each case, generate gross proceeds of not less than \$660.0 million. On June 1, 2023, Panera Brands, Inc. sold 3,424,835 shares of common stock to Panera Brands Holdings L.P., the direct parent of Panera Brands, Inc., in exchange for \$660.0 million. The sale of the common stock to Panera Brands Holdings L.P. in exchange for \$660.0 million satisfied the definition of a “Qualifying IPO”, as defined in the Company Credit Facility. In connection with the occurrence of the “Qualifying IPO,” Panera Brands, Inc. repaid \$500.0 million of certain indebtedness of Panera Brands, Inc. and its subsidiaries and repaid \$160.0 million of outstanding borrowings under the Panera Brands, Inc. revolving credit facility.

On June 25, 2022, Panera Brands, Inc. and the Company entered into an Intercompany Loan Agreement, which allocates a portion of the PBI Credit Facility to the Company: term loans in two tranches with an aggregate principal amount of \$86.9 million each and a revolving credit facility in an aggregate principal amount of \$374.8 million. The terms and covenants of the Intercompany Loan Agreement require the Company to comply with the terms and covenants of the PBI Credit Facility.

As of December 31, 2024, the Company had total borrowings of \$79.5 million under the Intercompany Loan Agreement, composed of term loan borrowings of \$41.7 million and borrowings under the revolving credit facility of \$37.8 million, and outstanding letters of credit of \$11.1 million resulting in \$325.8 million of available capacity under the Intercompany Loan Agreement. As of December 31, 2024, the caption current portion of long-term debt in the consolidated balance sheets includes borrowings of \$2.5 million under the Intercompany Loan Agreement, composed of principal payments due within twelve months of December 31, 2024, and \$0.3 million of deferred financing fees.

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12. Debt (continued)

Panera Brands, Inc. Credit Facility (continued)

The following table summarizes annual maturities of debt during the next five fiscal years and thereafter as of December 31, 2024 (in thousands):

Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Thereafter	Total
\$ 2,463	\$ 5,223	\$ 71,811	\$ -	\$ -	\$ -	\$ 79,497

In connection with the acquisition of the PBI Credit Facility and Intercompany Loan Agreement, the Company paid debt acquisition costs of \$2.3 million during the fiscal year ended December 27, 2022. These costs have been capitalized as deferred financing fees. Deferred financing fees on the consolidated balance sheets as of December 31, 2024 and December 26, 2023 totaled approximately \$1.1 million and \$1.7 million, respectively. Amortization expense of deferred financing fees, including write-offs of debt acquisition costs associated with the Bank Agreement in 2022, totaled \$0.6 million, \$0.7 million, and \$1.6 million for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation

Caribou Coffee Company, Inc. Long-Term Incentive Plan and Executive Ownership Plan

During 2013, the Company established the Caribou Coffee Company, Inc. Long-Term Incentive Plan (C-LTIP), which provides for the granting of non-qualified stock options and restricted stock to officers and key employees. The Company is authorized to issue a maximum of 1,300,000 shares of its \$.01 par value common stock pursuant to the C-LTIP. The plan includes provisions for the grantee, after the satisfaction of a six month hold period, to sell the vested shares to the Company in exchange for the current fair value of the shares. The Company has the option to call outstanding vested shares in exchange for the current fair value of the shares.

For the fiscal year ended December 28, 2021 and prior fiscal years, the Company issued restricted stock awards and non-qualified stock options that vest four and half years from the date of grant. The Company continued to issue these awards under the same vesting schedule to its executive employees during the fiscal years ended December 31, 2024 and December 26, 2023. For certain other employees, during the fiscal years ended December 31, 2024 and December 26, 2023, the Company issued restricted stock awards that vest 60% 30 months from the date of grant, vest an additional 20% 42 months from the date of grant, and vest the final 20% 54 months from the date of grant. All restricted stock awards include a six-month holding period before the employee can sell the shares. Non-qualified stock options can be exercised any time after vesting and up to ten years from the date of grant. As of December 31, 2024, 1.3 million shares of the Company's common stock were available for issuance under the C-LTIP.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation

Caribou Coffee Company, Inc. Long-Term Incentive Plan and Executive Ownership Plan (continued)

On June 13, 2013, the Company established the Caribou Executive Ownership Plan (C-EOP). The C-EOP allows eligible executive employees and non-employee directors to purchase shares of the Company's common stock during specified investment periods at an amount that equals or exceeds an investment minimum, which is defined as five percent of the participant's annual base salary divided by the fair market value of a share on the investment date. In no event shall the aggregate value of shares acquired by any participant pursuant to the C-EOP exceed the aggregate investment limit, which is defined as the product of ten and the participant's annual base salary.

The C-EOP allows for the granting of matching awards of the number of shares purchased by the participants and vests on the 54-month anniversary of the investment date. The matching awards granted, as well as any shares issued at a discount, under the C-EOP are accounted for as stock-based compensation expense. There were no purchases of the Company's stock under the C-EOP during the fiscal years ended December 31, 2024 and December 26, 2023.

Shareholders who purchased shares under the C-EOP plan may sell the shares to the Company during specified investment periods for the then current fair value. Shareholders are subject to market risk on the value of their shares. As of December 31, 2024, 2.0 million shares of the Company's common stock were available for issuance under the C-EOP.

During the fiscal year ended December 31, 2024, less than 0.1 million shares were repurchased by the Company for \$0.1 million, net of shareholder loans. During the fiscal year ended December 26, 2023, less than 0.1 million shares were repurchased by the Company for \$2.4 million, net of shareholder loans.

Restricted stock units are valued based on the grant-date fair value of the shares. The fair value of the shares is estimated using a market approach, which estimates the value of the stock based upon comparison to comparable public companies in a similar line of business. From the comparable public companies, a representative market value multiple is determined and then applied to the Company's financial metrics. The estimated grant date fair value of each stock-based award is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period (generally the vesting period). Total stock-based compensation expense for all CCCI C-LTIP and matching awards under the C-EOP plans for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$0.4 million, \$0.7 million, and \$1.3 million, respectively, and is included in general and administrative expenses on the consolidated statements of operations.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Caribou Coffee Company, Inc. Long-Term Incentive Plan and Executive Ownership Plan (continued)

Stock option activity during the fiscal years ended December 31, 2024, December 26, 2023 is as follows (in thousands, except per share and life data):

Options Outstanding	Number of Shares	Weighted Average Exercise Price	Weighted Average Contract Life
Outstanding, December 27, 2022	3	\$ 62.31	4.3 years
Granted	-	-	
Exercised	(2)	65.23	
Cancelled	-	-	
Outstanding, December 26, 2023	1	\$ 57.93	3.9 years
Granted	-	-	
Exercised	-	-	
Cancelled	-	-	
Outstanding, December 31, 2024	1	\$ 57.93	2.9 years
Vested and expected to vest	1	\$ 57.93	
Exercisable, December 31, 2024	1	\$ 57.93	

Stock options were issued with an exercise price equal to the market price of our common stock on the date of grant. As of December 31, 2024, all stock options in the Caribou Coffee Company, Inc. equity plans were vested. There was no unrecognized compensation cost related to non-vested stock options granted to employees.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Caribou Coffee Company, Inc. Long-Term Incentive Plan and Executive Ownership Plan (continued)

Restricted stock activity during the fiscal years ended December 31, 2024 and December 26, 2023 is as follows (in thousands, except per share data):

Non-Vested Shares Outstanding	Shares	Weighted Average Fair Value
Balance December 27, 2022	42	\$ 52.18
Granted	3	99.13
Vested	(19)	52.47
Forfeited	-	-
Balance December 26, 2023	26	\$ 56.82
Granted	3	105.11
Vested	(13)	53.48
Forfeited	(3)	73.73
Balance December 31, 2024	13	\$ 66.21

As of December 31, 2024, there was \$0.4 million of unrecognized compensation cost related to non-vested restricted shares granted to employees, which is expected to be recognized over a weighted average period of 2.6 years.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Caribou Coffee Operating Company Long-Term Incentive Plan and Executive Ownership Plan

In March 2020, CCOC established the CCOC Long-Term Incentive Plan (CCOC-LTIP), which provides for the granting of non-qualified stock options (NSOs) and restricted stock units (RSUs) to officers and key employees with terms identical to the C-LTIP. In March 2020, CCOC established the CCOC Executive Ownership Plan (CCOC-EOP) that allows eligible executive employees and non-employee directors to purchase shares of CCOC common stock with terms identical to the C-EOP. During the fiscal year ended December 31, 2024, executive employees did not purchase any shares of CCOC under the CCOC-EOP. During the fiscal year ended December 26, 2023, executive employees purchased 0.1 million shares of CCOC under the CCOC-EOP for \$0.4 million, net of shareholder loans. During the fiscal years ended December 31, 2024, no matching shares were granted. During the fiscal year ended December 26, 2023, the Company granted matching shares of less than 0.1 million shares of CCOC.

Shareholders who purchased shares under the CCOC-EOP may sell the shares to CCOC during specified investment periods for the then current fair value. Shareholders are subject to market risk on the value of their shares.

During the fiscal year ended December 31, 2024, less than 0.1 million shares were repurchased by CCOC for \$0.7 million, net of shareholder loans. During the fiscal year ended December 26, 2023, 0.1 million shares were repurchased by CCOC for \$0.5 million, net of shareholder loans.

The estimated grant date fair value of each stock-based award is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period (generally the vesting period). The fair value of the shares is estimated using a market approach, which estimates the value of the stock based upon comparison to comparable public companies in a similar line of business. From the comparable public companies, a representative market value multiple is determined and then applied to the Company's financial metrics. Total stock-based compensation expense for awards issued under the CCOC-LTIP and CCOC-EOP for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$3.4 million, \$3.8 million, and \$2.2 million, respectively, and is included in general and administrative expenses on the consolidated statements of operations.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Caribou Coffee Operating Company Long-Term Incentive Plan and Executive Ownership Plan

Stock option activity during the fiscal years ended December 31, 2024 and December 26, 2023 is as follows (in thousands, except per share and life data):

Options Outstanding	Number of Shares	Weighted Average Exercise Price	Weighted Average Contract Life
Outstanding, December 27, 2022	75	\$ 29.29	6.8 years
Granted	-	-	
Exercised	(2)	27.91	
Expired	-	-	
Forfeited	(2)	31.45	
Outstanding, December 26, 2023	71	\$ 29.27	7.0 years
Granted	-	-	
Exercised	(8)	28.59	
Expired	-	-	
Forfeited	(1)	28.01	
Outstanding, December 31, 2024	62	\$ 29.39	6.2 years
Vested and expected to vest	61	\$ 29.38	
Exercisable, December 31, 2024	29	\$ 28.67	

Stock options were issued with an exercise price equal to the market price of our common stock on the date of grant. No stock options were granted during the fiscal years ended December 31, 2024 and December 26, 2023.

