

FRANCHISE DISCLOSURE DOCUMENT

Scoop Brothers Franchising, LLC
A South Carolina limited liability company
14301 South Lakes Drive
Charlotte, NC 28273
(704) 604-0370
info@scoopbrothers.com
www.scoopbrothers.com



As a franchisee, you will operate a business under the name “Scoop Brothers” (“Scoop Brothers”) which provides residential and commercial pet waste removal services and related products and clean-up stations.

The total investment necessary to begin operation of a Scoop Brothers franchise for one territory (approximately 200,000 households) is ~~\$115,560 to \$182,335~~ ~~\$109,500 to \$176,000~~. This includes ~~\$5258,560,500 to \$58,835~~ that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of two to five territories (up to approximately 1,000,000 households) is ~~\$155,560 to \$312,335~~ ~~\$149,500 to \$306,000~~. This includes ~~\$9298,560,500 to 182188,835,500~~ that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact [Alex Blair](#) at Scoop Brothers Franchising, LLC, (704) 604-0370, 14301 South Lakes Drive, Charlotte, NC 28273.

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

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

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

Issuance date: April 29, 2026

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 F.
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 D 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 Scoop Brothers 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 Scoop Brothers franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina than in your own state.
2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition**. The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
4. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **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.
6. **Unregistered Trademark**. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

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

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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EXHIBITS

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty, and Non-Compete Agreement)
 - C. Form of General Release
 - D. Financial Statements
 - E. Operating Manual Table of Contents
 - F. Current and Former Franchisees
 - G. State Addenda to Disclosure Document
 - H. State Addenda to Franchise Agreement
 - I. Sample Equipment Lease Agreement
- State Effective Dates
Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” “Scoop Brothers,” or “our” refers to Scoop Brothers Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Our name is Scoop Brothers Franchising, LLC. We also use the name “Scoop Brothers.” Our principal business address is 14301 South Lakes Drive, Charlotte, NC 28273. We are a South Carolina limited liability company formed on March 8, 2023. We have offered franchises since April 2024. We have no predecessors.

Our affiliate, RestoPros Franchising, LLC, is a limited liability company formed in North Carolina on June 16, 2017. Its principal business address is 920 Crafters Lane, Pineville, NC 28134. This affiliate offers franchises providing restoration and remediation services to residential and commercial properties. This affiliate has been offering franchises since September 2019. As of December 31, ~~2024~~2025, RestoPros Franchising, LLC has 127 RestoPros franchises.

Our parent company, B. Rugged Brands, Corp., is a corporation formed in South Carolina on March 7, 2023, whose principal business address is 14301 South Lakes Drive, Charlotte, NC 28273. Our parent company does not offer franchises in any line of business or offer products or services to our franchisees.

Agent for Service of Process

Our agent for service of process in ~~South North~~ Carolina is ~~Alex Blair~~Shannon Roderiek, and the agent’s principal business address is 1351 Highway 324, Rock Hill, South Carolina 29730~~14301 South Lakes Drive, Charlotte, NC 28273~~. Our agents for service of process in other states are disclosed in Exhibit A.

Information About Our Business and the Franchises Offered

If you sign a franchise agreement with us, you will develop and operate a business under the trade name “Scoop Brothers” where you will market and provide residential and commercial pet waste removal services and related products and clean-up stations. We (that is, Scoop Brothers Franchising, LLC) do not operate businesses of the type being franchised. We do not have any other business activities. We have not offered franchises in other lines of business.

We also offer, to qualified franchisees, the opportunity to develop multiple, contiguous Territories under the same Franchised Business and under the same Franchise Agreement. You must sign our Territory Rights Addendum for each Territory found in Attachment 4 to the Franchise Agreement. To be eligible to develop multiple Territories, you must agree to operate in between a minimum of two Territories and a maximum of ten Territories under the same Franchised Business. You must also comply with the Territory Activation schedule outlined in the Franchise Agreement and each Territory Rights Addendum that requires you to purchase a Service

Truck and to commence minimum local marketing requirements for each Territory on a specific timeline schedule.

The general market for residential and commercial pet waste removal services and related products and clean-up stations is broad and in high demand. This market is developed and very competitive. You can expect to compete in your market with other pet waste removal companies, clean-up stations, pet sitters, lawn care services, handyman services, and casual labor companies. There may be some seasonality to your business depending on the location of your Franchised Business. Given the volume of potential providers of similar services, it may be assumed potential competitors are franchised.

Laws and Regulations

You must comply with all local, state and federal laws and regulations that apply to the operation of pet waste removal and clean-up station businesses, including health, safety, insurance, discrimination, employment and sexual harassment laws. Health regulations, as well as other state and local specific safety and workplace regulations may impact the types of training, devices and equipment you must make available to or be required to offer to your employees. The health and safety requirements can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities. Your franchise will also be subject to various federal, state and local laws, and regulations affecting the business, including, among others, federal, state and local laws, rules and regulations governing licensing, permits, zoning, the EPA, and other federal and state environmental protection statutes, OSHA, and other federal, state and local laws regarding hazardous substances and waste and removal/dumping of the hazardous substances and waste, land use, and various health, sanitation, safety and fire standards.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

Item 2 BUSINESS EXPERIENCE

Chief Executive Officer: Alex Blair

Alex Blair has served as our Chief Executive Officer since our inception. He has also served as the Chief Executive Officer of our Parent and RestoPros Franchising, LLC since March 2023 and June 2017, respectively. Mr. Blair is also the owner and founder of RestoPro's, LLC, of Rock Hill, South Carolina, and has served in that capacity since January 2018.

President: Michael McAllister

Michael McAllister has served as our President in Charlotte, North Carolina since April 2026. He also serves as President of our affiliate RestoPros Franchising, LLC in Charlotte, North Carolina since April 2026. From May 2024 to April 2026, Mr. McAllister served as Group President for HorsePower Brands in Omaha, Nebraska. From May 2022 to November 2023, Mr. McAllister

~~served as Vice President for LINE-X in Charlotte, North Carolina. From July 2019 to March 2022, Mr. McAllister served as Director of Operations for Profile by Sanford in Sioux Falls, South Dakota.~~

~~**President: Shannon Roderick**~~

~~Shannon Roderick has served as our President since our inception. Ms. Roderick has also served as the President of our Parent and RestoPros Franchising, LLC since March 2023 and August 2022, respectively. From May 2022 to August 2022, she served as the Vice President of Brand Development for RestoPros Franchising, LLC. From August 2008 to May 2022, Ms. Roderick was the Vice President of Operations for Basswood Group, LLC in Huntersville, North Carolina.~~

Training Director: Daniel Sturgis

Daniel Sturgis has served as our Training Director since our inception. Mr. Sturgis has also served as the Founder of Scoop Brothers K-9 Waste Removal Service, LLC, formerly known as Scoop Brothers, LLC, in Rock Hill, South Carolina, since November 2018.

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

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

**Item 5
INITIAL FEES**

Initial Franchise Fee

When you sign your franchise agreement, you must pay us \$50,000 as the Initial Franchise Fee. This fee is uniformly imposed among our franchisees. The Initial Franchise Fee includes a Territory with approximately 200,000 households. You may purchase additional, contiguous Territories based on the table below. Upon approval by us, you may also purchase additional territory for \$0.15 per household.

Number of Territories	Total Households	Initial Franchise Fee	Cumulative Franchise Fee
1	200,000	\$50,000	\$50,000
2	400,000	\$40,000	\$90,000
3	600,000	\$30,000	\$120,000
4	800,000	\$30,000	\$150,000
5	1,000,000	\$30,000	\$180,000

We offer a \$2,500 discount on the Initial Franchise Fee to military veterans who qualify for our veterans discount program.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the Initial Franchise Fee is not refundable.

If you fail to meet your obligations under the Territory Activation schedule and related requirements outlined in the Franchise Agreement or any Territory Rights Addendum to purchase a Service Truck and commence minimum required Local Marketing, we may terminate the Territory Rights Addendum for any and all Territories that have not yet been activated and retain the entire Initial Franchise Fee that you paid to us, without refund.

Training Fee

Upon execution of the Franchise Agreement, you must pay us a non-refundable Training Fee of ~~\$27~~,500, which covers attendance at our Initial Training program for up to three individuals. ~~If you request to bring additional individuals to our Initial Training program and we approve such request, you must pay us a non-refundable additional Training Fee of \$500 per day per individual beyond the first three plus reimbursement of our costs.~~

Initial Inventory

You are required to purchase from us the initial inventory package costing approximately \$1,060 to \$1,335. The initial inventory package consists of inventory, supplies, and branded items used in the Franchised Business such as bags, buckets, hose, spray system, rakes, gloves, etc. This amount is earned by us upon receipt and is non-refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	For each royalty period, we calculate the Royalty Fee using the greater of: (a) 97.5% of Gross Sales <u>Gross Volume</u> ; or (b) the Minimum Royalty Fee per Territory (See Note 2).	Monthly	<u>The Royalty Fee is paid on an accrual basis for all revenue generated, received, paid, invoiced, and billed for the Business. See Notes 1, 2, and 3.</u>

Type of Fee	Amount	Due Date	Remarks
Brand Fund Contribution	Currently <u>2% of Gross Volume</u> not assessed ; up to <u>3+%</u> of Gross Sales <u>Gross Volume</u> if we establish a <u>Brand Fund</u> .	Monthly	<u>The Brand Fund Contribution is paid on an accrual basis for all revenue generated, received, paid, invoiced, and billed for the Business.</u> The purpose of the Brand Fund is to support general development and recognition of the Scoop Brothers brand.
Grand Opening Advertising/Marketing	\$25,000 between the month before opening and three months after opening for business.	Monthly	We require you to pay approved vendors, media outlets, etc. directly for Grand Opening Advertising, but we may collect these fees and remit them to third parties.
Local Marketing Requirement (Per Territory)	<u>The greater of: 3.0%</u> 10.0% <u>of Gross Sales</u> Gross Volume or <u>\$2,000 minimum per month, starting when</u> In months 4-12 <u>after you open for business. You must pay an additional \$2,000 minimum per month for each Territory when you</u> or activate that a new Territory you <u>spend the greater of 3.0% of Gross Sales or \$2,000 per month.</u>	Monthly	<u>The minimum Local Marketing requirement is for each Territory that has been activated and is in addition to any Brand Fund contributions.</u> We require you to pay approved vendors, media outlets, etc.