During the fiscal year ended December 27, 2022, the weighted average fair value of stock options granted was \$10.85. The Company estimated the fair value of each stock option award on the date of grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

Expected stock price volatility	37.40%
Expected life	6.55 years
Risk free interest rate	1.87%
Dividend yield	1.00%

As of December 31, 2024, there was less than \$0.1 million of unrecognized compensation cost related to CCOC non-vested stock options granted to employees, which is expected to be recognized over a weighted average period of 0.2 years.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Caribou Coffee Operating Company Long-Term Incentive Plan and Executive Ownership Plan (continued)

Restricted stock activity during the fiscal years ended December 31, 2024 and December 26, 2023 is as follows (in thousands, except per share data):

Non-Vested Shares Outstanding	Shares	Weighted Average Fair Value
Balance December 27, 2022	404	\$ 25.66
Granted	172	28.56
Vested	(36)	25.17
Forfeited	(18)	29.29
Balance December 26, 2023	522	\$ 27.81
Granted	97	37.44
Vested	(93)	26.07
Forfeited	(49)	30.64
Balance December 31, 2024	477	\$ 29.82

As of December 31, 2024, there was \$6.4 million of unrecognized compensation cost related to non-vested restricted shares granted to employees, which is expected to be recognized over a weighted average period of 2.7 years.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Einstein Noah Restaurant Group, Inc. Long-Term Incentive Plan and Executive Ownership Plan

In March 2020, ENRGI established the ENRGI Long-Term Incentive Plan (ENRGI-LTIP), which provides for the granting of non-qualified stock options (NSOs) and restricted stock units (RSUs) to officers and key employees with terms identical to the C-LTIP. In March 2020, ENRGI established the ENRGI Executive Ownership Plan (ENRGI-EOP) that allows eligible executive employees and non-employee directors to purchase shares of ENRGI common stock with terms identical to the C-EOP. During the fiscal year ended December 31, 2024, executive employees purchased less than 0.1 million shares of ENRGI for \$1.0 million, net of shareholder loans. During the fiscal year ended December 26, 2023, executive employees purchased 0.1 million shares of ENRGI for \$0.9 million, net of shareholder loans. During the fiscal years ended December 31, 2024 and December 26, 2023, the Company made matching grants of less than 0.1 million shares and 0.1 million shares, respectively.

Shareholders who purchased shares under the ENRGI-EOP may sell the shares to ENRGI during specified investment periods for the then current fair value. Shareholders are subject to market risk on the value of their shares.

During the fiscal year ended December 31, 2024, less than 0.1 million shares were repurchased by ENRGI for \$0.5 million, net of shareholder loans. During the fiscal year ended December 26, 2023, 0.2 million shares were repurchased by ENRGI for \$12.8 million, net of shareholder loans. During the fiscal year ended December 31, 2024, 0.1 million outstanding shares were canceled by ENRGI. Settlements for these cancellations totaled \$11.7 million. Of this amount, \$0.2 was paid during the fiscal year ended December 31, 2024 and \$11.5 million is recorded in accrued expenses on the consolidated balance sheets as of that date. ENRGI did not cancel any shares during the fiscal year ended December 26, 2023.

The estimated grant date fair value of each stock-based award is recognized in the consolidated statements of operations on a straight-line basis over the requisite service period (generally the vesting period). The fair value of the shares is estimated using a market approach, which estimates the value of the stock based upon comparison to comparable public companies in a similar line of business. From the comparable public companies, a representative market value multiple is determined and then applied to the Company's financial metrics. Stock-based compensation expense for the ENRGI-LTIP and ENRGI-EOP for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 was \$5.0 million, \$5.3 million, and \$3.9 million, respectively, and is included in general and administrative expenses on the consolidated statements of operations.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Einstein Noah Restaurant Group, Inc. Long-Term Incentive Plan and Executive Ownership Plan

Stock option activity during the fiscal years ended December 31, 2024 and December 26, 2023 is as follows (in thousands, except per share and life data):

Options Outstanding	Number of Shares	Weighted Average Exercise Price	Weighted Average Contract Life
Outstanding, December 27, 2022	109	\$ 31.28	7.7 years
Granted	-	-	
Exercised	(9)	29.17	
Canceled	-	-	
Forfeited	-	-	
Outstanding, December 26, 2023	<u>100</u>	\$ 31.28	7.5 years
Granted	-	-	
Exercised	-	-	
Canceled	(71)	33.01	
Forfeited	-	-	
Outstanding, December 31, 2024	<u>29</u>	\$ 27.66	6.5 years
Vested and expected to vest	29	\$ 27.66	
Exercisable, December 31, 2024	29	\$ 27.66	

Stock options were issued with an exercise price equal to the market price of our common stock on the date of grant. No stock options were granted during the fiscal years ended December 31, 2024 and December 26, 2023.

During the fiscal year ended December 27, 2022, the weighted average fair value of stock options granted was \$11.42. The Company estimated the fair value of each stock option award on the date of grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

Expected stock price volatility	37.78%
Expected life	5.80 years
Risk free interest rate	1.83%
Dividend yield	1.00%

As of December 26, 2023, all stock options in the Einstein Noah Restaurant Group, Inc. equity plans were vested. There was no unrecognized compensation cost related to non-vested stock options granted to employees.

Caribou Coffee Company, Inc. and Subsidiaries
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13. Noncontrolling Interests Subject to Put Provisions and Stock-Based Compensation (continued)

Einstein Noah Restaurant Group, Inc. Long-Term Incentive Plan and Executive Ownership Plan (continued)

Restricted stock activity during the fiscal years ended December 31, 2024 and December 26, 2023 is as follows (in thousands, except per share data):

Non-Vested Shares Outstanding	Shares	Average Fair Value
Balance December 27, 2022	742	\$ 29.00
Granted	100	55.08
Vested	(149)	32.58
Forfeited	(150)	27.22
Balance December 26, 2023	543	\$ 35.15
Granted	103	66.68
Vested	(160)	30.84
Forfeited	(34)	52.43
Balance December 31, 2024	452	\$ 42.40

As of December 31, 2024, there was \$10.4 million of unrecognized compensation cost related to non-vested restricted shares granted to employees, which is expected to be recognized over a weighted average period of 2.7 years.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
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14. Accumulated Other Comprehensive Income

The following table summarizes changes in accumulated other comprehensive income, net of tax, for the fiscal year ended December 27, 2022 (in thousands):

	Cash flow hedging instruments	Accumulated other comprehensive income	Non-controlling interests subject to put provisions
Balances at December 28, 2021	\$ (3,667)	\$ (3,462)	\$ (205)
Unrealized gains on cash flow hedging instruments, net of tax	817	805	12
Reclassification adjustment for net losses realized in earnings on cash flow hedging instruments, net of tax	2,375	2,340	35
Settlement and novation of cash flow hedging instruments	475	317	158
Balances at December 27, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the fiscal year ended December 27, 2022, the Company settled one interest rate swap contract and novated the remaining two to Panera Brands, Inc. The Company did not hold any cash flow hedging instruments as of December 31, 2024, December 26, 2023 or December 27, 2022. Refer to Note 6 for more information on the settlement and novation.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

15. Income Taxes

The income tax expense (benefit) for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 consists of the following (in thousands):

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Current			
Federal	\$ 6,920	\$ 9,870	\$ (2,969)
State	5,632	2,645	1,930
International	626	347	256
Total current	13,178	12,862	(783)
Deferred			
Federal	3,104	(349)	7,955
State	15	1,478	1,514
Total deferred	3,119	1,129	9,469
Total tax expense	\$ 16,297	\$ 13,991	\$ 8,686

A reconciliation of the differences between income taxes computed at the U.S. Federal statutory tax rate and the Company's income tax expense for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 is as follows (in thousands):

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Federal tax rate	\$ 15,347	\$ 15,240	\$ 12,207
Foreign taxes	626	347	256
State taxes	4,150	3,669	3,106
Stock option windfall	(627)	(1,325)	(32)
Tax credits	(3,398)	(3,164)	(3,083)
Changes in unrecognized tax benefits	-	(239)	(3,280)
Return to Provision adjustments	(33)	-	(190)
Other	232	(537)	(298)
	\$ 16,297	\$ 13,991	\$ 8,686

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

15. Income Taxes (continued)

Deferred income taxes reflect the tax effect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and amounts used for income taxes. The tax effects of temporary differences that give rise to significant portions of the Company's deferred income tax assets (liabilities) are as follows (in thousands):

	December 31, 2024	December 26, 2023
Net operating losses and credit carryforwards	\$ 4,048	\$ 10,518
Operating lease liabilities	77,001	72,423
Accrued expenses	9,013	6,539
State deferred taxes	4,091	4,394
Deferred revenue	2,898	2,029
Stock based compensation	5,903	3,822
Other	242	305
Gross deferred tax assets	103,196	100,030
Property & equipment	(12,552)	(10,562)
Operating lease assets	(69,321)	(65,187)
Other intangibles	(124,624)	(125,104)
Gross deferred tax liabilities	(206,497)	(200,853)
Valuation allowance	-	(17)
Net deferred tax liabilities	\$ (103,301)	\$ (100,840)

There was no valuation allowance placed on state net operating loss deferred tax assets as of December 31, 2024. A valuation allowance of less than \$0.1 million was placed on certain state net operating loss deferred tax assets as of December 26, 2023, as management believed it was not more likely than not those deferred tax assets would be realized.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

15. Income Taxes (continued)

Unrecognized tax benefits are included in accrued expenses and other accrued liabilities and other long-term liabilities, net on the consolidated balance sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits for the fiscal years ended December 31, 2024 and December 26, 2023 was as follows (in thousands):

	Fiscal Year Ended	
	December 31, 2024	December 26, 2023
Beginning gross unrecognized tax benefit	\$ 400	\$ 702
Gross increases for prior periods		-
Gross decreases for prior periods		(302)
Ending gross unrecognized tax benefit	<u>\$ 400</u>	<u>\$ 400</u>

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. There was no penalty or interest to be recognized in income tax expense for any period presented.

As of December 31, 2024, the Company had state net operating loss carryforwards of approximately \$49.6 million. If not utilized, state carryforwards will begin to expire in 2025.

As of December 31, 2024, the Company had foreign tax credit carryforwards of approximately \$0.6 million and less than \$0.1 million for federal and state tax purposes, respectively. If not utilized, the credits can be carried forward between 10 and 20 years.

For federal purposes, tax years prior to 2021 (except for 2019 which is currently under IRS audit) are closed for assessment purposes.

The Company files a federal consolidated income tax return and various state unitary or combined income tax returns with Panera Brands, Inc. and Subsidiaries. As such, the Company has entered into a Tax Matters Agreement with PBI which governs the allocation, settlement, and administrative matters of the consolidated group of companies. As of December 31, 2024, the Company has recorded a net related party payable of \$46.8 million within the long-term liabilities section on the consolidated balance sheets for the value of tax benefits or cash payments used by the Company as part of the fiscal years 2016 to 2023 and estimated 2024 consolidated tax filings. The income tax provision reflected in the consolidated financial statements has been prepared on a stand-alone basis. As of December 31, 2024, the Company has recorded a \$6.2 million difference between the amount received under the tax matters agreement and the expected settlement amount prepared on the Company's stand-alone basis as an additional investment by PBI within the consolidated statement of changes in shareholders' equity.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

16. Employee Benefit Plan

Caribou sponsors a 401(k) defined contribution plan for substantially all employees, excluding key employees and officers, and generally matches 25% of the first 5% contributed by its employees after three months of employment. Caribou matching contributions are fully vested after four years of service. Amounts expensed for Caribou matching contributions to the plan aggregated to \$0.4 million and \$0.3 million for the fiscal years ended December 31, 2024 and December 26, 2023, respectively.

ENRGI sponsors a 401(k) defined contribution plan for substantially all employees, excluding key employees and officers, if they meet certain eligibility requirements. ENRGI may generally make a matching contribution which would vest after three years of service. Amounts expensed for ENRGI matching contributions to the plan aggregated to \$0.3 million for the fiscal year ended December 31, 2024. Amounts expensed for ENRGI matching contributions to the plan aggregated to \$0.3 million for the fiscal year ended December 26, 2023. ENRGI did not accrue or pay a discretionary match for the fiscal year ended December 27, 2022.

The Company established the Caribou Nonqualified Deferred Compensation Plan (DC Plan) for key employees, generally officers, who were eligible to participate in the DC Plan effective January 1, 2019. The DC Plan allows an eligible employee to defer up to 80% of their base salary and bonus. The deferred amounts are invested with The Charles Schwab Trust Company under investment criteria directed by the participant.

Due to the substantial reduction in the Company's cash flows during 2020 as a result of the COVID-19 pandemic and its continued impact during 2021, the Company temporarily suspended Company matching contributions to its defined contribution plans and DC Plan. Caribou reinstated its matching contributions in January 2022; ENRGI reinstated its matching contributions in January 2023.

17. Master Franchise Agreements

Middle East Franchise Agreement

In November 2004, the Company entered into a master franchise agreement with a franchisee. In 2017, the Middle East Franchise Agreement was amended to expand the rights of the franchisee to develop 600 Caribou Coffee branded coffeehouses and to extend the expiration date. As stated in a October 2023 Memorandum of Understanding, the franchisee recently restructured into two distinct franchisee parties therefore in April 2024, the Company entered into an Amended and Restated Franchise Agreement with the original master franchisee party for development rights in the Middle East (excluding Kuwait) and North Africa with a term expiring in April 2034. Additionally, the Company entered into a separate agreement with the other franchisee party for development rights solely in Kuwait with a development term expiring in May 2034.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

17. Master Franchise Agreements (continued)

Middle East Franchise Agreement (continued)

The Company's Middle East Franchise Agreements require upfront franchise fees such as initial fees paid upon opening of a store and fees paid to renew the term of the franchise right. Fees are recognized over the term of the related franchise license for the respective coffeehouse. Revenues for these upfront franchise fees are recognized on a straight-line basis over the life of the franchise agreement for the respective coffeehouse, which is consistent with the franchisee's right to use and benefit from the intellectual property.

Monthly royalty payments ranging from 3% to 5% of gross sales are also due to the Company under the Middle East Franchise Agreements. Royalty revenue of \$5.6 million, \$4.3 million, and \$3.7 million was received during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively, and is included in franchise royalties and fees on the consolidated statements of operations.

As of December 31, 2024, there were 349 coffeehouses operating under the two agreements.

Domestic Master Franchise Agreements

As of December 31, 2024, there were twelve coffeehouses operating under the Company's domestic master franchise agreements. The timetables for opening these coffeehouses are established in the Company's Area Development Agreements, or ADAs, with franchisees, which generally provide for the majority of these planned coffeehouses to open within five to twenty years. The ADAs require a franchisee to develop a specified number of bakery-cafes on or before specified dates. If a franchisee fails to develop bakery-cafes on schedule, we have the right to terminate the ADA and develop Company-owned locations or develop locations through new franchisees in that market. We may exercise one or more alternative remedies to address defaults by area developers, including not only development defaults, but also defaults in complying with our operating and brand standards and other covenants under the ADAs and franchise agreements. We may waive compliance with certain requirements under our ADAs and franchise agreements if we determine such action is warranted under the particular circumstances.

The Company's domestic franchise agreements require upfront franchise fees such as initial fees paid upon opening of a store and fees paid to renew the term of the franchise right. Fees are recognized over the term of the related franchise license for the respective coffeehouse or bagel bakery. Revenues for these upfront franchise fees are recognized on a straight-line basis over the life of the franchise agreement for the respective coffeehouse or bagel bakery, which is consistent with the franchisee's right to use and benefit from the intellectual property.

Monthly royalty payments ranging from 4% to 6% of gross sales are also due to the Company under these agreements. Approximately \$0.1 million and \$0.1 million of royalty revenue was recorded during the fiscal years ended December 31, 2024 and December 26, 2023, respectively.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
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17. Master Franchise Agreements (continued)**Domestic Master Franchise Agreements (continued)**

Our franchise-operated coffeehouses and bagel bakeries follow the same protocol for in-store operating standards, product quality, menu, site selection, and bakery-cafe construction as Company-owned coffeehouses and bagel bakeries. Generally, franchisees are required to purchase all of their products from us or sources approved by us. We do not generally finance franchisee construction or ADA payments. We also provide to our franchise-operated coffeehouses and bagel bakeries, for a fee, limited information technology services and access to information technology infrastructure supporting operational initiatives. As of December 31, 2024, we did not hold an equity interest in any of our franchise-operated bakery-cafes.

18. Related-Party Transactions**Sales of Coffee to JDE**

As stated above in Note 3, CCOC sold its CPG business to JDE during the fiscal year ended December 31, 2024. The Transaction closed on March 26, 2024. Prior to the Transaction, CCOC sold Caribou branded coffee to JDE and received a royalty for all sales by JDE to its CPG customers of Caribou Coffee branded product. The Company recorded \$8.0 million, \$32.6 million, and \$30.6 million of JDE coffee bean sales and royalties in franchise and commercial product sales in the consolidated statements of operations for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. Pursuant to the supply agreement with JDE described in Note 3, the Company purchased \$12.2 million of coffee beans and Caribou-branded consumer-packaged goods coffee from JDE during the fiscal year ended December 31, 2024. At December 31, 2024, the Company had a payable due to JDE of \$9.0 million recorded in accounts payable in the consolidated balance sheets. At December 26, 2023, the Company had a receivable due from JDE of \$3.1 million recorded in trade accounts receivable, net in the consolidated balance sheets.

Coffee Sales to Keurig Green Mountain

The Company sold \$3.4 million, \$17.3 million, and \$16.4 million of green coffee to KDP during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. The Company received royalties of \$2.0 million, \$8.2 million, and \$8.6 million from KDP on sales by KDP of Caribou Coffee branded product during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. As of December 31, 2024, the Company did not have a receivable due from KDP related to coffee sales and royalties. As of December 26, 2023, the Company had a receivable due from KDP related to coffee sales and royalties of \$1.7 million recorded in trade accounts receivable, net in the consolidated balance sheets.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

18. Related-Party Transactions (continued)

Tax Matters Agreement

The Company files a consolidated tax return with Panera Brands, Inc. and Subsidiaries. The Company, Peet's Coffee & Tea, LLC (Peet's), Krispy Kreme Holdings, Inc. (KKH), Panera Bread Co. (Panera), and KK HoldCo Inc. (formerly JAB Beech, Inc.) have agreed to a tax matters agreement as described in Note 15. Under the tax matters agreement, the Company recorded long-term amounts due to Peet's, KKH, Panera and KK HoldCo Inc. of \$46.8 million and less than \$0.1 million as of December 31, 2024 and December 26, 2023, respectively. There were no short-term amounts due from related parties under the tax matters agreement at December 31, 2024 or December 26, 2023.

Shareholder Notes Receivable

Caribou Coffee Company, Inc. Shareholder Notes

Caribou Coffee Company, Inc. did not provide any loans to employees during the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022. There were no Caribou Coffee Company, Inc. shareholder loans outstanding at December 31, 2024 or December 26, 2023. As of December 28, 2021, \$1.8 million of Caribou Coffee Company, Inc. shareholder loans were outstanding and included in noncontrolling interests subject to put provisions. These shareholder loans were settled during the fiscal year ended December 27, 2022.

Caribou Coffee Operating Company, Inc. Shareholder Notes

During the fiscal year ended December 31, 2024, CCOC did not provide any loans to management employees to purchase CCOC shares. During the fiscal year ended December 26, 2023, CCOC provided loans to certain management employees to purchase 18,303 CCOC shares at an average cost of \$32.67 per share. During the fiscal year ended December 27, 2022, CCOC provided loans to certain management employees to purchase 3,211 CCOC shares at an average cost of \$30.43 per share.

The loans mature in three to ten years from the date of issuance and bear no stated interest. During the fiscal year ended December 31, 2024, \$0.1 million of CCOC shareholder loans were paid in full. No CCOC shareholder loans were paid in full during the fiscal year ended December 26, 2023. As of December 31, 2024 and December 26, 2023, \$2.0 million and \$2.0 million of CCOC shareholder loans were outstanding and included in noncontrolling interests subject to put provisions, respectively.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

18. Related-Party Transactions (continued)

Shareholder Note Receivable (continued)

Einstein Noah Restaurant Group, Inc. Shareholder Notes

During the fiscal year ended December 31, 2024, ENRGI provided loans to certain management employees to purchase 19,498 ENRGI shares at an average cost of \$66.68 per share. During the fiscal year ended December 26, 2023, ENRGI provided loans to certain management employees to purchase 16,675 ENRGI shares at an average cost of \$66.53 per share. During the fiscal year ended December 27, 2022, ENRGI provided loans to certain management employees to purchase 36,895 ENRGI shares at an average cost of \$34.66 per share.

The loans mature in three to ten years from the date of issuance and bear no stated interest. During the fiscal year ended December 31, 2024, less than \$0.1 million of ENRGI shareholder loans were paid in full. As of December 31, 2024 and December 26, 2023, \$5.0 million and \$4.1 million of ENRGI shareholder loans were outstanding and included in noncontrolling interests subject to put provisions, respectively.

The Company, CCOC, and ENRGI discounted new shareholder loans to present value and recorded a discount of \$0.4 million, \$0.3 million, and less than \$0.1 million as stock based compensation expense included in general and administrative expense on the consolidated statement of operations during each of the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively. The Company, CCOC, and ENRGI recognized interest income of \$0.2 million, less than \$0.1 million, and \$0.1 million related to shareholder loans on the consolidated statement of operations during each of the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022, respectively.

Dividend

No dividends were declared or paid during the fiscal year ended December 31, 2024. In September 2023, the Company's Board of Directors declared dividends of \$18.8 million payable to all shareholders. These dividends were paid in October 2023.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
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19. Bakery and Coffeehouse Closings, Transfers and Asset Disposals

Upon closing of a coffeehouse or bagel bakery, the Company accrues for estimated expenses associated with the closings.

Closing and disposal charges for the fiscal years ended December 31, 2024, December 26, 2023, and December 27, 2022 consist of the following (in thousands, except coffeehouse and bakery numbers):

	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Coffeehouse and bagel bakery closures	20	35	17
Amount charged for closed and transferring coffeehouses and bagel bakery:			
Other closing costs	\$ 376	\$ 1,245	\$ 680
Net loss on sale of closed coffeehouse and bagel bakery property and equipment	381	499	1,100
Coffeehouse and bagel bakery closing expense and disposal of assets	\$ 757	\$ 1,744	\$ 1,780

Coffeehouse and bagel bakery closing expenses are included in other operating expenses in the consolidated statements of operations.

In accordance with ASU 2016-02, lease termination liabilities of \$0.1 million and \$0.3 million at December 31, 2024 and December 26, 2023, respectively, are included in the balance of the Company's right of use assets.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
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20. Commitments and Contingencies

From time to time, the Company becomes involved in certain legal proceedings in the ordinary course of business, including the significant legal proceedings described below. The Company believes that it has valid defenses to these legal proceedings and is defending the matters vigorously. Nevertheless, the outcome of any litigation is inherently uncertain.

Jones Claim

On December 27, 2022, former Noah's employee Janete Jones filed a Class Action complaint in California State Court alleging various violations of the California Labor Code, primarily concerning meal and rest breaks. The class period runs from December 27, 2018 to the present. Jones also filed a separate case under the California Private Attorneys General Act (PAGA) asserting the same claims but seeking civil penalties instead of damages. The parties attended a global mediation of both cases in February 2024 and accrued a settlement as of December 31, 2024.

Canal Mezzanine Partners II LLC

In December 2020, Canal Mezzanine Partners II LLC commenced an action in New York state court against Bruegger's Enterprises, Inc. (BEI), BEI's subsidiary New York Style Bagels LLC (NYSB), and the Company alleging various claims for breach of a purchase option agreement concerning a number of Bruegger's New York bakeries. The parties engaged in motion practice and fact discovery for several years. On May 31, 2023, the parties executed a settlement agreement and full mutual releases, which among other things terminated the purchase option agreement and provided that BEI and NYSB would retain ownership of the Bruegger's bakeries at issue. The Company paid the settlement amount on June 7, 2023.

570 Associates, LLC

On October 8, 2021, 570 Associates III, LLC commenced an action against Einstein and Noah Corp. and Einstein Noah Restaurant Group, Inc. in the Supreme Court for the State of New York, Erie County, alleging, among other things, money damages for the Einstein entities' alleged failure to construct a commercial building on the leased space that it rented from 570 Associates, LLC and open for business as a fully stocked restaurant no later than October 31, 2015 as required by the parties' lease.