Type of Fee	Amount	Due Date	Remarks
			directly for Local Marketing, but we may collect these fees and remit them to third parties.
<u>Inventory, Supplies, and Branded Item Purchases</u>	<u>You purchase supplies and inventory, and certain marketing materials and branded items from us according to our price list, including merchant fees. We recommend that you maintain a minimum 30-day supply.</u>	<u>Payable upon order</u>	<u>You must purchase supplies and inventory and certain marketing materials and branded items from us. We may assess a merchant fee charge on orders paid by credit card or other processing for which we are charged a merchant fee.</u>
Technology Fee	Our then-current Technology Fee; currently, approximately \$400 to \$1,000 per month, depending on the designated software and services and number of users.	Monthly	The fee will cover a portion of the website and your email addresses, software, phone, and other pass-through technology services as specifically designated by us, currently including your franchise webpage, up to 4 email addresses, and

Type of Fee	Amount	Due Date	Remarks
			QuickBooks, Qvinci, Sweep and Go, and lead qualification and processing software subscriptions. We may change the Technology Fee by up to 25% per year based on increased costs to us upon 30 days' written notice to you. The Technology Fee will cover all Territories that are contiguous. If you purchase multiple Territories that are not contiguous, you will execute more than one Franchise Agreement, and you will incur a separate Technology Fee for non-contiguous Territories.
Optional Opening Support and Training Fee	Up to \$500 per day, plus the reasonable travel, meal, and lodging expenses of our opening support personnel	As invoiced	If you request opening support beyond what we customarily furnish to franchisees, and if we agree to furnish such additional support, we may

Type of Fee	Amount	Due Date	Remarks
			impose a fee, plus expenses, for providing the agreed additional support.
Annual Conference	Then-current fee; currently, \$500-600 per attendee.	As invoiced, prior to conference	You must pay all travel, accommodations, meals, and salary or wage costs for you and your attendees. Penalty for not attending is \$500 per day, which is currently \$1,500 for three days. We may change our attendance fee and non-attendance penalty by up to 25% per year.
Call Center Fee	None currently; 5-3% of Gross Sales <u>Gross Volume</u> if required.	Same as Royalty Fee if required	All telephone calls to the Franchised Business must be answered in real-time by a “live” voice or an approved interactive answering service or system. See Note 4.
Renewal Fee	Then- current renewal fee, currently \$12,500 .	When you sign successor Franchise Agreement	When your agreement term ends, you will have the option to continue the franchise

Type of Fee	Amount	Due Date	Remarks
			relationship with us, subject to certain conditions. We may increase by up to 25% per year, based on increased costs to us.
Transfer Fee	\$ 205 ,000 plus any third-party broker fees that you or we incur.	With request for approval of transfer	Payable if you or an Owner proposes to sell the business assets of the Franchised Business or an ownership interest in the entity. Subject to state law.
Change of Ownership Fee	(a) our actual legal and administrative costs; plus (b) applicable training fees for new Owners, up to \$500 per day for each individual we require to attend training.	With request for approval of change of ownership	Payable if you or an Owner proposes to modify ownership of the legal entity in a way that would not result in a change of control of the legal entity.
Procurement of Insurance	Cost of insurance, plus reasonable fee of up to 25% of total insurance premium cost.	Upon demand	Payable only if you fail to obtain required insurance and we elect to obtain it on your behalf.
Vendor Review	Our actual costs, plus the travel, meal, and lodging expenses of our vendor review personnel.	Within 30 days after invoice	Payable only if you ask us to evaluate a potential vendor;

Type of Fee	Amount	Due Date	Remarks
			payable whether or not we approve the vendor. Please see Item 8.
Management Fee	<u>20% of Gross Volume for each day that we manage the Business</u> Up to \$500 per day , plus our costs and overhead	Within 30 days after invoice	Payable only if: (a) the Key Person (see Item 15) dies or is incapacitated, and we elect to manage the Franchised Business pending transfer of his or her interest; or (b) the Key Person is arrested for or formally charged with a serious criminal offense and we take over operation of the Franchised Business pending final disposition of the charges.
Step-In Fee	Up to \$500 per day, plus our costs	As invoiced	If you are in default under your Franchise Agreement, we may step in and operate the Franchised Business until we determine the default has been cured. We may charge you a fee for these services.

Type of Fee	Amount	Due Date	Remarks
Interest	12% per annum or the maximum rate permitted by applicable law, whichever is less	With payment of overdue amount	Applies only if you do not pay us on time. We calculate interest from the date the payment was due until paid in full.
Late Fee	\$100 for second occurrence of payment more than 30 days past due; \$200 for third occurrence; \$300 for each subsequent occurrence	With payment of overdue amount	We can charge a late fee to compensate us for our administrative costs incurred in enforcing your obligation to pay us and submit required reports to us.
Insufficient Funds Fee	\$50 or the amount the bank charges us due to the insufficient funds, whichever is greater, subject to the maximum amount allowed by state law.	Upon demand	Payable if an electronic funds transfer payment request is returned due to insufficient funds.
Indemnity for Tax Withholding	Amount of any penalties, interest, and expenses we incur	As invoiced	Payable only if you are obligated by law to withhold taxes on any payments to us, and you fail to do so.
Audit Costs	Our costs and expenses of conducting audit, currently at the rate of \$150 per hour, plus travel and lodging and other related expenses.	Upon demand	Payable only if: (a) you did not submit Gross <u>SalesGross</u> <u>Volume</u> statements; (b) you did

Type of Fee	Amount	Due Date	Remarks
			not keep full books and records; or the total Gross Sales <u>Gross Volume</u> you reported for any three consecutive months is more than 2% below the audited Gross Sales <u>Gross Volume</u> . The hourly rate for time we or our staff or other vendors spend on any examination and audit will be reasonably determined by us based on prevailing rates.
Non-compliance Royalty Rate	1% of Gross Sales <u>Gross Volume</u>	As Invoiced	We are entitled to increase your Royalty Fee by 1% of Gross Sales <u>Gross Volume</u> during any period of your non-compliance with the Franchise Agreement or the System Standards.
Enforcement Costs	Actual costs	As invoiced	You must reimburse us for expenses we

Type of Fee	Amount	Due Date	Remarks
			incur (including attorneys' fees) to enforce your obligations.
Defense Costs	Our actual costs and expenses	As invoiced	Payable if you initiate a legal proceeding against us and you do not prevail in obtaining the relief you were seeking.
Indemnification	Actual costs and expenses	As incurred	You must reimburse us if we incur any damages, losses or expenses, including attorneys' fees and other costs, as a result of claims arising from the operation of your Franchised Business.

All fees are payable only to us, including the software subscription charges, unless we designate otherwise. All fees are non-refundable. All fees are uniform for all franchisees, although we may change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. You must pay or reimburse us for any bank fees or similar expenses that we incur in collecting any fees payable by you to us.

Notes

1. “Gross SalesGross Volume” is defined in Article 1 of the Franchise Agreement. It includes all revenue and consideration generated, directly or indirectly, from your Business, whether received or not. Gross Volume includes all amounts, whether generated within or outside the Territory, and from whatever source. Gross Volume includes all amounts billed regardless of whether you use third-party contractors to provide services. Gross Volume is reported, calculated, and paid on an accrual basis, meaning revenue is recognized at the time of the transaction or service regardless of when payment is received. Gross Volume includes the proceeds from business

~~interruption or similar insurance, revenue from online group deals, and gift card sales, calculated per our current guidelines. Gross Volume excludes only sales, use, service or similar taxes collected from customers and paid to the appropriate taxing authority. No other deductions are permitted. We may update how Gross Volume is defined, recognized, calculated, tracked, or reported and which sources are included or excluded to reflect changes in the business, technology, or industry. You must report Gross Volume monthly in the manner we prescribe, including all amounts invoiced and payments received. is defined in your franchise agreement as the total dollar amount of all sales generated through your business for a given period from the offer and sale of residential and commercial pet waste removal services and related products and clean-up stations. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).~~

2. The Minimum Royalty Fee is not meant to be, and you may not rely on it as, a representation or guarantee of the results that your Franchised Business or any particular Franchised Business will or might achieve. The Minimum Royalty Fee does not predict or project your revenue or other business results. The Minimum Royalty Fee is simply a fixed dollar value, the purpose of which is to guarantee a minimum economic return to us. The Minimum Royalty Fee per Territory is reflected in the chart below:

Period of Time Following Opening Date of Franchised Business	Monthly Minimum Royalty Fee Per Territory
Months 13 to 24	\$500
Months 25 to 36	\$800
Months 37 to 48	\$1,000
Month 49 to Expiration Date	\$1,500

3. The Minimum Royalty Fee is per Territory. If you purchase more than one Territory, the Minimum Royalty Fee will be multiplied by the number of Territories you have purchased.

4. If you do not comply with our requirement to answer telephone calls to the Franchised Business in real-time with a “live” voice or an approved interactive answering service or system, we may require you to pay for a service or system that does. If we require you to use a designated call center to provide “live” answering services for incoming calls in real-time, you must pay a Call Center Fee in ~~the an amount that we designate up to of 1-35% of Gross Sales~~Gross Volume. ~~The amount of the Call Center Fee charged will depend on the size of your franchised business and the amount of usage of the Call Center services.~~ We can modify the Call Center Fee on 30 days’ notice.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE TERRITORY

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ¹	\$50,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Pre-Opening Marketing Materials ²	\$5,000	As arranged	Prior to opening the Franchised Business	Approved Vendors
Grand Opening Advertising (first 3 months) ³	\$25,000	As arranged	During the first 3 Months of Operation	Approved Vendors
<u>Initial Inventory and Supplies</u> ⁴	<u>\$1,060 - \$1,335</u>	<u>Check or wire transfer</u>	<u>Prior to opening the Franchised Business</u>	<u>Us or Approved Vendors</u>
Computer Systems	\$2,000 - \$3,000	As arranged	Prior to opening the Franchised Business	Approved Vendors
Technology Fee (first 3 months)	\$1,500	As arranged	Monthly After Opening	Approved Vendors
Insurance (first 3-6 months) ^{4,5}	\$2,000 - \$5,500	As arranged	Prior to opening the Franchised Business	Approved Vendors
Wrapped Vehicle & <u>Equipment</u> ⁵ <u>Equ</u> <u>ipment</u> ⁶	\$9,000 - \$51,500	As arranged	Prior to opening the Franchised Business	<u>Us and</u> Approved Vendors
Licenses and Permits	\$500 - \$1,000	As arranged	Prior to opening the Franchised Business	Local Government
Professional Fees (lawyer, accountant, etc.)	\$2,000 - \$3,000	As arranged	As incurred	Professionals
Training Fee	\$27 ,500	Check or wire transfer	Upon signing the Franchise Agreement	Us
Travel, lodging, and meals for Initial <u>Training</u> ⁶ <u>Traini</u> <u>ng</u> ⁷	\$0 - \$3,000	As arranged	As incurred	Various Vendors

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds (for first 3 months) ⁷⁸	\$10,000 - \$25,000	As arranged	As incurred	Various Vendors
Total	\$1 15,560 9,500 - \$1 82,335 76,000			

Notes

1. If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we may terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, all fees paid to us or our affiliates are non-refundable. All other expenses paid to third-parties may or may not be refundable, depending on the terms of your arrangement with each third-party supplier.