The parties engaged in substantive motion practice over the next year and agreed to settle the dispute to satisfy any obligation to construct the commercial building. The Company accrued this settlement as of December 27, 2022 and paid it during the first quarter of the fiscal year ended December 26, 2023.

Caribou Coffee Company, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (continued)
As of December 31, 2024 and December 26, 2023; and for the
Fiscal Years Ended December 31, 2024, December 26, 2023, and December 27, 2022

21. Supplemental Cash Flow Information

The following table sets forth supplemental cash flow information for the periods indicated:

(in thousands)	Fiscal Year Ended		
	December 31, 2024	December 26, 2023	December 27, 2022
Cash paid for interest	\$ 8,631	\$ 16,708	\$ 16,662
Cash paid for income taxes	9,440	6,199	3,412
Non-cash investing and financing activities			
Change in accrued property and equipment purchases	\$ 1,649	\$ 5,296	\$ 797

As stated above in Note 3, on January 18, 2024, CCOC and JDE entered into an Asset Purchase Agreement pursuant to which CCOC will license its brand in the consumer packaged goods and foodservice channels and sell its roasting operations in Minnesota and its office coffee and foodservice contracts to JDE for a purchase price of \$260.0 million, subject to certain closing adjustments. The Transaction closed on March 26, 2024 at a final purchase price of \$268.5 million. The cash for the Transaction was received at PBI. With the proceeds that were received at PBI, CCOC recorded a reduction of its debt for \$131.8 million and received a note receivable from PBI for the remaining \$136.7 million of the proceeds. CCOC received cash payments for interest income on the note receivable of \$5.0 million during the year ended December 31, 2024.

On August 12, 2024, CCOC and ENRGI settled \$11.8 million of intercompany transactions previously owed to CCOC by ENRGI. ENRGI recorded the transaction as a settlement of \$11.8 million of its debt under the revolving credit facility, and CCOC recorded the transaction as an \$11.8 million draw on its note receivable with PBI. The settlement of intercompany transactions was noncash, as no cash was exchanged between CCOC, ENRG, and PBI.

On July 26, 2023, the Company issued 189,626 shares in exchange for an \$18.8 million contribution from PBI. Funds from this transaction were used to repay \$18.8 million of the outstanding balance on the Company's revolving line of credit pursuant to the Company's Intercompany Loan Agreement with PBI. The contribution from PBI and the repayment on the Company's revolving line of credit were noncash transactions, as no cash was exchanged between the Company and PBI.

22. Subsequent Events

In accordance with ASC Topic 855, "Subsequent Events," which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued, the Company has evaluated all events or transactions through March 27, 2025, the date that the consolidated financial statements were available to be issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

GUARANTEE OF PERFORMANCE

For value received, Caribou Coffee Company, Inc. a Minnesota corporation (the "Guarantor"), located at 3900 Lakebreeze Avenue N., Minneapolis, Minnesota 55429, absolutely and unconditionally guarantees to assume the duties and obligations of Caribou Coffee Development Company, Inc., located at 3900 Lakebreeze Avenue, N., Minneapolis, Minnesota 55429 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued April 25, 2025, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, which ever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Minneapolis, Minnesota, on the 24th day of April, 2025.

Guarantor: **Caribou Coffee Company, Inc.**

By: 

Print Name: Scott Kennedy

Print Title: Interim CEO and CFO

EXHIBIT H

State-Specific Addenda

**State-Specific Disclosures
and
State-Specific Amendments to Franchise Agreement**

California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Disclosure Document for Caribou Coffee Development Company, Inc. in connection with the offer and sale of franchises for use in the State of California is amended to include the following:

1. Our website, www.cariboucoffee.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR 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).
5. In Item 3, "Litigation," is amended by adding the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following paragraphs at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

The Franchise Agreement requires litigation by courts with jurisdiction over Minneapolis, Minnesota. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release if you renew or 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).

7. The Franchise Disclosure Document is amended to include the following:

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

8. This addendum will apply only if the California Franchise Investment Law or the California Franchise Relations Act would apply on its own, without referring to this addendum.
9. No statement, questionnaire, or acknowledgement 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.

Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the Franchise Disclosure Document for Caribou Coffee Development Company, Inc. for use in the State of Illinois shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

3. No statement, questionnaire, or acknowledgement 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.

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the "Agreement") agree as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement/ may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.

Franchisor

Franchisee Entity

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Effective Date:_____

Illinois Development Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Caribou Coffee Development Company, Inc. Development Agreement (the "Agreement") agree as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois amendment to the Development Agreement on the same date as the Development Agreement was executed.

Caribou Coffee Development Company, Inc.

Franchisor

Area Developer Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for Caribou Coffee Development Company, Inc. for use in the State of Maryland is amended as follows:

1. Item 5, "Initial Fees," shall be amended by adding the following paragraphs at the conclusion of the Item:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the franchised business is opened. In addition, all development fees and initial payments by developers shall be deferred until the first franchise under the development agreement opens.

2. Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," is amended by adding the following language:

The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

The general releases 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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this addendum.

4. No statement, questionnaire, or acknowledgement 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.

Maryland Amendment to the Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. In Section 4.1 of the Agreement, under the heading "Initial Franchise Fee," is amended by adding the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. To satisfy the Commissioner's requirements, we have agreed that all initial fees and payments that you owe under this Section 4.1 shall be deferred, and will not be due, until the day that you are open for business and we have fulfilled all of our pre-opening obligations.

2. Sections 2.2.7 and 16.5.1 of the Agreement are amended by adding the following:

The general releases required as a condition of renewal or sale, and as a condition of assignment or transfer, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 27 of the Agreement is amended by adding the following:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Sections 27.7 of the Agreement is amended by adding the following:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Sections 25 and 28 of the Agreement are amended by adding the following:

All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability 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.

6. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

7. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.
Franchisor

Franchisee Entity

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Effective Date:_____

Maryland Amendment to the Area Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. In Section 4.1 of the Agreement, under the heading "Fees," is amended by adding the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. To satisfy the Commissioner's requirements, we have agreed that all fees and payments that you owe to the franchisor under the Agreement shall be deferred, and will not be due, until the day that your first Coffeehouse is open for business and we have fulfilled all of our pre-opening obligations with respect to that Coffeehouse.

2. Section 11.3 of the Agreement is amended by adding the following:

The general releases required as a condition of renewal or sale, and as a condition of assignment or transfer, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 27 of the Agreement is amended by adding the following:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Sections 11.14 and 14 of the Agreement are amended by adding the following:

All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability 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.

5. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

6. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Caribou Coffee Development Company, Inc.
Franchisor

Area Developer Entity

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Effective Date:_____

Michigan Disclosure Addendum

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. (* - DESPITE THIS PROVISION OF THE STATE LAW, WE INTEND TO SEEK ENFORCEMENT OF THE ARBITRATION CLAUSE, AS PROVIDED IN THE FRANCHISE AGREEMENT, TO THE FULLEST EXTENT PERMITTED UNDER THE FEDERAL ARBITRATION ACT.)

- (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 FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).
- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CORPORATE OVERSIGHT DIVISION
ATTN: FRANCHISE SECTION
525 W. OTTAWA ST., FIRST FLOOR
LANSING, MICHIGAN 48913
(517) 373-7117

THIS ADDENDUM WILL APPLY ONLY IF THE MICHIGAN FRANCHISE INVESTMENT LAW WOULD APPLY ON ITS OWN, WITHOUT REFERRING TO THIS ADDENDUM.

Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for Caribou Coffee Development Company, Inc. for use in the State of Minnesota is amended to include the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

This addendum will apply only if the Minnesota Franchises Law would apply independently without referring to this addendum.

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

Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. § 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the "Agreement") agree as follows:

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 Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

c. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

d. Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

e. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

g. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

2. This amendment will apply only if the Minnesota Franchise Act would apply independently without referring to this amendment.

3. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.	_____
Franchisor	Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

Minnesota Amendment to the Area Development Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. § 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Caribou Coffee Development Company, Inc. Area Development Agreement (the "Agreement") agree as follows:

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 Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

a. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

c. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

d. Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

e. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

g. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

2. This amendment will apply only if the Minnesota Franchise Act would apply independently without referring to this amendment.

3. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Caribou Coffee Development Company, Inc.	_____
Franchisor	Area Developer Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Caribou Coffee Development Company, Inc. shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

2. No statement, questionnaire, or acknowledgement 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.

North Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Franchise Agreement for Caribou Coffee Development Company, Inc. shall be amended by the addition of the following Section 29:

29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.*
- B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.*
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.*
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.*
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.*
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.*
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.*
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.*
- I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.*

2. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.	_____
Franchisor	Franchisee Entity

By:_____	By:_____
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Name:_____	Name:_____
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Title:_____	Title:_____
-------------	-------------

Effective Date:_____

North Dakota Amendment to the Area Development Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Caribou Coffee Development Company, Inc. Area Development Agreement (the "Agreement") agree as follows:

1. The Area Development Agreement for Caribou Coffee Development Company, Inc. shall be amended by the addition of the following Section 18:

18. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.*
- B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.*
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.*
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.*
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.*
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.*
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.*
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.*
- I. Limitation on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.*

2. No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Caribou Coffee Development Company, Inc.

Franchisor

Area Developer Entity

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Effective Date:_____

Virginia Disclosure Addendum

In recognition of the restrictions contained in the Virginia Retail Franchising Act, the Franchise Disclosure Document of Caribou Coffee Development Company, Inc. is amended as follows:

1. Item 17, Additional Disclosure. The following statement is added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
2. This addendum will apply only if the Virginia Retail Franchising Act would apply on its own, without referring to this addendum.

No statement, questionnaire, or acknowledgement 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.

Virginia Amendment to the Franchise Agreement

In recognition of the restrictions contained in the Virginia Retail Franchising Act, the parties to the attached Caribou Coffee Development Company, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. Section 17 of the Agreement, under the heading “Default and Termination,” will be amended by the addition of the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. This amendment will apply only if the Virginia Retail Franchising Act would apply on its own, without referring to this amendment.

No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties have signed and delivered this Virginia amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.	_____
Franchisor	Franchisee Entity
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Effective Date:_____	

Washington Disclosure Addendum and Amendment to the Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, the parties to the attached Caribou Coffee Development Company, Inc. ("CCDC") Franchise Disclosure Document ("FDD") and Franchise Agreement agree as follows:

1. Section 16.11.3 of the Agreement shall be deleted and replaced by the following:

For each proposed offering, you agree to pay us the amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering.

2. Item 17(d) of CCDC's Franchise Disclosure Document is amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law.

3. The parties further agree as follows:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- b. 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.
- c. 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.
- d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- f. 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.

- g. 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.

- h. The undersigned does hereby acknowledge receipt of this addendum.

- 4. This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply on its own, without referring to this amendment.

No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Caribou Coffee Development Company, Inc.