2. You must pay third-party vendors approved by us for marketing collateral including, but not limited to, apparel, merchandise, and any marketing materials used before your franchised business opens.

3. For your Grand Opening Advertising, you will spend these amounts on marketing efforts designated by us, including social media advertising, Google Ads, Valpak and print mailers, and local tradeshow or similar events where you can market your Scoop Brothers Business. You must spend this amount during the first three months after you open for business.

4. The initial inventory package consists of inventory, supplies, and branded items used in the Franchised Business such as bags, buckets, hose, spray system, rakes, gloves, etc.

45. This estimate reflects the estimated cost for your annual insurance premium. You may incur additional insurance expenses depending on your payment terms (monthly vs. annual premiums), business history, insurance agency, and creditworthiness.

56. You must either finance or purchase a brand new approved white truck for your Scoop Brothers Business (a “Service Truck”) from our designated supplier. This estimate includes \$38,000 to \$42,000 for the Service Truck, \$3,000 to \$5,000 for the vehicle wrap, \$1,800 to \$3,000 for the Rhino Liner and Storage Bin, and \$500 to \$1,500 for Supplies & Equipment. The low end of this estimate assumes you lease your Service Truck, which includes a down payment of approximately 10%, the first three months’ lease payments, and the cost of the Service Truck wrap and equipment. The terms of your lease may vary based on your credit history and the current interest rate. The high end of this estimate assumes you purchase the Service Truck. While you may pick up your Service Truck when you attend initial training, the high end of this estimate also includes shipping the Service Truck to you. You must purchase one initial Service Truck upon executing the Franchise Agreement. If you purchase more than one Territory, you must purchase at least one Service Truck per additional Territory according to the following schedule:

- a. You must purchase your second Service Truck within the earlier of twelve (12) months after executing the Franchise Agreement or as soon as your Franchised Business services more than 150 households per week;
- b. You must purchase your third (3rd) Service Truck within the earlier of eighteen (18) months after executing the Franchise Agreement or within 6 months after purchasing your second Service Truck; and
- c. You must purchase your fourth Service Truck and each additional required Service Truck every three months after the first anniversary of the Franchise Agreement. For example, if you purchased five Territories, you must purchase your fourth Service Truck no later than twenty one (21) months after executing the Franchise Agreement and your fifth Service Truck no later than twenty four (24) months after executing the Franchise Agreement.

Each deadline by which you must purchase and operate an additional Service Truck and commence minimum required Local Marketing expenditures is a “Territory Activation.” You may purchase additional Service Trucks prior to the a–Territory Activation schedule. Upon each Territory Activation, you must commence to spend \$2,000 per month on required Local Marketing expenditures in that specific Territory. You will need to account for delivery timeframes and Local Marketing requirements when purchasing additional Service Trucks and activating Territories—as there are additional Local Marketing requirements that occur with each Territory Activation.

67. This estimate includes amounts you will pay to travel and attend our initial training program. You are responsible for travel, lodging, and meals, and any payroll expenses you may incur on behalf of yourself and the individuals you bring to our initial training program.

78. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Scoop Brothers business by our affiliate, and our general knowledge of the industry. No real estate is required as part of your initial investment or franchise operation. We anticipate and recommend that you operate remotely and use your home for parking and excess storage. We anticipate that you will need a space to park your vehicle and that you may need up to 10-20 square feet of extra storage space. We do not anticipate or recommend that you operate from a commercial or physical office location. If you do need extra storage space for equipment or vehicle parking, we estimate that you would incur \$750 to \$1,500 in lease/rent expenses as part of your initial investment (\$250-500 per month). This amount is included in the Additional funds estimate.

89. Except as otherwise provided, none of the amounts payable to us or our affiliates are refundable under any circumstances. Neither we nor our affiliate offer any financing for the initial investment.

YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE TERRITORIES

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Cumulative Franchise Fee	\$90,000 - \$180,000 (2 - 5 Territories)	Check or wire transfer	Upon signing the Franchise Agreement	Us
Initial Investment to Open Initial Business ¹	\$65,560,59,500 - \$132,335,26,000	See Preceding Chart for Single Territory Investment		
Total	\$155,560,49,500 - \$312,335,06,000			

Note

1. Please refer to the table for the Estimated Initial Investment for one Territory for expenses associated with opening the initial Scoop Brothers business for one Territory under a Franchise Agreement. This does not include the Initial Franchise Fee for one Territory because it is included in the preceding row under the “Cumulative Franchise Fee.”

**Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Generally

We require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business either (1) from us, our designee or suppliers approved by us, or (2) according to our specifications.

Specific Obligations

You must purchase certain items from us or our designated supplier(s) or approved suppliers. You may only use alternative suppliers and vendors with our advanced written approval. Although we have not designated a specific source or vendor that you must use for ~~all~~ some products and services, you must follow our specifications and/or obtain our approval of the vendor for any product or service that we designate. As of the date of this disclosure document, these products include:

A. **Insurance.** You must maintain the types and minimum amounts of insurance coverage and bonds we specify for Franchised Businesses. The policies must be written by carriers with an industry rating acceptable to us; must name us, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation

rights against Franchisor, its affiliates, and their successors and assigns. Each insurance policy must contain a waiver by the insurance company of subrogation rights against Franchisor, its affiliates, and their successors and assigns. At a minimum, you must obtain insurance in the types and coverage amounts: Comprehensive General Liability Insurance (\$1,000,000 per incident/\$1,000,000 aggregate), Commercial Automobile Liability Insurance (Combined single bodily injury and property damage coverage for all owned, non-owned, and hired vehicles, with limits of liability not less than \$500,000 per occurrence for both bodily injury and property damage), Statutory workers' compensation insurance and employer's liability insurance (\$500,000 minimum policy limit, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which your Franchised Business is located), and Commercial Umbrella Liability Insurance (minimum policy limits which bring the total of all underlying coverages to not less than \$1,500,000 total limit of liability. Such umbrella liability must provide at a minimum those coverages and endorsements required in the underlying policies). We can increase the coverage requirements and/or require different or additional kinds of insurance. Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us and our affiliates, officers, directors, shareholders and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. Prior to opening your Franchised Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least 30 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services.

B. Computer System. You must purchase (or lease) the point-of-sale software and hardware, approved accounting and customer relationship management software, and related technology, software and hardware, that we specify. See Item 11 for more details. You must use our prescribed chart of accounts and accounting guidelines, methods, procedures, and timing and to integrate with our system. Your accounting software and data must synch with our system and must give us full access.

C. Vehicles. You must acquire one approved white truck that meets our specifications and standards. You must purchase this from the dealer or supplier who we designate, and they will provide it to you with our approved vehicle wrapping, liner, and storage bin. You recognize that we may require you to periodically update the signage and decorations and other logos utilized on the vehicles from time to time.

D. Supplies and Inventory. You must purchase all supplies and inventory and branded items, such as bags, rakes, buckets, spray system, gloves, etc. and certain marketing materials used in the Franchised Business that meet our specifications and standards. You must purchase these items from us or supplier(s) who we designate. You recognize that we may require you to periodically update the inventory, suppliers, marketing materials, and brand standards from time to time.

Us or our Affiliates as Supplier

We and our affiliates are not currently a designated or approved supplier of any goods or services that must be purchased during the establishment or operation of your franchise.

Ownership of Suppliers

~~We are the designated supplier for Service Trucks and all supplies and inventory and some marketing materials and branded items. None of Our officer Alex Blair s-owns an interest in usany supplier to our franchisees.~~

Alternative Suppliers

For required goods and services and required vendors and suppliers, you may not use a product or supplier that is not on our list of approved products or suppliers, subject to state law. Except for single-source products, if we require you to purchase from an approved or required vendor any particular goods or services or comparable items and you desire to purchase from another vendor, then you must submit to us a written request for approval. You must also submit to us any information, specifications and/or samples requested by us. With respect to all products, services, and suppliers for which our approval is required, we may approve, withhold approval, or revoke approval of a supplier in our sole discretion. We may condition our approval on such criteria as we deem appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. We will provide you with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of your request. We may revoke approval of any alternate product or supplier on written notification to you.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We ~~do not~~ currently derive revenue from ~~any~~ required purchases ~~or leases~~ by franchisees ~~of bags, supplies, inventory, marketing materials, and branded items and technology fees, but we are not prohibited from doing so under the Franchise Agreement.~~ During the fiscal year ended December 31, ~~2024~~2025, ~~neither we nor our affiliate~~ derived \$4,720 in any revenue from the required purchases and leases by franchisees, which was 35.9% of our total revenues of \$13,149.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 70% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases to operate your business are 30% to 40% of your total purchases and leases to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Benefits Provided to You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement <u>and Territory Rights Addendum</u> "TRA"	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1, <u>6.7, TRA Section 1</u>	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6, <u>TRA Section 3</u>	Items 5, 6, 8 and 11

Obligation	Section in Franchise Agreement <u>and Territory Rights Addendum</u> “TRA”	Disclosure document item
e. Opening	§§ 6.5, 6.6, <u>7.6, TRA Section 1</u>	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3, <u>6.7</u>	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	<u>6.7, TRA Section 1</u> Not applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article <u>6.7, 9, TRA Section 1</u>	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner’s participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17

Obligation	Section in Franchise Agreement <u>and Territory Rights Addendum</u> <u>“TRA”</u>	Disclosure document item
v. Post-termination obligations	Article 13, § 14.3, <u>TRA Section 4</u>	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We do not assist you in (i) locating your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. However, we will either approve of or deny your site before your open date, ~~which~~ generally within 90 days after your sign the Franchise Agreement. We do not generally own the premises and lease the site to you. We do not consider any factors in approving your site other than whether your site is located within your Territory(ies). If you and we cannot agree on a site and you are delayed in commencing operations, we may terminate your Franchise Agreement and your initial franchise fee will be forfeited. (Sections 6.1, 6.2, 6.3).

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. All hiring decisions and conditions of employment are your sole responsibility.

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4)

D. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1). See Exhibit E for the table of contents of our Operating Manual as of the date of this disclosure document. There are currently approximately 160 pages in the Operating Manual.