Franchisor

Franchisee Entity

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Effective Date: _____

EXHIBIT I**List of Current and Former Licensees**

Caribou Licensees
(as of December 31, 2024)

Licensee	Local Description	Address	City	State	Zip	Phone Number
Woody Creek Coffee Company	Denver International Airport-B Concourse	8900 Pena Boulevard, Mezzanine Bridge	Denver	CO	80249	(303) 342-8397
Woody Creek Coffee Company	Denver International Airport-A Concourse Center	8700 Pena Boulevard, A Concourse Center, Food Court	Denver	CO	80249	(303) 342-6857
Mission Yogurt, Inc.	Denver Airport - Great Hall	8500 Pena Blvd	Denver	CO	80249	(303) 342-6324
KRBOU, LLC	Willow Bend	22900 S.R. 54	Lutz	FL	33549	(656) 223-2082
Wake Up 727 LLC	Palm Harbor	32130 US Hwy 19N	Palm Harbor	FL	34684	(727) 210-7439
Wake Up 727 LLC	7 th and Central	701 Central Ave	St. Petersburg	FL	33701	(727) 289-2405
Vida Concessions, Inc.	Hartsfield-Jackson Atlanta International Airport-E Concourse	127005 Spine Road, Concourse E, Space #EF-1	Atlanta	GA	30320	(404) 209-0065
Vida Concessions, Inc.	Hartsfield-Jackson Atlanta International Airport-A Concourse	6000 North Terminal Parkway, Space A-F17	Atlanta	GA	30320	(404) 766-3355
Hy-Vee, Inc.	Hy-Vee #1148-Des Moines	4605 Fleur Drive	Des Moines	IA	50321	(515) 285-7266
Hy-Vee, Inc.	Hy-Vee #1061-Cedar Rapids IA	3235 Oakland Road NE	Cedar Rapids	IA	52403	(319) 366-7756
Hy-Vee, Inc.	Hy-Vee C-Store-Waukee IA	1025 E. Hickman Road	Waukee	IA	50263	(515) 987-7405
Hy-Vee, Inc.	Hy-Vee PCI Medical Pavillion	202 10th Street SE, Suite 105	Cedar Rapids	IA	52402	(319) 365-1694
Hy-Vee, Inc.	Hy-Vee C-Store 4-Waterloo #1360	3700 University Ave	Waterloo	IA	50701	(319) 232-2156
Hy-Vee, Inc.	Hy-Vee C-Store-Pleasant Hill #1530	4910 Maple Drive	Pleasant Hill	IA	50237	(515) 266-6330
Niemann Foods, Inc.	County Market-Quincy (Broadway #244)	4830 Broadway	Quincy	IL	62305	(217) 223-4829
Hy-Vee, Inc.	Hy-Vee # 1642-Sycamore	2700 Dekalb Avenue	Sycamore	IL	60178	(815) 756-6174
Hy-Vee, Inc.	Hy-Vee C-Store-Springfield #1640	1025 Outer Park Drive	Springfield	IL	62704	(217) 726-1025
Compass Group USA, Inc.	IUPUI-Campus Center	420 University Boulevard, Room 120	Indianapolis	IN	46202	(317) 274-5157
Martin's Supermarkets, Inc.	Martin's #4-Mishawaka	314 North Ironwood	Mishawaka	IN	46544	(574) 259-6348
Hy-Vee, Inc.	Hy-Vee #1422-Mission	6655 Martway Street	Mission	KS	66202	(913) 831-4447

Licensee	Local Description	Address	City	State	Zip	Phone Number
Hy-Vee, Inc.	Hy-Vee C-Store-Overland Park #2	9050 135th Street	Overland Park	KS	66221	(913) 814-0683
Hy-Vee, Inc.	Hy-Vee Overland Park #1	8501 West 95th Street	Overland Park	KS	66212	(913) 894-1983
Manna Development Group	Allen Park	16006 Southfield Road	Allen Park	MI	48101	(313) 528-4950
SpartanNash Company	Martin's #23-Stevensville	5637 Cleveland Avenue	Stevensville	MI	49127	(269) 429-1711
Manna Boo, LLC	Battle Creek	2810 Capital Ave SW	Battle Creek	MI	49015	(269) 841-5006
Manna Boo, LLC	28 th & Kraft	5551 29 th Street SE	Grand Rapids	MI	49512	(616) 828-1199
Manna Boo, LLC	Ferndale	22134 Woodward Ave	Ferndale	MI	48220	(248) 246-0474
Coborns, Inc.	Tadychs Marketplace – Marquette	1401 Odovero Drive	Marquette	MI	49855	(952) 883-8771
TTN Foods, LLC	Teal's Marketplace	201 2 nd Ave S, Suite 104	Cold Spring	MN	56320	n/a
Compass Group USA Inc.	Thomson Reuters	2900 Ames Crossing Rd	Eagan	MN	55121	n/a
Mackenthun's	Mackenthuns - Minnetrista	4751 Kings Point Road	Minnetrista	MN	55364	(651) 583-5119
Coborns, Inc.	Coborn's-Sauk Rapids	110 First Street S	Sauk Rapids	MN	56379	(320) 252-2141
Nilssens	Hub Foods	228 West Ave	Zumbrota	MN	55992	(507) 732-7329
Hy-Vee, Inc.	Hy-Vee #1555-Rochester	1315 - 6th Street NW	Rochester	MN	55901	(507) 288-8233
Hy-Vee, Inc.	Hy-Vee C-Store-Austin	1001 - 18th Avenue NW	Austin	MN	55912	(507) 433-1063
Hy-Vee, Inc.	Hy-Vee #1177-Faribault, MN	1920 Grant Street NW	Faribault	MN	55021	(507) 334-2085
Hy-Vee, Inc.	Hy-Vee #1183-Fairmont, MN	907 South State Street	Fairmont	MN	56031	(507) 238-4323
Hy-Vee, Inc.	Hy-Vee C-Store-Albert Lea #1019	2717 Bridge Avenue	Albert Lea	MN	56007	(507) 373-2291
Coborns, Inc.	Coborn's-Sartell	1725 Pine Cone Road South	Sartell	MN	56377	(320) 258-4342
Compass Group USA, Inc.	University of Minnesota-Moos Tower	515 Delaware Street SE	Minneapolis	MN	55455	(612) 624-5970
SpartanNash Company	Family Fresh-St. Peter MN #3331	612 South Minnesota Avenue	St. Peter	MN	56082	(507) 931-5541
Valley Markets, Inc.	Doug's Supermarket-Warroad, MN	310 Main Avenue NE	Warroad	MN	56763	(218) 386-1246
Coborns, Inc.	Hornbacher's-Moorhead #361 (05094)	101 11th Street S, Ste 3	Moorhead	MN	56560	(218) 236-6333
Shakopee Mdewakanton Sioux Community Gaming Enterprise	Mystic Lake Casino	2400 Mystic Lake Boulevard	Prior Lake	MN	55372	(952) 403-5399

Licensee	Local Description	Address	City	State	Zip	Phone Number
Valley Markets, Inc.	Hugo's Family Marketplace #11- Park Rapids	101 East 4th Street	Park Rapids	MN	56470	(218) 732-3368
Valley Markets, Inc.	Hugo's Family Marketplace #7- Thief River Falls	215 Pennington Avenue	Thief River Falls	MN	56701	(218) 681-8555
Valley Markets, Inc.	Hugo's Family Marketplace #4- Crookston	1310 University Avenue	Crookston	MN	56716	(218) 281-3690
Coborns, Inc.	Hornbacher's Azool-Moorhead (05074)	950 40th Avenue S	Moorhead	MN	56560	(218) 359-4000
Valley Markets, Inc.	Hugo's Market #5	306 14th Street NE	East Grand Forks	MN	56721	(218) 773-2418
Coborns, Inc.	Coborn's New Prague	200 Alton Ave SE	New Prague	MN	56071	(952) 758-2556
Coborns, Inc.	Cashwise-Hutchinson	1020 MN-15	Hutchinson	MN	55350	(320) 587-7655
Compass Group USA, Inc	United Health Group-Optum Building	11000 Optum Circle	Eden Prairie	MN	55344	(952) 936-3691
Coborns, Inc.	Coborn's-Delano	1400 Babcock Boulevard	Delano	MN	55328	(763) 972-8380
Coborns, Inc.	Coborn's-Isanti	209 - 6th Avenue Northeast	Isanti	MN	55040	(763) 444-5884
Palubicki's, Inc.	Palubicki's	300 1st Street W	Fosston	MN	56542	(218) 435-1454
Tobies Station, Inc.	Tobie's Station	402 Fire Monument Road	Hinkley	MN	55037	(320) 384-6174
Compass Group USA, Inc	UHG 9700 Healthcare Lane	9700 Healthcare Lane	Minnetonka	MN	55343	(952) 979-6891
Coborns, Inc.	Coborn's-Albertville	5698 La Centre Avenue	Albertville	MN	55301	(763) 497-0182
Coborns, Inc.	Coborn's-Little Falls	1101 Second Avenue NE	Little Falls	MN	56345	(320) 203-3149
Supervalu, Inc.	Willie's Grocery	25 E.7th Street	Morris	MN	56267	(320) 589-4040
Compass Group USA, Inc.	University of Minnesota - Hanson Hall	Hanson Hall, 1925 4th Street S	Minneapolis	MN	55455	(612) 625-8585
Aramark Healthcare and Support Services, LLC	Prime Therapeutics	Boulder Lakes Business Park, 2900 Ames Crossing RD	Eagan	MN	55121	(612) 777-6026
Trail's Travel Plaza, Inc.	Trails Travel Center	Trail's Travel Center, 820 Happy Trails Lane	Albert Lea	MN	56007	(507) 373-4200
Coborns, Inc.	Cashwise Waite Park	113 South Waite Ave	Waite Park	MN	56387	(320) 259-1308
Coborns, Inc.	Coborn's St. Joseph	1500 Elm Street E	St. Joseph	MN	56374	(320) 363-0011
KM Supermarkets, Inc.	Mackenthuns	851 Marketplace Drive	Waconia	MN	55387	(952) 442-2512
Coborns, Inc.	Coborn's Clearwater	705 County Road 75	Clearwater	MN	56320	(320) 558-2251
Johannesson's, Inc.	KJ's Fresh Market	70 Arrowhead Lane	Moose Lake	MN	55767	(218) 249-1285
Lueken's Food Stores, Inc.	Lueken's Village Foods Northside	1171 Paul Bunyan Dr NW	Bemidji	MN	56601	(218) 444-3663
Lueken's Food Stores, Inc.	Lueken's Village Foods Southside	609 Washington Ave S	Bemidji	MN	56601	(218) 444-8419
Coborns, Inc.	Coborns Glencoe	2211 11th St E	Glencoe	MN	55336	(320) 864-6132

Licensee	Local Description	Address	City	State	Zip	Phone Number
Coborns, Inc.	Coborn's Otsego	15700 88th St. NE	Otsego	MN	55330	(763) 328-1700
Valley Markets, Inc.	Lake of the Woods Foods	108 Main Street	Baudette	MN	56623	(218) 634-2662
Coborns, Inc.	Coborns Buffalo	630 Ryan's Way	Buffalo	MN	55313	(763) 298-3340
Coborns, Inc.	Coborns Mora	710 Frankie Ave	Mora	MN	55051	(320) 679-4003
Coborns, Inc.	Coborns Hastings	255 33 rd St West	Hastings	MN	55033	(651) 437-2066
Coborns, Inc.	Coborns Marketplace – St. Cloud	900 Cooper Ave South	St. Cloud	MN	56301	(320) 251-0484
Hy-Vee, Inc.	Hy-Vee #1081-Columbia #2	405 East Nifong Boulevard	Columbia	MO	65201	(573) 442-8595
Hy-Vee, Inc.	Hy-Vee #1082-Columbia #3	25 Conley Road	Columbia	MO	65201	(573) 442-7703
Hy-Vee, Inc.	Hy-Vee #1033-Blue Springs	625 West Highway 40	Blue Springs	MO	64014	(816) 224-4288
Iowa 80 Truck Stop, Inc.	Joplin 44 Petro	I 44 & Highway 43, 4240 Highway 43	Joplin	MO	64804	(417) 621-6156
Hy-Vee, Inc.	Hy-Vee C-Store-Kansas City MO	8371 N. Saint Clair Avenue	Kansas City	MO	64151	(816) 505-1000
Hy-Vee, Inc.	Hy-Vee C-Store-Liberty MO	300 N 291 Highway	Liberty	MO	64068	(816) 415-4071
Hy-Vee, Inc.	Hy-Vee C-Store-St. Joseph, MO	205 North Belt Highway	St. Joseph	MO	64506	(816) 232-3306
Hy-Vee, Inc.	Hy-Vee C Store-Lee's Summit #1380	920 NE Langsford Road	Lee's Summit	MO	64086	(816) 524-5760
Iowa 80 Truck Stop, Inc.	Kenly Truckstop	923 Johnston Parkway	Kenly	NC	27542	(919) 502-7027
Compass Group USA, Inc.	CMC - Levine Cancer Institute	1021 Morehead Medical Dr	Charlotte	NC	28204	(980) 442-3080
Coborns, Inc.	Hornbacher's-Osgood #076 (05064)	4151 45th Street S	Fargo	ND	58104	(701) 281-1872
Coborns, Inc.	Hornbacher's-Village West #077 (05054)	4101 13th Avenue S	Fargo	ND	58103	(701) 282-9431
Coborns, Inc.	Hornbacher's-Southgate #078 (05044)	1532 32nd Avenue S	Fargo	ND	58103	(701) 293-2636
Coborns, Inc.	Hornbacher's Express (SV 005024) #359	1433 S University Drive	Fargo	ND	58103	(701) 237-9481
Coborns, Inc.	Hornbacher's-Northport #360 (05034)	2510 Broadway North	Fargo	ND	58102	(701) 293-5444
Coborns, Inc.	Cash Wise Jamestown	410 10 th St. SE	Jamestown	ND	58401	(701) 252-1174
SpartanNash Company	Family Fare-West Fargo #3103	1100 13th Avenue E	West Fargo	ND	58078	(701) 277-5566
H&H Enterprises, Inc.	Coffee Cup Fuel Stop-Steele	620 Mitchell Avenue N	Steele	ND	58482	(701) 475-2274
SpartanNash Company	Family Fare-Fargo #3115	3175 25th Street S	Fargo	ND	58103	(701) 237-3007