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

F. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4).

Length of Time to Open

The typical length of time to open your business is within 30 days of completing our initial training program, since the franchised business will be operated from your home office; typical length to open is extended to 45 days to 60 days if you use external funding toward the initial investment. Factors that may affect the time period include equipment availability, shipping delays, custom orders, your ability to obtain financing, obtain business permits and licenses, schedule initial training, take delivery of required equipment, and hire employees. If you do not open your Scoop Brothers business within 90 days after signing the Franchise Agreement, your Franchise Agreement may be terminated.

If you purchase multiple Territories, you must achieve "Territory Activation" for each additional Territory according to the schedule set forth in Section 6.7 of the Franchise Agreement and the relevant Territory Rights Addendum. "Territory Activation" is defined as the earlier of the date you are required to take delivery of a Service Truck or the date you actually take delivery and commence operations and Local Marketing within that Territory. The required schedule for additional Territory Activation is as follows:

- Second Territory: The earlier of: (i) 12 months after the Effective Date; or (ii) as soon as your Franchised Business services more than 150 households in any given week.
- Third Territory: The earlier of: (i) 18 months after the Effective Date; or (ii) 6 months after the Activation of the second Territory.
- Subsequent Territories: Every 3 months following the first anniversary of the Effective Date (e.g., 21 months for the 4th Territory, 24 months for the 5th Territory).

You must account for truck delivery lead times to ensure you meet these deadlines. Failure to achieve Territory Activation by these deadlines may result in the termination of your rights to that Territory and any other Territories that have not yet been activated. Additionally, in the event you fail to meet the required Territory Activation deadline, we may require you to transition management and control of certain digital marketing activities to us (you would still be responsible for the actual marketing spend).

Our Post-Opening Obligations

After you open your business:

A. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person training or support in response to your request, we may charge a fee (currently \$500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

B. *Establishing prices.* We will establish minimum and maximum prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

C. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you with our required and approved providers and procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

D. *Brand Fund.* If a Brand Fund is established, we will administer the Brand Fund. (Section 5.5).

E. *Website.* We will maintain a website for the Scoop Brothers brand, which will include your business location and the local telephone number that we establish for you. (Section 5.5)

F. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so. (Section 5.5)

Advertising

A. *Our obligation.* We have no obligation to conduct advertising. We have not yet established the Brand Fund. If established, we will use the Brand Fund only for marketing and related purposes and costs. If established, you will be required to contribute up to 1% of your monthly ~~Gross Sales~~Gross Volume toward the Brand Fund. Media coverage is primarily local. We use internal marketing employees and outside vendors and consultants, such as graphic designers, social media companies, and national or regional advertising agencies and vendors, to produce advertising, and we may use Brand Fund funds for these purposes. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Brand Fund). We have no other obligation to conduct advertising.

B. *Grand Opening Advertising.* You must spend \$25,000 to conduct Grand Opening Advertising in each territory. You can expend any additional amounts that you wish on Grand Opening Advertising, and we estimate that you will do so. You will be required to spend at least \$25,000 in the month before through the first three (3) months after the opening date. You must submit to us your Grand Opening Advertising plan for approval. If we do not receive your Grand Opening Advertising plan when required, we may: (a) conduct the Grand Opening Advertising campaign on your behalf without refunding you any amount you have paid us towards Grand

Opening Advertising, or (b) create a Grand Opening Advertising plan that you will be required to implement and conduct. (Section 9.6)

C. *Local Marketing.* Beginning in the fourth (4th) month after you open for business, you must, on a monthly basis, spend an amount equal to at least ~~103%~~ 103% of your ~~Gross Sales~~ Gross Volume from the prior month or \$2,000 minimum per month on local advertising and promotion of the Business (“Local Marketing”). You must pay an additional \$2,000 minimum per month minimum for each Territory when you activate that Territory. Territory Activation also requires you to purchase a Service Truck to operate in the Territory. If you fail to meet the required Territory Activation deadline, we may require you to transition management and control of certain digital marketing activities to us (you would still be responsible for the actual marketing spend). Additionally, from the 4th month after you open through the 12th month after you open, you must spend at least \$2,000 per month on Local Marketing. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. ~~In addition to the foregoing, from the 4th month after each Territory Activation through the 12th month after each Territory Activation, your Local Marketing will be subject to a minimum of \$2,000 per month.~~ (Section 9.8)

(iv) *Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

D. *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives and we do not have the right to require you to participate in a local or regional advertising cooperative if established.

E. *Brand Fund.* ~~In 2025, we collected There was no~~ Brand Fund ~~or related~~ contributions ~~in the amount of \$39. We did not have any and Brand Fund~~ expenditures in ~~2024~~ 2025 ~~and carried forward the balance to be used in future years. If established, Y~~ you must contribute up to ~~31%~~ 31% of ~~Gross Sales~~ Gross Volume per month to the Brand Fund. We currently require you to contribute 2% of Gross Volume per month to the Brand Fund. Outlets that we own are not obligated to contribute to the Brand Fund, and we reserve the right to charge different contribution amounts to different franchisees. We will administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request. If all of the funds are not spent in the fiscal year in which they accrue, such amounts will remain in the Brand Fund and be carried over into the next year. No money from the Brand Fund will be spent principally to solicit new franchise sales, but we may indicate that franchises are available in advertising materials produced with Brand Fund expenditures. (Section 9.4)

Computer Systems

We require you to purchase certain computer systems and software. You must purchase a phone, laptop, and iPad. You must purchase approved accounting software, currently QuickBooks, and approved customer relationship management software and operating system. These systems provide management tools, operational systems, logistics and business systems needed to operate the franchised business. These systems will generate or store data such as marketing, financial,

customer and order data. We estimate that the initial cost of purchasing your computer systems will be between \$2,000 and \$3,000. The technology fee covers the cost of your software subscriptions and other technology, which we currently estimate to be approximately \$500 per month for your website, up to four email addresses, Qvinci, QuickBooks, and Sweep and Go software.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not currently, but may require you to enter into any such contract with a third party. You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation. We generally estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$500.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information. According to the Franchise Agreement, we have complete ownership of all of this data.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Company Structure -History -Mission	1	0	Charlotte, North Carolina
Sales & Marketing -Business Development	6	3	Charlotte, North Carolina
Operations -Software -Routing -Fleet Management -Client Data -Products & Services -Billing/Invoicing	7	2	Charlotte, North Carolina
In-Field Training	0	4	Charlotte, North Carolina
Safety	1	1	Charlotte, North Carolina
Personnel -Team Development -Team Management	2	0	Charlotte, North Carolina

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
TOTALS:	17 hours	10 hours	

These training classes will be scheduled in accordance with the needs of new franchisees and include topics around how best to manage your business. The training will take place over 3-5 days on the site of the franchisee. The Principal Executive of your franchise must attend and complete the training. The Principal Executive is you, if you are the sole owner of the franchised business. If the franchised business is owned by a business entity, you must designate one person as your “Principal Executive,” which must be the executive that is primarily responsible for and has decision-making authority on behalf of the franchised business. The Principal Executive must own at least 10% of the franchised business. Other owners, employees, and representatives of the franchised business that are approved by us may also attend initial training. There is no fee for up to 3 people to attend this training. You must pay the travel and living expenses of people attending training. ~~If you request to bring more than 3 people to attend training and we approve such request, you must pay us a non-refundable additional Training Fee of \$500 per day per individual beyond the first three plus reimbursement of our costs and you must pay their travel and living expenses.~~

Training classes will be led by Daniel Sturgis, the founder of Scoop Brothers, who has five years of relevant experience. Additional employees of us or our affiliates may also lead training from time to time. Our instructors have a minimum of four weeks of training at our corporate operation in the specific role that they will be offering training on.

Training classes will be scheduled in accordance with the needs of new franchisees and include in-person training. We anticipate holding in-person training classes once per month.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Your Principal Executive complete any additional training or refresher programs that we designate and must attend a national business meeting or our annual convention for up to three days each year in the event that we decide to host an annual convention.

Item 12 TERRITORY

Your Location

We anticipate that you will manage your Scoop Brothers business from a home office or small warehouse facility setting. Your primary office must be located in your territory (or one of your territories if you will have more than one).

Grant of Territory

You will receive a territory with at least 200,000 households based on the most recent U.S. Census data and territory mapping software that we utilize (the “Territory”). You may purchase one or more additional Territories as described in Items 1, 5, and 7. During the Term of the Franchise Agreement, we will not operate a Scoop Brothers business within your Territory(ies) or authorize other Scoop Brothers franchisees to operate within your Territory(ies) except as stated below.

If you purchase multiple, contiguous Territories you must activate each Territory in compliance with the Territory Activation Schedule outlined in your Franchise Agreement and each Territory Rights Addendum. (See Section 1 of the Territory Rights Addendum). Your rights to each Territory are contingent upon achieving “Territory Activation” according to the schedule described in Item 11 and Section 6.7 of the Franchise Agreement. To maintain your rights to each Territory, you must: (i) purchase and take delivery of a new Service Truck from our designated supplier; (ii) continuously operate that Service Truck within the specific Territory; and (iii) spend a minimum of \$2,000 per month on Local Marketing specifically for that Territory, commencing upon Territory Activation. The Territory Activation schedule is a material obligation. If you fail to achieve Territory Activation for any Territory by the scheduled deadline: we may terminate the Territory Rights Addendum for that specific Territory; we may also terminate all other Territory Rights Addenda for any other Territories you have purchased that have not yet been activated; all rights to the affected Territories will revert to us; we may then establish, or license others to establish, Scoop Brothers businesses within those Territories. You will not receive a refund of any initial fees paid for territories lost due to failure to activate. (See Section 2 of the Territory Rights Addendum).

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

Except as provided for below, you may only provide products and services to customers residing within your Territory(ies). You are not permitted to market your Scoop Brothers Business outside of your Territory(ies). We retain the right, in our sole discretion, to offer goods and services identified by brands we control through channels of distribution other than through “Scoop Brothers” to locations and customers located anywhere, including those residing in your Territory(ies).

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises. You must be in good standing and receive our written permission before you relocate your franchise. Permission to relocate outside of your Territory will not be granted unless you encounter a situation personally or professionally that will not allow you to operate the franchise in the Territory. The relocated territory must be available according to our contractual commitments to other franchisees. Any relocation will be at your sole expense. You must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

Open Territories

You may service customers outside your Territory(ies), with our prior written approval, if customers are located in areas that are geographically contiguous or in reasonable proximity to your Territory(ies), and no other franchisee of ours has been awarded that territory, and the territory is not protected as a territory that is being operated by us or our affiliates (an “Open Territory”). We may revoke our approval for you to operate in Open Territories in our sole discretion. Further, if you service customers in Open Territories with our approval, and elect not to execute our current form of Franchise Agreement with respect to all or any portion of such Open Territories, you assume the risk that we may sell such Open Territories to another current or prospective franchisee of the Scoop Brothers system, or we or our affiliates may elect to establish an outlet to operate in the Open Territory. In such event, you will no longer have the right to service the customers located in those Open Territories. If we or another franchisee acquire the rights to operate in the Open Territory, you must provide assistance to us or the incoming franchisee to transition any services contracts or customer relationships for customers and accounts located within the former Open Territory.

Except for operating in Open Territories with our prior written approval, you do not have the right to use our trademarks or the Scoop Brothers system at any location other than within the Territory(ies) in any wholesale, ecommerce, or other channel of distribution besides the operation of your Scoop Brothers Business in the Territory(ies).

Restrictions on Us from Soliciting or Accepting Orders in Your Territory(ies)



Except as described in this paragraph, we will not serve customers in your Territory(ies), nor authorize another party to serve customers in your Territory(ies), under our Scoop Brothers brand. However, we may serve (or authorize other franchisees to serve) customers in your Territory(ies) if you are in default, or if you are incapable of meeting customer demand in your Territory(ies). We may also serve (or authorize another franchisee to serve) a particular customer in your Territory(ies) if you fail to properly serve such customer, or if we reasonably believe that you will not properly serve such customer. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Territory(ies) (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your Territory(ies), we do not pay any compensation to you.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.


**Item 13
TRADEMARKS**

The following are the principal trademarks that we license to you. These trademarks are owned by us. We have registered the following trademarks on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Number	Registration Date
Scoop Brothers	Registration No. 7,553,447	October 29, 2024
	Registration No. 7,396,076	May 28, 2024
	Registration <u>Serial No.</u> 8,198,076 <u>98767356</u>	Filed: September 24, 2024 <u>March 31, 2026</u>

No affidavits or renewal filings are yet due in connection with this registration. Affidavits of use and incontestability and renewal filings will be filed at the time specified by law.

~~We have applied to register the following trademark on the Principal Register of the United States Patent and Trademark Office.~~

Trademark	Serial Number	Filing Date
	Serial No. 98767356	Filed: September 24, 2024

~~We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

There are no agreements that significantly limit our right to use or license the use of our marks.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court relating to the marks. We have no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark. We have no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks.

If any administrative or judicial proceeding arising from a claim or challenge to your use of any of our marks, you must immediately notify us, and we may take any such action as we deem appropriate in order to preserve and protect the ownership, identity, and validity of the marks. We are not required to protect your right to use the marks. We are only obligated to protect and defend you from any claims for infringement or unfair competition arising from your proper use of our primary marks. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

You are required to immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participate in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents material to the franchise. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials, and items. We consider this information to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the operational and training materials, building plans and specifications, and other proprietary materials specifically created by us in connection with the system, including proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web and printed materials and forms used in connection with the operation of a Scoop Brothers business. The Manual and other proprietary materials have not been registered with any copyright office.

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the confidential information or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state.

You must immediately inform us if you learn of any unauthorized use, infringement, or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Operations Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

Item 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE BUSINESS**

Your Participation

Your Scoop Brothers Business must be under the direct, on-premises supervision of a manager or an assistant manager selected by you and approved by us. We do not require that such manager or assistant manager own an ownership interest in your business entity. The manager you choose must be approved by us and must successfully complete the initial training to our satisfaction, which typically includes full attendance, passing all assessments, and demonstrating the ability and commitment necessary to operate the franchised business in accordance with brand standards.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive.” The Principal Executive is the executive primarily

responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B). Spouses of all of the owners of the business entity are also required to sign the Guaranty and Non-Compete Agreement.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

Restrictions on Disposition of Franchise Equipment

Franchisees may not sell, sublease, scrap, donate, barter, or otherwise dispose of any franchise equipment without express consent from us. We require first rights to repossess any equipment used in the operation of a franchise, including but not limited to parts, inventory, tools, and communications devices.

We will compensate the franchisee and/or any lien holders for the repossession of franchise equipment. Compensation may be reduced by outstanding amounts you owe us.

We have full discretion and rights as it applies to repossessing any of your equipment. Our rights do not release you from any liens, leases, or financing agreements. We do not co-sign for any of your equipment and will not assume liabilities in the event of failure to make payment.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only products and services that we have approved.

You must offer for sale all products and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. We reserve the right to set minimum, maximum, or exact prices.

We do not restrict your access to customers, except that all sales must be made to customers in your Territory(ies). All sales must be made through our point of sale system, including issuing invoices and receipts. You may not collect cash from or otherwise charge customers outside of our point of sale system.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise agreement	Summary
a. Length of the franchise term	§ 3.1;	10 years from date of franchise agreement.
b. Renewal or extension of the term	§ 3.2;	You may renew the franchise agreement for one (1) additional 10-year term.
c. Requirements for franchisee to renew or extend	§ 3.2;	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance written notice to us between 90 and 180 days before the end of the contract term; be in compliance; conform your business to then-current standards for new franchisees; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law).
d. Termination by franchisee	§ 14.1;	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. (subject to state law)
e. Termination by franchisor without cause	Not Applicable;	

Provision	Section in franchise agreement	Summary
f. Termination by franchisor with cause	§ 14.2;	We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity. We may terminate the Territory Rights Addendum for failure to meet the Territory Activation schedule.
g. “Cause” defined--curable defaults	§ 14.2;	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 6.7 , 14.2; Territory Rights Addendum Section 1 -2 ;	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our audit or evaluation; cease operations for more than 15 consecutive days; two defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. Failure to meet the Territory Activation Schedule
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6;	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1;	Unlimited

Provision	Section in franchise agreement	Summary
k. "Transfer" by franchisee - defined	Article 1;	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	§ 15.2;	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2;	Pay transfer fee (subject to applicable state law); buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and guaranty; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications. If we approve of a transfer to your spouse, child or sibling, there will be no transfer fee. If you transfer your franchise rights to your spouse, child or sibling, they must sign a personal guaranty.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5;	If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable;	

Provision	Section in franchise agreement	Summary
p. Death or disability of franchisee	§§ 2.4, 15.4;	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
q. Non-competition covenants during the term of the franchise	§ 13.2;	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor. (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2;	For two years, no ownership or employment by a competitor operating in your former Territory(ies) or the Territory(ies) of any other Scoop Brothers business operating on the date of termination. (subject to state law)
s. Modification of the agreement	§ 18.4;	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3;	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the express representations we made in the franchise disclosure document we furnished to you.
u. Dispute resolution by arbitration or mediation	§ 17.1;	All disputes are resolved by arbitration, mediation, or litigation (except for injunctive relief) (subject to applicable state law).

Provision	Section in franchise agreement	Summary
v. Choice of forum	§§ 17.1; 17.5;	Arbitration or mediation will take place where our headquarters is located (currently, Charlotte, NC) (subject to applicable state law). Any legal proceedings not subject to arbitration or mediation will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8;	North Carolina law will govern (subject to applicable state law)

**Item 18
PUBLIC FIGURES**

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

**Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Background

Our affiliate, Scoop Brothers K-9 Waste Removal Service, LLC, has operated a Scoop Brothers business similar to the business offered under this disclosure document in Rock Hill, South Carolina, since November 2018. It is owned and operated by our officer Daniel Sturgis. The chart below is a historical financial performance representation of the actual income and expenses our affiliate experienced from January 1 through December 31, 2025, January 1 through December 31, 2024, and January 1 through December 31, 2023. During this time, our affiliate operated two Service Trucks within an area comprised of approximately 126,000 households, which is equal to approximately one Territory. Our affiliate did not pay us Royalty Fees or Technology Fees, which

have both been imputed at the end of the chart below at the rate of ~~7.59~~% of Income for Royalty Fees and \$500 per month for Technology Fees. This affiliate did not pay us an initial franchise fee or any training fees. Otherwise, there were no material operational or financial differences between this affiliate-owned business and the franchise offered under this disclosure document. This data was collected by our affiliate.

Affiliate Profit & Loss Statement			
January 1, to December 31, 2025, 2024 and 2023			
	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Total Income</u>¹	<u>\$570,304</u>	<u>\$434,192</u>	<u>\$328,779</u>
<u>Cost of Goods Sold</u>²	<u>\$167,249</u>	<u>\$134,064</u>	<u>\$98,616</u>
<u>Gross Profit</u>³	<u>\$403,055</u>	<u>\$300,128</u>	<u>\$230,163</u>
<u>Expenses</u>			
<u>Advertising & Marketing</u> ⁴	<u>\$59,853</u>	<u>\$43,724</u>	<u>\$21,384</u>
<u>Bank Charges & Fees</u> ⁵	<u>\$18,692</u>	<u>\$13,627</u>	<u>\$11,305</u>
<u>Car & Truck</u> ⁶	<u>\$0</u>	<u>\$11,290</u>	<u>\$25,654</u>
<u>Payroll Expenses</u> ⁷	<u>\$44,623</u>	<u>\$8,992</u>	<u>\$1,428</u>
<u>Miscellaneous Operating Expenses</u> ⁸	<u>\$22,079</u>	<u>\$25,276</u>	<u>\$28,289</u>
<u>Insurance</u>	<u>\$9,120</u>	<u>\$21,236</u>	<u>\$13,503</u>
<u>Utilities</u> ⁹	<u>\$7,205</u>	<u>\$9,284</u>	<u>\$6,532</u>
<u>Total Expenses</u>	<u>\$161,572</u>	<u>\$133,429</u>	<u>\$108,095</u>
<u>Net Operating Income</u>¹⁰	<u>\$241,483</u>	<u>\$166,699</u>	<u>\$122,068</u>
<u>Imputed Royalty Fees (9%)</u>	<u>\$51,327</u>	<u>\$39,077</u>	<u>\$29,590</u>
<u>Imputed Technology Fee</u>	<u>\$6,000</u>	<u>\$6,000</u>	<u>\$6,000</u>
<u>Imputed Brand Fund Contribution (2%)</u>	<u>\$11,406</u>	<u>\$8,684</u>	<u>\$6,576</u>
<u>Estimated Net Operating Income</u>¹¹	<u>\$172,750</u>	<u>\$112,938</u>	<u>\$79,902</u>

Notes:

1. “Total Income” means all revenue on an accrual basis from the sale of products and services and all other income of every kind related to the affiliate’s Scoop Brothers business, whether for cash, credit, trade, barter or other value, less any bona fide discounts and refunds given to customers in the ordinary course of business.
2. “Cost of Goods Sold” means costs and expenses directly tied to actually earning the Total Income, including fuel, direct labor wages, job supplies, and contractors. Direct labor wages includes all payments to employees directly related to the service you provide to the end customer. Direct labor does not include owner salary. Scoop Brothers franchisees may operate their franchises as owner-operators or they may hire one or more employees to operate the Service Trucks. If you hire one or more employees to operate your Service Truck(s), you will need to account for an increase in Payroll Expenses. Our affiliate’s employees were paid between \$15 and \$19 per hour and worked 40 hours per week.
- ~~2.3.~~ “Gross Profit” means Total Income less the Total Cost of Goods Sold.
- ~~3.4.~~ While Scoop Brothers franchisees are required to spend at least ~~3~~10% of ~~Gross Sales~~Gross Volume and ~~\$2,000 minimum per month~~ on Local Marketing (see Items 6 and 11), our affiliate spent approximately 10.8% of its Total Income on Advertising & Marketing in

2025, 9.4% of its Total Income on Advertising & Marketing in 2024, and 7.9% of its Total Income on Advertising & Marketing in 2023.