Licensee	Local Description	Address	City	State	Zip	Phone Number
Valley Markets, Inc.	Hugo's Family Marketplace #10-Grafton	155 E 12th Street	Grafton	ND	58237	(701) 352-0770
Valley Markets, Inc.	Hugo's Family Marketplace #9-Jamestown	310 1st Ave S	Jamestown	ND	58401	(701) 252-0981
Coborns, Inc.	Cashwise-West Fargo	755 - 33rd Avenue E	West Fargo	ND	58078	(701) 281-6002
Coborns, Inc.	Cashwise-Dickinson	1761 3rd Avenue W	Dickinson	ND	58601	(701) 225-9454
Valley Markets, Inc.	Hugo's-32nd Ave	1750 32nd Avenue S, Suite C	Grand Forks	ND	58201	(701) 746-0688
SpartanNash Company	Dan's Supermarket-Bismarck North #3125	3101N - 11th Street	Bismarck	ND	58503	(701) 258-7791
Coborns, Inc.	Cash Wise Bismarck	900 43rd Ave NE	Bismarck	ND	58501	(701) 425-3389
Coborns, Inc.	Hornbacher's West Fargo	2050 Sheyenne St	West Fargo	ND	58078	(701) 282-5555
Coborns, Inc.	Cash Wise - Watford City	113 6th Ave.	Watford City	ND	58854	(701) 842-2519
North Dakota State University	NDSU Memorial Union	1401 Administration Ave	Fargo	ND	58102	(701) 231-8791
Lueken's Food Stores, Inc.	Luekens Wahpeton	687 11th Street S	Wahpeton	ND	58075	(701) 672-1206
Hy-Vee, Inc.	Hy-Vee #1221-Grand Island	115 Wilmar Avenue	Grand Island	NE	68803	(308) 381-3678
Hy-Vee, Inc.	Hy-Vee #1386-Lincoln #2	1601 North 84th Street	Lincoln	NE	68505	(402) 467-5505
Hy-Vee, Inc.	Hy-Vee #1385-Lincoln #1	5010 "O" Street	Lincoln	NE	68510	(402) 483-7707
Hy-Vee, Inc.	Hy-Vee #1388-Lincoln #4	6001 Village Drive	Lincoln	NE	68516	(402) 421-2462
Hy-Vee, Inc.	Hy-Vee #1478-Omaha #11	1000 South 178th Street	Omaha	NE	68118	(402) 334-4444
Hy-Vee, Inc.	Hy-Vee C-Store-Kearney NE	5204 2nd Avenue	Kearney	NE	68845	(308) 236-0050
SpartanNash Company	Family Fresh-Kearney #3765	3920 - 2nd Avenue	Kearney	NE	68847	(308) 236-0050
Fresh Encounter, Inc.	Fresh Encounters	2021 Broad Avenue	Findlay	OH	45840	(419) 422-9521
Boustead Growth Partners	Delaware	1752 Columbus Pike	Delaware	OH	43015	(740) 513-4775
Boustead Growth Partners	Wooster	1840 Cleveland Rd	Wooster	OH	44691	(330) 222-3102
Boustead Growth Partners	Reynoldsburg	70101 East Main Street	Reynoldsburg	OH	43068	(380) 237-1100
CariCo LLC	Glacier Hills Service Plaza	3600 Glacier Road	New Springfield	OH	44443	(234) 759-4053
CariCo LLC	Belden	5443A Whipple Ave NW	North Canton	OH	44720	(234) 300-3004
Oklahoma State University	Oklahoma State University-Student Union	470 Student Union	Stillwater	OK	74078	(405) 744-2911

Licensee	Local Description	Address	City	State	Zip	Phone Number
Oklahoma State University	OSU – Central Marketplace	1320 W Drummond Lane	Stillwater	OK	74078	(405) 744-1870
Hy-Vee, Inc.	Hy-Vee #1871-Watertown	1320 - 9th Avenue SE	Watertown	SD	57201	(605) 882-3311
H&H Enterprises, Inc.	Coffee Cup Fuel Stop-Vermillion SD	47051 Highway 50	Vermillion	SD	57069	(605) 624-2062
County Fair, Inc.	County Fair Foods	1305 West Havens	Mitchell	SD	57301	(605) 996-8393
H&H Enterprises, Inc.	Coffee Cup Fuel Stop, Summit SD	45789 US Highway 12	Summit	SD	57266	(605) 398-6493
CC&F Retail, Inc.	Coffee Cup Fuel Stop-Hartford	1001 S Western Avenue	Hartford	SD	57033	(605) 529-5800
CC&F Retail, Inc.	Lynn's Dakotamart	120 W Sioux Ave	Pierre	SD	57501	(605) 224-8871
CC&F Retail, Inc.	Coffee Cup Fuel Stop	24022 S Hwy 83	Vivian	SD	57576	(605) 683-4666
Kessler's, Inc.	Kesslers Grocery Aberdeen	621 6th Ave SE	Aberdeen	SD	57401	(605) 225-1692
FWW Management, Inc.	DFW B	2141 S international Parkway Gate B29	Dallas	TX	75261	(678) 818-8608
Skogen's Foodliner, Inc.	Festival Foods – Kimberly	800 East Maes Ave	Kimberly	WI	54136	(920) 687-7780
Skogen's Festival Foodliner, Inc.	Festival Foods – Hudson	1616 Crestview Dr.	Hudson	WI	54016	(715) 245-2310
Nil9 New Richmond Enterprises, LLC	New Richmond Food Inc.	110 West 4th Street	New Richmond	WI	54017	(715) 246-2668
SpartanNash Company	Nash Finch Family Fresh-River Falls #3322	303 S Main Street	River Falls	WI	54022	(715) 425-7277
Ptacek's Foods, Inc.	Ptacek's IGA	1005 Eagle Ridge Drive	Prescott	WI	54021	(715) 262-5636
Nilssens	Nilssen's-Cedar St	980 Cedar Street	Baldwin	WI	54002	(715) 684-3307
Nil9 Osceola Enterprises, LLC	Dick's Fresh Market-Osceola	112 Chieftain Street	Osceola	WI	54020	(715) 294-2158
Nil9 Menomonie Enterprises, LLC	Dick's Fresh Market-Menomonie	1408 9th Street E	Menomonie	WI	54751	(715) 235-2134
Coborns, Inc.	Coborn's-Hayward (Market Place Foods)	10514 S Main Street	Hayward	WI	54843	(715) 634-8996
Coborns, Inc.	Market Place Foods-Rice Lake	330 S Main Street	Rice Lake	WI	54868	(715) 234-6991
Skogen's Foodliner, Inc.	Festival Foods - Eau Claire	2615 North Clairemont Avenue	Eau Claire	WI	56345	(715) 836-6342
Nil9 Ventures, Inc.	Nilssen's Ellsworth	157 East Main Street	Ellsworth	WI	54011	(715) 273-5500
Nil9 Amery Entreprises, LLC	Dick's Fresh Market Amery	1050 Riverplace Mall	Amery	WI	54001	(715) 268-7513
Skogen's Foodliner, Inc.	Festival Foods Appleton	1200 West Northland Ave.	Appleton	WI	54914	(920) 968-2212
Skogen's Foodliner, Inc.	Festival Foods West Allis	11111 W Greenfield Ave	West Allis	WI	53214	(414) 316-9019
Skogen's Foodliner, Inc.	Festival Foods Eau Claire	3007 Mall Drive	Eau Claire	WI	54701	(715) 838-1000

Licensee	Local Description	Address	City	State	Zip	Phone Number
T.A. Solberg Company, Inc.	Trigs Minocqua	8750 Hwy 70	Minocqua	WI	54548	(715) 356-9456
T.A. Solberg Company, Inc.	Trigs Eagle River	925 Wall Street	Eagle River	WI	54521	(715) 479-6411
The Market at Beaver Dam, LLC	Food Pride - Beaver Dam	609 N Spring Street	Beaver Dam	WI	53916	(920) 887-7675
KJ's of WI, Inc.	KJs Marketplace Foods - Chetek	719 2nd Street	Chetek	WI	54728	(715) 764-1009
Skogen's Foodliner, Inc.	Festival Foods-Hartford	1275 Bell Ave	Hartford	WI	53027	(262) 457-2289
Jerry's Enterprises, Inc.	Jerrys Foods Hudson	2310 Crest View Dr	Hudson	WI	54016	(715) 386-8214
Kepler Coffee, LLC	Kepler's Green Bay	1110 Kepler Dr	Green Bay	WI	54311	(920) 770-4121
Skogen's Foodliner, Inc.	Festival Foods Holmen	123 Hale Drive	Holmen	WI	54636	(608) 526-3339
T.A. Solberg Company, Inc.	Trigs Rhinelander	232 S Courtney St	Rhinelander	WI	54501	(715) 420-1870
Nil9 COF CF, Inc.	Nilssens Chippewa Falls	2868 County Shy I	Chippewa Falls	WI	54729	(715) 861-3234
CC&F Retail, Inc.	Coffee Cup Fuel Stop-Moorcroft	506 E Converse Street	Moorcroft	WY	82721	(307) 756-3493

Caribou – Former Licensees

(during the period from December 26, 2023 through December 31, 2024)

Licensee	Local Description	Address	City	State	Zip
QLine Foods, LLC	24/7 Goodland	2710 Commerce Rd	Goodland	KS	67735
TA Operating LLC	White's Travel Center	2440 Raphine Rd	Raphine	VA	24472
Hy-Vee, Inc.	Hy-Vee #1638-Sioux Falls #6	1231 E 57 th St	Sioux Falls	SD	57108
Hy-Vee, Inc.	Hy-Vee #1391-Madison	3801 East Washington Ave	Madison	WI	53704
Woody Creek Coffee Company	Denver International Airport – C Concourse	9011 Pena Blvd	Denver	CO	80249
Compass Group USA, Inc.	UHG Bren Road	9900 Bren Road	Minnetonka	MN	55343
Skogen's Foodliner, Inc.	Festival Foods Greenfield	4777 S 27 th Street	Greenfield	WI	53221
Cedar Fair, L.P.	Cedar Fair – Valleyfair – Shakopee	1 Valley Fair Dr	Shakopee	MN	55379