4.5. “Bank Charges & Fees” includes bank charges and fees and QuickBooks payments fees.

5.6. “Car & Truck” includes Service Truck payments, ~~fuel~~, repairs and maintenance, and travel expenses.

6.7. “Payroll Expenses” includes all payments to employees not directly related to the service provided to the customer, including payroll expenses, payroll taxes, and indirect wages. The Payroll Expenses do not include any owner salary. ~~Scoop Brothers franchisees may operate their franchises as owner operators or they may hire one or more employees to operate the Service Trucks. If you hire one or more employees to operate your Service Truck(s), you will need to account for an increase in Payroll Expenses. Our affiliate’s employees were paid between \$15 and \$19 per hour and worked 40 hours per week.~~

7.8. “Miscellaneous Operating Expenses” includes ~~charitable contributions~~, legal and professional fees, office supplies and software, taxes & licenses, unfiroms, rent, meals & entertainment, and other business expenses.

8.9. “Utilities” includes telephone, trash removal, and other utilities expenses.

9.10. “Net Operating Income” means Gross Profit less Total Expenses and excluding depreciation, amortization, charitable contributions, and gain on sale of asset.

10.11. “Estimated Net Operating Income” means the Net Operating Income less the Imputed Royalty Fees and Imputed Technology Fee. This is the Estimated Net Operating Income that our affiliate would have incurred if it had paid Royalty Fees, Brand Fund Contribution, and a monthly Technology Fee during this time period at the rates outlined in Item 6, above. The Imputed Technology Fee of \$500 per month is based on the standard software and services for a typical one Territory franchise. The amount of the Technology Fee could increase with additional users, such as where additional owners or operators require their own user accounts.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Alex Blair at Scoop Brothers Franchising, LLC, (704)

604-0370 14301 South Lakes Drive, Charlotte, NC 28273 and the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years ~~2022-2023~~ to ~~2024~~2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>+1</u>
Company-Owned*	2023	1	1	0
	2024	1	1	0
	<u>2025</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total Outlets	2023	1	1	0
	2024	1	1	0
	<u>2025</u>	<u>1</u>	<u>2</u>	<u>+1</u>

*Company-owned locations are owned and operated by affiliated entities.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2022-2023~~ to ~~2024~~2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	<u>2025</u>	<u>0</u>
Total	2023	0
	2024	0
	<u>2025</u>	<u>0</u>

Table 3
Status of Franchised Outlets
For years ~~2022-2023~~ to ~~2024~~2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
All States <u>Kansas</u>	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	<u>2025</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

Table 4
Status of Company-Owned Outlets
For years ~~2021-2023~~ to ~~2023~~2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
South Carolina*	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Totals	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

* The Rock Hill, South Carolina outlet is owned by Scoop Brothers K-9 Waste Remove Service, LLC, which is operated by our officer Daniel Sturgis.

Table 5
Projected Openings as of December 31, ~~2024~~2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
<u>Arizona</u>	<u>0</u>	<u>1</u>	<u>0</u>

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
<u>Colorado</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Massachusetts</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>New Jersey</u>	<u>0</u>	<u>1</u>	<u>0</u>
North Carolina	0	1	<u>0+</u>
<u>Texas</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Utah</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Virginia</u>	<u>0</u>	<u>1</u>	<u>0</u>
Totals	<u>10</u>	<u>18</u>	<u>0+</u>

Current Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit F contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

~~We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.~~ Exhibit D contains our ~~audited opening balance sheet as of April 16, 2024 and our~~ audited financial statements as of December 31, 2025, 2024, and 2023. Our fiscal year end is December 31.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement and Territory Rights Addendum)
- C. Form of General Release
- H. State Addenda to Franchise Agreement
- I. Sample Equipment Lease Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. 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 each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2102 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. Number of Territories	_____
4. Territory/Territories	See Attachment 2 for Territor(ies) Definition (Map and List of Zip Codes) See Attachment 4 Territory Rights Addendum(a)
5. Opening Deadline	Ninety (90) Days after Executing Franchise Agreement
7. Principal Executive (if Franchisee is an entity)	_____
8. Franchisee's Address	_____
9. Franchisee's State(s) of Residence	_____
10. State(s) in which the Business will be operated	_____

FRANCHISE AGREEMENT

This Agreement is made between Scoop Brothers Franchising, LLC, a South Carolina limited liability company, (“Franchisor”) and Franchisee effective as of the date signed by Franchisor (the “Effective Date”).

Background Statement:

A. Franchisor and its predecessor and affiliates have created and own a system (the “System”) for developing and operating a business that offers, sells, and provides residential and commercial pet waste removal services and related products and clean-up stations under the trade name “Scoop Brothers”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Scoop Brothers business, (2) particular products and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a Scoop Brothers business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Franchisor.

“**Business**” means the Scoop Brothers business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers, sells, or provides pet waste removal services or related products and clean-up stations.

“**Confidential Information**” means all non-public information of or about the System, Franchisor, and any Scoop Brothers business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” Gross Volume” means all revenue and consideration generated, received, paid, invoiced, or billed, directly or indirectly, for the total dollar amount of all sales generated through the Business, whether received or not. Gross Volume includes all amounts, whether generated within or outside the Territory, and from whatever source. Gross Volume includes all amounts

generated from the Franchised Business from marketing, selling products and services, or other sources, whether in the form of cash, check, credit or debit card, barter exchange, trade credit, invoice, billing, agreement to pay, other credit transactions, or otherwise. Gross Volume includes all amounts billed regardless of whether you use third-party contractors to provide services. Gross Volume includes all amounts billed to or payable by insurance, government programs, or other third-party payors. Gross Volume is reported on an accrual basis, meaning revenue is recognized at the time of the transaction or service regardless of payment received. Gross Volume includes the proceeds of any business interruption insurance or similar insurance and amounts you earn from the sale of any online group-bought deals and the sale of any gift cards or gift certificates, in each case calculated using our then current guidelines. Gross Volume excludes only federal, state, or municipal sales, use, service, or similar taxes collected by the Franchised Business from customers and paid to the appropriate taxing authority. No other deductions are permitted. To accommodate changes in the business environment, industry, or technology, we may modify the scope of Gross Volume and our policies and practices for how Gross Volume is defined, recognized, calculated, tracked, or reported and which income sources are included in or excluded from Gross Volume for a given period, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales), or (v) sales of Ancillary Services, as defined herein.

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means Franchisee’s address as stated on the Summary Page.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Franchisor’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Brand Fund” means the fund established (or which may be established) by Franchisor into which Brand Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Franchisor from time to time for use in a Scoop Brothers business.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which Franchisor requires franchisees to use.

“**Service Truck**” means a vehicle that meets Franchisor’s minimum requirements for providing Scoop Brothers services according to the System Standards.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory(ies)**” means the Territory or Territories stated on the Summary Page and/or Attachment 2.

“**Territory Activation**” means the earlier of: (i) the deadline set forth in the Territory Activation schedule in Section 6.7 of this Agreement by which Franchisee is required to purchase a Service Truck and commence required Local Marketing for each specific Territory; or (ii) the date on which Franchisee actually is required to take delivery of a new Service Truck to operate within a Territory and commences the required Local Marketing for each specific Territory ~~or the date on which Franchisee takes delivery of a new truck to operate within a Territory, whichever occurs first.~~

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Franchisor grants to Franchisee the right to operate a Scoop Brothers business solely in the Territory(ies). Franchisee shall develop, open and operate a Scoop Brothers business in the Territory(ies) for the entire term of this Agreement.

2.2 Protected Territory(ies).

(a) Marketing Limitation. Franchisee shall not solicit business for its Scoop Brothers business or market products or services to potential customers or accounts outside of the Territory(ies).

(b) Service. Franchisee shall provide products and services to all customers within the Territory(ies) and shall not deny service to any customer without a reasonable basis for doing so. Franchisee shall not provide products and/or services at any location outside of the Territory(ies) except as provided below.

(c) Open Territories. Franchisee may service customers outside the Territory(ies), with Franchisor's prior written approval, if such customers are located in areas that are geographically contiguous or in reasonable proximity to the Territory(ies), no other Scoop Brothers franchisee has been awarded that territory, and the territory is not protected as a territory that is being operated by Franchisor or its affiliates (an "Open Territory"). Franchisor may revoke its approval for Franchisee to operate in Open Territories in its sole discretion. Further, if Franchisee services customers in Open Territories with Franchisor's approval and elects not to execute Franchisor's current form of Franchise Agreement with respect to all or any portion of such Open Territories, Franchisee assumes the risk that Franchisor may sell such Open Territories to another current or prospective Scoop Brothers franchisee or elect to establish a company-owned or affiliate-owned Scoop Brothers business to operate in the Open Territory. In such event, Franchisee will no longer have the right to service the customers located in those Open Territories. If Franchisor or another Scoop Brothers franchisee acquires the rights to operate in the Open Territory, Franchisee must provide assistance to Franchisor or the incoming franchisee to transition any service contracts or customer relationships for customers and accounts located within the former Open Territory.

Except for operating in Open Territories with Franchisor's prior written approval, Franchisee does not have the right to use Franchisor's trademarks or the Scoop Brothers system at any location other than within the Territory(ies) in any wholesale, ecommerce, or other channel of distribution besides the operation of Franchisee's Scoop Brothers Franchised Business in the Territory(ies).

(d) Exclusivity. During the term, Franchisor shall not establish, nor license the establishment of, another Scoop Brothers business within the Territory(ies). During the term, Franchisor and its affiliates shall not provide products and services to customers located in the Territory(ies) or authorize another Scoop Brothers franchisee to provide products and services to customers located within the Territory(ies). However, notwithstanding the foregoing, Franchisor retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory(ies) if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory(ies) (in Franchisor's reasonable opinion), after notice of the same has been delivered to Franchisee in writing and Franchisee has been given five (5) days in which to correct defaults and to serve such customers;
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory(ies) if Franchisee fails to properly serve such customer, or if Franchisor reasonably believes that Franchisee will not properly serve such customer after notice of the same has been delivered to Franchisee in writing and Franchisee has been given five (5) days in which to serve such customer;

- (iii) establish and license others to establish and operate Scoop Brothers businesses outside the Territory(ies);
- (iv) operate and license others to operate businesses anywhere that do not operate under the Scoop Brothers brand name; and
- (v) sell and license others to sell Scoop Brothers products and services to customers in the Territory(ies) through channels of distribution (including the internet) so long as such products and services are not provided through a Scoop Brothers outlet in the Territory(ies) and are different from the products and services provided by Franchisee.

(e) Policies. Franchisor may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee’s Territory(ies), and Franchisor may waive or modify such policies in any circumstance as Franchisor determines. If Franchisee obtains a customer or account in the protected territory(ies) of another franchisee, then, in addition to all other rights and remedies Franchisor may have, Franchisor may, in its discretion, (i) require Franchisee to transfer the customer or account to such other franchisee, (ii) require Franchisee to pay such other franchisee 75% of the ~~Gross Sales~~Gross Volume received from such customer or account, or (iii) fashion such other remedy as Franchisor deems appropriate.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Franchisor within ten (10) days of such change.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Franchisor’s reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to Franchisor, in the form of Attachment 3.

2.6 No Conflict. Franchisee represents to Franchisor that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date of this Agreement and continues for ten (10) years thereafter.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to one (1) additional period of ten (10) years, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Franchisor of the election to renew between ninety (90) and one hundred and eighty (180) days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Franchisor) changes to the Business as Franchisor requires to conform to the then-current System Standards;
- (iv) Franchisee executes Franchisor’s then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;
- (v) Franchisee shall pay Franchisor the then-current renewal fee, as of the Effective Date the renewal fee is \$12,500; and
- (v) Franchisee and each Owner executes a general release (on Franchisor’s then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees (subject to state law).

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an Initial Franchise Fee in the amount stated on the Summary Page. This Initial Franchise Fee is not refundable, except as provided in Section 6.4. The Initial Franchise Fee (or Cumulative Franchise Fee if Franchisee is purchasing multiple Territories) is calculated pursuant to the table below:

Number of Territories	Approximate Number of Households	Initial Franchise Fee	Cumulative Franchise Fee
1	200,000	\$50,000	\$50,000
2	400,000	\$40,000	\$90,000
3	600,000	\$30,000	\$120,000
4	800,000	\$30,000	\$150,000
5	1,000,000	\$30,000	\$180,000

For households between two levels in the above chart, Franchisee shall pay Franchisor \$0.40 per household.

4.2 Royalty Fee. Throughout the term of this Franchise Agreement, Franchisee shall pay Franchisor a monthly royalty fee (the “Royalty Fee”) on the eighth (8th) day of each month equal to the greater of (a) ~~97.5%~~ of Franchisee’s ~~Gross Sales~~Gross Volume for the Business from the immediately preceding month, or (b) the Minimum Royalty Fee, as determined below, per Territory that Franchisee has purchased:

Period of Time Following the Opening Date of Franchised Business	Monthly Minimum Royalty Fee Per Territory
Months 13 to 24	\$500
Months 25 to 36	\$800
Months 37 to 48	\$1,000
Months 49 to Expiration Date	\$1,500

The Minimum Royalty Fee is per Territory and will be multiplied by the number of Territories Franchisee has purchased, which number is stated on the Summary Page of this Agreement.

(a) Non-Compliance Royalty Rate. If Franchisor determines that Franchisee is not in compliance with this Agreement, Franchisor is entitled to give notice declaring Franchisee non-compliant. Such notice shall be delivered with sufficient detail to provide Franchisee the opportunity to cure its non-compliance. As of the first Royalty Fee payment due date to occur more than ten (10) days after delivery of the notice of non-compliance by Franchisor, and continuing until the non-compliant condition has been removed, Franchisor shall have the right to assess Royalty Fees at the rate one percent (1%) higher than the rate payable under Section 4.2, in Franchisor’s sole and absolute discretion. This right is cumulative of all other rights of Franchisor arising from Franchisee’s noncompliance.

4.3 Brand Fund Contribution.

(a) Brand Fund Contribution. ~~If Franchisor establishes a Brand Fund,~~ Franchisee shall pay Franchisor a monthly contribution to the Brand Fund (the “Brand Fund Contribution”) in the amount determined by Franchisor from time to time, of up to 3% one percent (1%) of Franchisee’s Gross Sales~~Gross Volume for the Business from the immediately preceding month (or such lesser amount as Franchisor determines),~~ at the same time and process as the Royalty Fee.

4.4 Replacement/Additional Training Fee. If Franchisee sends an employee to Franchisor’s training program after opening, Franchisor may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 per day.

4.5 Technology Fee. Franchisee shall pay to Franchisor or its designated supplier the then-current monthly Technology Fee for Franchisee’s email addresses, webpage, and software used for the Business as specifically designated by Franchisor. Franchisor reserves the right to modify the amount of the Technology Fee upon thirty (30) days’ written notice to Franchisee. The Technology Fee is currently ~~\$4500~~ to \$1,000 per month. The Technology Fee will cover contiguous Territories. If Franchisee purchases multiple Territories that are not contiguous, Franchisee may be required to execute a separate franchise agreement and to pay Franchisor or its designated supplier a separate Technology Fee for non-contiguous Territories.

4.6 Third Party Vendors. If Franchisor requires Franchisee to use a designated third-party vendor, Franchisor has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If Franchisor does so, it may impose a reasonable markup or charge for administering the payment program. Franchisor shall have the right, in its sole discretion, to approve or deny of any third-party vendors and to immediately require Franchisee to cease use of any kind of any third-party vendor or supplier.

4.7 Non-Compliance Fee. Franchisor may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Franchisor) which Franchisee fails to cure after 30 days' notice. Thereafter, Franchisor may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Franchisor's other rights and remedies.

4.8 Reimbursement. Franchisor may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Franchisor does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to Franchisor within fifteen (15) days after invoice by Franchisor accompanied by reasonable documentation.

4.9 Payment Terms.

(a) Method and Timing of Payment. Franchisee shall pay the Royalty Fee, Brand Fund Contribution, and any other amounts owed to Franchisor by pre-authorized bank draft or in such other manner as Franchisor may require. Franchisor may change the due date or frequency of any payments due to Franchisor upon thirty (30) days' notice to Franchisee. Franchisee shall pay or reimburse Franchisor for any bank fees or similar expenses that Franchisor incurs in collecting any fees payable by Franchisee to Franchisor.

(b) Calculation of Fees. Franchisee shall **identify and** report monthly ~~Gross Sales~~**Gross Volume** to Franchisor by the 5th day of the following month in the manner we prescribe, including all amounts invoiced and payments received. If Franchisee fails to report monthly ~~Gross Sales~~**Gross Volume**, then Franchisor may withdraw estimated Royalty Fees and Brand Fund Contributions equal to 125% of the last ~~Gross Sales~~**Gross Volume** reported to Franchisor, and the parties will true-up the actual fees after Franchisee reports ~~Gross Sales~~**Gross Volume**. Franchisee acknowledges that Franchisor has the right to remotely access Franchisee's point-of-sale system to calculate ~~Gross Sales~~**Gross Volume**. Franchisee agrees to diligently pursue collection and to ensure that Franchisor receives timely compensation for brand services rendered.

(c) Interest and Late Fees. If any payment to Franchisor is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of 12% per annum or the maximum rate permitted by law, whichever is less. In addition, Franchisor will have the right to charge a late fee of \$100 for the second occurrence of a payment or report that is more than thirty (30) days past due, \$200 for the third such occurrence, and \$300 for the fourth and each subsequent occurrence. The late fee is to

compensate Franchisor for its administrative costs incurred in enforcing Franchisee's obligation to pay Franchisor or submit reports to Franchisor.

(d) Insufficient Funds. Franchisor may charge fifty dollars (\$50) or the amount the Franchisor is charged by its bank, whichever is greater, for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the maximum fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Franchisor (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. The payments that Franchisee is required to make to Franchisor must be the gross amount determined according to the applicable section of this Agreement without deduction for any taxes. Franchisee will pay all state and local taxes, including, without limitation, taxes denominated as franchise, business, gross receipts, commercial activity, property, ad valorem, sales, use, or excise taxes, that may be imposed on Franchisor or Franchisee arising out of or related to Franchisor's receipt or accrual of fees referenced under this Agreement or related agreements, or ownership or use of any property or materials in Franchisee's Territory(ies) in the course of providing services to Franchisee under this Agreement. In any case, Franchisee will pay to Franchisor (and to the appropriate governmental authority) such additional amounts as are necessary to provide Franchisor, after taking such taxes into account (including any additional taxes, penalties, interests or expenses), with the same amounts that Franchisor would have received or accrued had such withholding or other payment, whether by Franchisor or by Franchisee, not been required. If Franchisee fails to withhold or pay any such obligations to the appropriate government authority, Franchisee must indemnify Franchisor for any obligations including penalties, interest, and expenses (including legal and accounting fees) resulting from Franchisee's failure to timely withhold or to pay the taxes.

4.10 Training Fee. Upon signing this Agreement, Franchisee shall pay Franchisor a \$27,500 training fee ("Training Fee"). The Training Fee covers attendance for up to three representatives of Franchisee at Franchisor's initial training program. ~~If Franchisor agrees to provide its initial training program to additional representatives of Franchisee, Franchisee shall pay Franchisor \$500 per day per extra representative plus Franchisor's reasonable costs and expenses.~~

4.11 Call Center Fee. Franchisee must answer all incoming telephone calls to the Franchised Business in real-time with a "live" voice or an approved interactive answering service or system. If Franchisee does not comply with the requirement to provide "live" answering of telephone calls, Franchisor may require Franchisee to pay for a service that does. Franchisor may require

Franchisee to use a designated call center (“Call Center”) to provide “live” answering services for incoming calls. If Franchisor requires Franchisee to use a Call Center, Franchisee shall pay Franchisor a monthly Call Center fee in ~~the an amount that Franchisor designates up to of 5-3%~~ of Franchisee’s ~~Gross Sales~~Gross Volume from the prior month due at the same time and in the same method as the Royalty Fee (“Call Center Fee”). ~~The amount charged will depend on the size of the Franchised Business and the amount of usage of the Call Center service.~~ Franchisor may require or modify the Call Center Fee with thirty (30) days’ notice to Franchisee.