EXHIBIT J**List of Affiliate-Owned Coffeehouses**

Caribou – Affiliate-Owned Coffeehouses
(as of December 31, 2024)

Coffeehouse Address	City	State	Zip
1400 East Hampden Avenue	Cherry Hills	CO	80113
2721 W. 120th Avenue, Suite 400	Westminster	CO	80234
12501 E. Lincoln Avenue	Englewood	CO	80112
10611 Westminster Blvd	Westminster	CO	80020
14630 W. Colfax Avenue	Lakewood	CO	80401
1000 Piedmont Avenue NE	Atlanta	GA	30309
3261 Peachtree Road NE	Atlanta	GA	30305
303 Peachtree Center Avenue, Suite BL-7	Atlanta	GA	30308
303 Peachtree Street NE	Atlanta	GA	30308
231 Peachtree Street	Atlanta	GA	30303
2939 Hamilton Blvd	Sioux City	IA	51104
2445 - 2nd Street	Coralville	IA	52241
3220 Ingersoll Avenue	Des Moines	IA	50312
12655 University Avenue, Suite 100	Clive	IA	50325
909 SE Oralabor Road	Ankeny	IA	50021
6719 University Avenue, Suite 1	Cedar Falls	IA	50613
5901 Mills Civic Parkway	West Des Moines	IA	50266
2105 4th Street SW - Suite A	Mason City	IA	50401
11985 Hickman Road	Urbandale	IA	50323
800 Wacker Drive	Dubuque	IA	52001
2870 Edgewood Road SW	Cedar Rapids	IA	52404
8722 Shawnee Mission Pkwy	Merriam	KS	66202
4408 France Avenue S	Edina	MN	55424
609 East Lake Street	Wayzata	MN	55391
651 Nicollet Mall	Minneapolis	MN	55402
1055 Grand Avenue	St. Paul	MN	55105
757 Grand Avenue	St. Paul	MN	55105
800 West 78th Street	Chanhassen	MN	55317
13081 Ridgedale Drive	Minnetonka	MN	55305
7171 France Avenue S	Edina	MN	55435
3777 Park Center Blvd	St. Louis Park	MN	55416
1601 West County Road C	Roseville	MN	55113
401 County Road 42	Burnsville	MN	55306
MSP Airport, 4300 Glumack Drive	St. Paul	MN	55111
MSP Airport, 4300 Glumack Drive	St. Paul	MN	55111
113 Village Center Drive	North Oaks	MN	55127
2714 Lincoln Drive	Roseville	MN	55411

Coffeehouse Address	City	State	Zip
8320 City Centre Drive	Woodbury	MN	55125
2149 Cliff Road	Eagan	MN	55122
5725 Duluth Street	Golden Valley	MN	55422
1299 Promenade Place	Eagan	MN	55121
1650 Park Place Blvd, Suite 101	St Louis Park	MN	55416
3536 Main Street	Coon Rapids	MN	55448
Mall of America, 60 E. Broadway-Space S3	Bloomington	MN	55425
610 Opperman Drive	Eagan	MN	55123
5159 West 98th Street	Bloomington	MN	55437
Rosedale Center, 10 Rosedale	Roseville	MN	55113
1450 West Lake Street	Minneapolis	MN	55408
4733 Highway 61	White Bear Lake	MN	55110
1151 East Wayzata Boulevard	Wayzata	MN	55391
Woodpark Crossing, 1100 County Road 42,	Burnsville	MN	55337
8559 Edinburgh Centre Drive N	Brooklyn Park	MN	55443
444 Cedar Street, #212	St. Paul	MN	55101
109 S. 7th Street #247	Minneapolis	MN	55402
1380 Duckwood Drive, #101	Eagan	MN	55123
3044 Excelsior Blvd, #103 (Calhoun Commo	Minneapolis	MN	55416
14638 Cedar Avenue	Apple Valley	MN	55124
12880 Elm Creek Blvd	Maple Grove	MN	55369
800 Nicollet Mall	Minneapolis	MN	55402
2423 Division Street W	St. Cloud	MN	56301
1830 Market Drive (Stillwater Marketplace)	Stillwater	MN	55082
5816 Lincoln Drive (Londonderry Shops)	Edina	MN	55436
Ridgedale Mall, 12569 Wayzata Blvd, Suit	Minnetonka	MN	55305
Mall of America, 60 E. Broadway	Bloomington	MN	55425
401 Robert Street	St. Paul	MN	55101
4210 Winnetka Avenue	New Hope	MN	55428
Level 2-North Tower-200 S. 6th Street, S	Minneapolis	MN	55402
6228 Penn Avenue S	Richfield	MN	55423
12417 Ulysses Street	Blaine	MN	55434
3455 Vicksburg Lane	Plymouth	MN	55447
4101 West Division Street	St. Cloud	MN	56301
1400 Highway 101 N, Unit A	Plymouth	MN	55447
920 West 78th Street	Chanhassen	MN	55317
3868 150th Street W	Rosemount	MN	55068
Eden Prairie Center - 8251 Flying Cloud	Eden Prairie	MN	55344
4345 Pheasant Ridge Drive	Blaine	MN	55449
1193 South Robert Street, Suite 200	West St. Paul	MN	55118
3938 Marketplace Drive NW #101	Rochester	MN	55901
16506 West 78th Street	Eden Prairie	MN	55344

Coffeehouse Address	City	State	Zip
3507 Round Lake Blvd NW, #100	Anoka	MN	55303
1601 Hwy 7	Hopkins	MN	55305
14050 St. Francis Blvd, Suite A	Ramsey	MN	55303
1200 - 12 Street SW, Unit 308	Rochester	MN	55902
142 Pioneer Trail	Chaska	MN	55318
7145 S. East Point Douglas Road	Cottage Grove	MN	55016
4606 Nicollet Avenue S (Nicollet Shoppes	Minneapolis	MN	55419
627 West Central Entrance	Duluth	MN	55811
307 Canal Park Drive	Duluth	MN	55802
11210 Wayzata Blvd, Suite F	Minnetonka	MN	55305
7601 Penn Avenue S	Richfield	MN	55423
11468 Jefferson Court	Champlin	MN	55316
1823 Market Blvd	Hastings	MN	55033
509 Washington Avenue S	Minneapolis	MN	55415
101 - 1st Ave SW	Rochester	MN	55902
730 Apollo Drive, Suite 106	Lino Lakes	MN	55014
1127 Larpenteur Avenue W	Roseville	MN	55113
11611 Leona Road	Eden Prairie	MN	55344
One General Mills Blvd	Golden Valley	MN	55426
1361 Heather Street	Shakopee	MN	55379
Bloomington Square	Bloomington	MN	55431
7745 Egan Drive	Savage	MN	55378
8000 Norman Center Drive, #140	Bloomington	MN	55437
6803 York Avenue S	Edina	MN	55435
425 - 8th Avenue NE	Brainerd	MN	56401
10400 Baltimore Street, Suite B-124	Blaine	MN	55449
68 Snelling Avenue S	St. Paul	MN	55105
17605 Glasgow Avenue	Lakeville	MN	55044
3673 Lexington Avenue North	Arden Hills	MN	55126
1600 Miller Trunk Hwy, Space OK111	Duluth	MN	55811
18444 Kenrick Avenue	Lakeville	MN	55044
7635 Jolly Lane	Brooklyn Park	MN	55445
Bemidji Retail Shopping Center	Bemidji	MN	56601
3900 Lakebreeze Avenue N	Brooklyn Center	MN	55429
15175 Edgewood Drive	Baxter	MN	56401
1817 Randolph Avenue	St. Paul	MN	55105
3945 West 50 Street	Edina	MN	55424
9008 Cahill Avenue	Inver Grove Heights	MN	55076
1080 Highway 96	White Bear Lake	MN	55127
3333 Shoreline Drive	Orono	MN	55391
12601 Nicollet Avenue	Burnsville	MN	55337
2020 South Pokegama Avenue	Grand Rapids	MN	55744

Coffeehouse Address	City	State	Zip
12850 Bass Lake Road	Maple Grove	MN	55369
9955 Hudson Place	Woodbury	MN	55125
4911 Highway 29, Suite 101	Alexandria	MN	56308
100 - W. 6th Street, PO Box 1623	Monticello	MN	55362
2340 West 7th Street	St. Paul	MN	55116
13635 Northdale Blvd	Rogers	MN	55374
400 W. 5th Street	Northfield	MN	55057
9420 - 36th Avenue N	New Hope	MN	55427
8208 Highway 7	St. Louis Park	MN	55426
2700 - 39 Avenue NE, #A120	St. Anthony	MN	55421
726 Martin Avenue	Big Lake	MN	55309
2585 County Road 10	Mounds View	MN	55112
11008 - 61st Avenue NE	Albertville	MN	55301
23520 Highway 7	Shorewood	MN	55331
1966 Bunker Lake Blvd NW, Suite 200	Andover	MN	55304
720 Main Street, Suite 100	Mendota Heights	MN	55118
100 South 5th Street	Minneapolis	MN	55402
5763 Blaine Avenue	Inver Grove Heights	MN	55076
7988 Sunwood Drive NW	Ramsey	MN	55303
1147 - 2nd Street SW	Rochester	MN	55902
1595 Second Avenue NE	Cambridge	MN	55008
5663 Manitou Road	Tonka Bay	MN	55331
4100 - 9th Avenue W	Hibbing	MN	55746
2073 W. Wayzata Blvd	Long Lake	MN	55356
4135 W. Division Street	St. Cloud	MN	56301
3100 White Bear Avenue N	Maplewood	MN	55109
2001 Cliff Road E	Burnsville	MN	55337
307 North Nokomis Square, Suite 113	Alexandria	MN	56308
2134 Ford Parkway	St. Paul	MN	55116
1730 New Brighton Blvd	Minneapolis	MN	55413
14444 Excelsior Blvd	Minnetonka	MN	55345
3354 Rice Street	Little Canada	MN	55126
2864 Hwy 55, Suite 100	Eagan	MN	55121
8881 Jefferson Hwy	Osseo	MN	55369
726 Main Street	Red Wing	MN	55066
19425 Evans Street NW	Elk River	MN	55330
8097 Hwy 65, Suite 100	Spring Lake Park	MN	55432
7950 Penn Avenue S	Bloomington	MN	55431
2350 - 43rd Street NW #105	Owatonna	MN	55060
9638 Colorado Lane N	Brooklyn Park	MN	55445
9 Third Avenue NW, Suite 135	Rochester	MN	55901
5551 W. Lake Street	St. Louis Park	MN	55416

Coffeehouse Address	City	State	Zip
25 University Avenue SE	Minneapolis	MN	55414
2319 - 1st Street S, Suite 100	Willmar	MN	56201
2510 W. Division	St. Cloud	MN	56301
3434 County Road 101 S	Minnetonka	MN	55345
2111 Snelling Avenue	Roseville	MN	55113
11400 Hwy 7	Minnetonka	MN	55343
4345 Nathan Lane N	Plymouth	MN	55442
18157 Carson Court, Suite A	Elk River	MN	55330
1004 Gateway Drive	Chaska	MN	55318
7150 Humphrey Drive	Minneapolis	MN	55450
917 Washington Avenue SE	Minneapolis	MN	55414
8200 Coral Sea Street NE	St. Paul	MN	55112
4745 Cedar Avenue	Minneapolis	MN	55407
6001 Shady Oak Road, Suite 330	Minnetonka	MN	55343
900 - 2nd Avenue S, Suite 220	Minneapolis	MN	55402
1523 - 7th Street E	Monticello	MN	55362
4662 Maine Avenue SE	Rochester	MN	55904
325 Clydesdale Trail, Suite 100	Medina	MN	55340
2720 Annapolis Circle, Suite F	Plymouth	MN	55441
1720 Rice Street	Maplewood	MN	55113
2218 County Road D	Roseville	MN	55112
5401 Shoreline Drive	Mound	MN	55364
5330 Cedar Lake Road, Suite 100	St. Louis Park	MN	55416
555 Nicollet Mall, Suite 161	Minneapolis	MN	55402
7601 Penn Avenue S, Room 1H-130	Richfield	MN	55423
1201 Hennepin Avenue	Minneapolis	MN	55403
4754 County Road 101	Minnetonka	MN	55345
7009 - 10th Street North	Oakdale	MN	55128
7150 Humphrey Drive, Terminal 2	Minneapolis	MN	55450
139 Veterans Memorial Parkway	Detroit Lakes	MN	56501
Mall of America, 60 E. Broadway-Skyway	Bloomington	MN	55425
6014 Highway 36	Oakdale	MN	55128
101 West Main Street	Anoka	MN	55303
1570 Service Drive	Winona	MN	55987
16731 Highway 13	Prior Lake	MN	55372
1835 Gateway Drive, Suite 106	Coon Rapids	MN	55433
115 E. 10th Street	St. Paul	MN	55101
1539 - 17th Avenue E	Shakopee	MN	55379
1680 Warren Street	Mankato	MN	56001
77 Highway 5 W	Waconia	MN	55387
501 - 5th Street N	Minneapolis	MN	55401
16393 County Road 30	Maple Grove	MN	55311

Coffeehouse Address	City	State	Zip
451 - 16th Avenue NW	Rochester	MN	55901
7050 Valley Creek Plaza	Woodbury	MN	55125
Mall of America, 60 E. Broadway	Bloomington	MN	55425
970 Prairie Center Drive	Eden Prairie	MN	55344
6545 Lyndale Avenue S.	Richfield	MN	55423
1930 36th Ave NW	Rochester	MN	55901
703 Northland Drive	Princeton	MN	55371
365 Radio Drive	Woodbury	MN	55125
3405 Promenade Ave	Eagan	MN	55121
701 3rd Ave NE	Buffalo	MN	55313
1416 East College Dr	Marshall	MN	56258
1100 Nicollet Ave	Minneapolis	MN	55403
272 57th Ave NE	Fridley	MN	55432
5125 Edina Industrial Blvd	Edina	MN	55439
1580 Madison Ave	Mankato	MN	56001
2751 County Road E	White Bear Lake	MN	55110
2100 London Road	Duluth	MN	55812
2304 College Way	Fergus Falls	MN	56537
1603 North Broadway	Rochester	MN	55906
1700 Plymouth Road	Minnetonka	MN	55305
5911 St. Croix Trail	North Branch	MN	55056
1515 Kenwood Ave	Duluth	MN	55811
8360 Hansen Ave	Shakopee	MN	55379
1100 MN-15	Hutchinson	MN	55350
14199 Edgewood Dr	Baxter	MN	56425
185 Century Ave	Woodbury	MN	55125
17880 Kenwood Trail	Lakeville	MN	55044
16725 County RD 24	Plymouth	MN	55447
1462 South 12th Ave. W.	Virginia	MN	55792
1601 E 66th St.	Richfield	MN	55423
604 Washington Ave SE	Minneapolis	MN	55414
4630 Centerville Road	White Bear Lake	MN	55127
50 South 10th Street, Skyway Level	Minneapolis	MN	55402
2 East Central Entrance	Duluth	MN	55811
2280 Grant Street	Faribault	MN	55021
5000 Vernon Ave	Edina	MN	55436
225 Triangle Lane North	Jordan	MN	55352
4300 Glumack Dr.	Saint Paul	MN	55111
228 Little Canada Rd E	Little Canada	MN	55117
804 North Minnesota Ave	St. Peter	MN	56082
15730 Emperor Ave	Apple Valley	MN	55124
2351 County Road 42	Burnsville	MN	55306

Coffeehouse Address	City	State	Zip
620 1st Street South	Willmar	MN	56201
520 Jefferson Blvd	Big Lake	MN	55309
9805 Maple Grove Parkway	Maple Grove	MN	55369
1295 Babcock Blvd East	Delano	MN	55328
13250 Grove Drive	Maple Grove	MN	55369
8096 University Ave NE	Fridley	MN	55432
1841 Premier Dr	Mankato	MN	56001
80 East Broadway Space E80	Bloomington	MN	55425
621 W Bridge St	Owatonna	MN	55060
707 North Minnesota	New Ulm	MN	56073
1560 Coon Rapids Blvd	Coon Rapids	MN	55433
1620 Broadway Ave South	Rochester	MN	55904
8479 W Broadway Ave	Brooklyn Park	MN	55445
310 Lincoln Ave	St. Cloud	MN	56304
2360 Fairview Ave. N	Roseville	MN	55113
6290 Hwy 65 NE	Fridley	MN	55432
800 Hwy 55 E	Buffalo	MN	55313
520 W Washington St	Brainerd	MN	56401
260 5th Ave NE	Isanti	MN	55040
1021 15th Ave SE	Rochester	MN	55904
7702 80th Street	Cottage Grove	MN	55016
533 12th Street South	Sauk Centre	MN	56378
4682 S Robert Trail	Inver Grove Heights	MN	55077
845 Vikings Parkway	Eagan	MN	55121
1661 Commerce Dr. N	Mankato	MN	56003
7107 Otter Lake Rd	Lino Lakes	MN	55038
2404 Mounds View Blvd	Mounds View	MN	55112
4905 Hwy 13 W	Savage	MN	55378
3445 Lake Drive	Blaine	MN	55014
2170 Ford Parkway	St. Paul	MN	55116
15561 Hornsby St NE	Columbus	MN	55025
535 E Hwy 2	Grand Rapids	MN	55744
880 18th St NW	Sauk Rapids	MN	56379
4300 Glumack Drive	St. Paul	MN	55111
12495 5th Ave N	Zimmerman	MN	55398
3038 N Service Dr	Red Wing	MN	55066
1511 N Humiston Ave	Worthington	MN	56187
324 Lowell Ave NW	Elk River	MN	55330
6370 N. Lucerne	Kansas City	MO	64151
4327 Park Road	Charlotte	NC	28209
109 SW Maynard Road	Cary	NC	27511
100 North Tryon Street	Charlotte	NC	28202

Coffeehouse Address	City	State	Zip
7804 Fairview Road, Space B	Charlotte	NC	28226
1408 East Franklin Street	Chapel Hill	NC	27514
8201 Brier Creek Parkway	Raleigh	NC	27617
3109 Northline Avenue	Greensboro	NC	27408
3300 Duraleigh Road	Raleigh	NC	27612
2400 South Washington Street	Grand Forks	ND	58201
1450 - 25th Street SW	Fargo	ND	58103
1625 - 13th Avenue E, Suite 200	West Fargo	ND	58078
1930 South Broadway	Minot	ND	58701
1700 - 21st Avenue NW	Minot	ND	58703
706 Kirkwood Mall	Bismarck	ND	58504
601 South 3rd Street	Bismarck	ND	58504
1225 S. Columbia Road	Grand Forks	ND	58201
3122 Yorktown Drive	Bismarck	ND	58503
4484 15th Ave S	Fargo	ND	58103
5616 26th Ave South	Fargo	ND	58103
4475 31st Ave S	Fargo	ND	58104
3071 25th Street S	Fargo	ND	58103
1605 36th Ave SW	Minot	ND	58701
3209 Weiss Ave	Bismarck	ND	58503
3131 32nd Ave S	Grand Forks	ND	58201
1924 South Minnesota Avenue	Sioux Falls	SD	57105
1830 Empire Mall	Sioux Falls	SD	57106
933 - 5th Street SE	Watertown	SD	57201
604 - 6th Avenue SE #1	Aberdeen	SD	57401
3501 East 10th Street	Sioux Falls	SD	57103
2300 South Minnesota Avenue	Sioux Falls	SD	57105
1620 South Burr Street	Mitchell	SD	57301
4200 South Louise	Sioux Falls	SD	57106
1730 East 10th St	Sioux Falls	SD	57110
2501 W 12th Street	Sioux Falls	SD	57104
1710 S Highline Ave	Sioux Falls	SD	57110
105 Carmichael (Hudson Marketplace)	Hudson	WI	54016
2321 Highway 25 N, Suite 308	Menomonie	WI	54751
1202 County Road Ph, Suite 200	Onalaska	WI	54650
4732 Golf Road	Eau Claire	WI	54701
2114 Hastings Way	Eau Claire	WI	54701
2360 Badger Drive, Suite 107	Hudson	WI	54016
103 Oak Avenue	Menomonie	WI	54751
807 W. Clairemont Ave	Eau Claire	WI	54701
2215 E 2nd St	Superior	WI	54880
4111 Mormon Coulee Rd	La Crosse	WI	54601

Coffeehouse Address	City	State	Zip
180 Paperjack Drive	New Richmond	WI	54017
151 Division St. N	Stevens Point	WI	54481
2820 8th Street South	Wisconsin Rapids	WI	54494
1385 Appleton Rd	Menasha	WI	54952
3025 Kinney Coulee Rd S	Onalaska	WI	54640
2312 Schofield Ave	Weston	WI	54476
575 W Calumet Ave	Appleton	WI	54915
600 South Military Ave	Green Bay	WI	54303

EXHIBIT K**State Effective Dates****STATE EFFECTIVE DATES**

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

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
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 L**Item 23 Receipt**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Caribou Coffee Development Company, Inc. (“**CCDC**”) offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) in New York, at the earlier of your first personal meeting to discuss the franchise, or 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) in Iowa, at the first personal meeting or 14 days before you sign the franchise or other agreement or you pay us any funds that relate to the franchise relationship (whichever happens first), or (d) in Michigan, at least 10 business days before you sign any binding agreement or pay us or any affiliate any consideration (whichever happens first).

If CCDC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to your state authority listed on Exhibit C.

The franchise seller is Julie Price and Steve Erickson at CCDC, 3900 Lakebreeze Avenue N., Minneapolis, Minn. 55429 (tel (763) 592-2200). Any additional individual franchise sellers involved in offering the franchise are:

The issuance date of this Franchise Disclosure Document is April 25, 2025.

CCDC authorizes the agents listed in Exhibit C to receive service of process for us.

I received a disclosure document dated April 25, 2025, that included the following exhibits:

A	Franchise Agreement with Exhibits	G	Audited Financial Statements
B	Development Agreement	H	State-Specific Addenda
C	List of State Administrators	I	List of Current and Former Licensees
D	List of Agents for Service of Process	J	List of Affiliate-Owned Shops
E	Form of General Release	K	State Effective Dates
F	Table of Contents to Manual	L	Item 23 Receipts

Date Received

Prospective Franchisee

Name (Please print)

Address

Please keep this copy of the receipt with your FDD

EXHIBIT L**Item 23 Receipt**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Caribou Coffee Development Company, Inc. (“**CCDC**”) offers you a franchise, it must provide this Disclosure Document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) in New York, at the earlier of your first personal meeting to discuss the franchise, or 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) in Iowa, at the first personal meeting or 14 days before you sign the franchise or other agreement or you pay us any funds that relate to the franchise relationship (whichever happens first), or (d) in Michigan, at least 10 business days before you sign any binding agreement or pay us or any affiliate any consideration (whichever happens first).

If CCDC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to your state authority listed on Exhibit C.

The franchise seller is Julie Price and Steve Erickson at CCDC, 3900 Lakebreeze Avenue N., Minneapolis, Minn. 55429 (tel (763) 592-2200). Any additional individual franchise sellers involved in offering the franchise are:

The issuance date of this Franchise Disclosure Document is April 25, 2025.

CCDC authorizes the agents listed in Exhibit C to receive service of process for us.

I received a disclosure document dated April 25, 2025, that included the following exhibits:

A	Franchise Agreement with Exhibits	G	Audited Financial Statements
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F	Table of Contents to Manual	L	Item 23 Receipts

Date Received

Prospective Franchisee

Name (Please print)

Address

Please sign, date, and return this copy of the receipt to CCDC