4.13 Management Fee. If Franchisee (if an individual) or the Principal Executive dies, is incapacitated, or is arrested for or formally charged with a serious criminal offense, and Franchisor elects to manage the Franchised Business pending a Transfer, Franchisee shall pay Franchisor a fee of ~~20% of Gross Volume \$500 per day for each day that Franchisor manages the Franchised Business~~ plus Franchisor’s actual costs incurred in managing the Franchised Business (“Management Fee”).

ARTICLE 5. ASSISTANCE

5.1 Manual. Franchisor shall make its Manual available to Franchisee.

5.2 Assistance in Hiring Employees. Franchisor shall provide its suggested staffing levels to Franchisee. Franchisor shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee’s sole responsibility.

5.3 Assistance in Training Employees. Franchisor shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 Pre-Opening Assistance.

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Franchisor shall provide Franchisee with (i) applicable System Standards and other specifications as Franchisor deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) Franchisor’s lists of Approved Vendors and/or Required Vendors.

(b) Pre-Opening Training. Franchisor shall make available its standard pre-opening training to the Principal Executive and up to two (2) other employees, at Franchisor’s headquarters and/or at a Scoop Brothers business designated by Franchisor. Franchisor shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. If Franchisee requests optional opening support beyond what Franchisor customarily furnishes to Franchised Businesses, and if Franchisor agrees to furnish such additional support, then Franchisor will have the right to impose a fee not to exceed \$500 per day, plus expenses, for providing the agreed additional support.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Franchisor will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee’s business, and resolving operating problems Franchisee encounters, to the

extent Franchisor deems reasonable. If Franchisor provides in-person support in response to Franchisee's request, Franchisor may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). As of the Effective Date of this Agreement, Franchisor's current fee for in-person support is five-hundred dollars (\$500) per day.

(b) Pricing. Franchisor shall establish minimum and maximum pricing for the Franchised Business subject to applicable law.

(c) Procedures. Franchisor will provide Franchisee with Franchisor's recommended administrative, bookkeeping, accounting, and inventory control procedures. Franchisor may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Franchisor shall manage the Brand Fund if established.

(e) Internet. Franchisor shall maintain a website for Scoop Brothers, which will include Franchisee's location (or Territory(ies)) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets Franchisor's System Standards (if any) within the Territory(ies).

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Franchisor, Franchisee must submit the proposed lease to Franchisor for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

6.3 Development. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with Franchisor's System Standards.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete Franchisor's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to Franchisor's satisfaction, or (ii) Franchisor concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Franchisor may terminate this Agreement. In such event, Franchisor shall refund the initial franchise fee to Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by Franchisor related to Franchisee), subject to Franchisee's prior execution of a general release of liability of Franchisor and its affiliates, in a form prescribed by Franchisor. Franchisee must attend training within sixty (60) days of executing this Franchise Agreement.

6.5 Conditions To Opening. Franchisee shall notify Franchisor at least thirty (30) days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all

applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of Franchisor's required pre-opening training; and (6) Franchisor has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business within ninety (90) days of the execution of this Franchise Agreement. The date Franchisee opens the business shall be the "Opening Date."

6.7 Service Trucks and Territory Activation. Franchisee has purchased the number of Territories set forth in Section 3 of the Summary Page attached to this Agreement. For each Territory, Franchisee must execute a "Territory Rights Addendum" in the form prescribed by Franchisor in Attachment 4 attached to this Agreement. During the Term of this Agreement, Franchisee must achieve Territory Activation and activate each Territory by (i) purchasing a Service Trucks from Franchisor and/or Franchisor's designated supplier(s), (ii) and continuously operating e-such Service Trucks within the specific Territory(ies), and (iii) commencing and maintaining a minimum expenditure of \$2,000 per month Local Marketing within that specific Territory.

Franchisee shall purchase and operate one (1) initial Service Truck and commence required Local Marketing in the first Territory upon the Effective Date of this Agreement. If Franchisee has purchased more than one (1) Territory, for all additional Territories, Franchisee shall thereafter achieve Territory Activation and activate each Territory purchase at least one (1) Service Truck per additional Territory according to the following schedule:

6.7.1 Second Territory: Franchisee must achieve Territory Activation and activate the second Territory purchase its second (2nd) Service Truck as outlined above within the earlier of (a) twelve (12) months after the Effective Date of this Agreement, or (b) as soon as the Franchised Business services more than 150 households in any given week;

6.7.2 Third Territory: Franchisee must achieve Territory Activation and activate the third Territory as outlined above purchase its third (3rd) Service Truck within the earlier of (a) eighteen (18) months after the Effective Date of this Agreement, or (b) within 6 months after Territory Activation of the purchasing the second Territory Service Truck; and

6.7.3 Additional Territories: For the fourth Territory and each subsequent Territory, Franchisee must achieve Territory Activation purchase its fourth (4th) Service Truck and each additional required Service Truck every three (3) months following after the first anniversary of the Effective Date of this Agreement. (For Example: If Franchisee purchased five (5) Territories, the fourth Territory Activation Franchisee must purchase its fourth (4th) Service Truck must occur no later than twenty one (21) months after the Effective Date of this Agreement and its the fifth Territory Activation (5th) Service Truck must occur no later than twenty four (24) months after the Effective Date of this Agreement.

6.7.4 Failure to Activate. The Territory Activation schedule is a material obligation of this Agreement. If Franchisee fails to meet the Territory Activation deadline for any Territory, Franchisor shall have the right to immediately terminate the Territory Rights Addendum for that Territory and for any other Territories that have not yet been activated. Upon such termination,

Franchisee shall forfeit all rights to the affected Territories and Franchisor shall have no obligation refund any fees or provide any other compensation or consideration to Franchisee. Additionally, if Franchisee fails to meet the required Territory Activation deadline, Franchisor may require Franchisee to transition management and control of certain digital marketing activities to Franchisor (Franchisee would still be responsible for the actual marketing spend). Each deadline by which Franchisee must purchase an additional Service Truck is a “Territory Activation.”

6.7.5 Advance Activation. Franchisee may choose to achieve Territory Activation and purchase additional Service Trucks prior to the schedule and deadlines set forth above a Territory Activation. Franchisee is responsible for must-accounting for delivery timeframes to ensure that when purchasing additional Service Truck purchase and operation and the s as there are additional \$2,000 monthly Local Marketing spend commence simultaneously requirements that occur with the each Territory Activation.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products and Services. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Franchisor may require.

7.4 Prices. Franchisee acknowledges that the System Standards determined by Franchisor may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Qualifications. Franchisor may set minimum qualifications for categories of employees employed by Franchisee.

(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its

personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor.

7.6 Post-Opening Training. Franchisor may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge a reasonable fee for any training programs. Franchisor may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Franchisor. Franchisee shall enter into any subscription and support agreements that Franchisor may require. Franchisee shall upgrade, update, or replace any software from time to time as Franchisor may require. Franchisee shall protect the confidentiality and security of all software systems and shall abide by any System Standards related thereto. Franchisee shall give Franchisor unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Franchisor. Franchisor shall own all data hosted on such software and related systems as related to the Business.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Franchisor may take any action it deems appropriate to resolve a customer complaint regarding the Business, including refunding a customer or, through itself, an affiliate, or another franchisee, providing remedial services to a customer, and Franchisor may require Franchisee to reimburse Franchisor for any expenses incurred with such action.

7.9 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Franchisor shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Franchisor (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Franchisor. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS). Franchisee must issue all invoices, process all sales payments, and issue all receipts through our point-of-sale system. Franchisee shall not collect cash from or otherwise accept any payments from customers in any other method, unless Franchisor approves of such other method in writing.

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by Franchisor, in the

manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Scoop Brothers business. Franchisee shall comply with all procedures and specifications of Franchisor related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs. Franchisee may only offer gift cards, certificates, pre-paid systems, and customer incentive programs with Franchisor's prior written approval.

7.12 Maintenance and Repair. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Franchisor may prescribe from time to time.

7.13 Vehicles. Franchisee shall ensure that all vehicles required for the operation of the Business comply with all applicable System Standards, including, without limitation, required equipment and exterior décor. Franchisee shall keep all vehicles in good repair, clean, and free of dents and other damage, and shall ensure that these vehicles present a first-class image appropriate to Franchisor's System. Franchisor shall have full discretion in determining whether any of Franchisee's vehicles are in good repair and may require Franchisee to upgrade such vehicles or to have maintenance or repair work done on them. There is no limit of Franchisor's right to require Franchisee to upgrade or service the vehicles as described herein. Franchisee shall use the vehicle(s) solely for the Business. Franchisor shall have the right, in its sole discretion, to require Franchisee to utilize vendors for service related to the vehicle(s) to maintain quality and service standards. Franchisee shall exclusively bear the costs of any upgrades, maintenance, or repair to the vehicle(s).

7.14 Meetings. The Principal Executive must attend all in-person meetings and remote meetings (such as telephone conference calls) that Franchisor requires. If Franchisor elects to hold an Annual Conference for its franchisees, the Principal Executive must attend each Annual Conference. Franchisee shall pay Franchisor or franchisor's designee the then-current attendance fee for each person attending the Annual Conference, and Franchisee shall additionally be responsible for all travel and lodging costs associated with attending the Annual Conference. The fees referenced in this Section may be increased to account for inflation based on the consumer price index. If Franchisee or the Principal Executive fails to attend the Annual Conference, Franchisee shall pay Franchisor the then-current penalty for not attending, which is currently \$500 per day and \$1,500 total for 3 days. Franchisor may change the attendance fee and the attendance penalty from time to time in its sole discretion.

7.15 Insurance.

(a) Basic Requirements. Franchisee must maintain the types and minimum amounts of insurance coverage and bonds Franchisor specifies for Franchised Businesses, at Franchisee's own expense. The policies must be written by carriers with an industry rating acceptable to Franchisor; must name Franchisor, its affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as Franchisor directs; and must not have deductibles, exclusions or co-insurance that are unacceptable to Franchisor. Each insurance policy must contain a waiver by the insurance company of subrogation rights against Franchisor, its affiliates, and their

successors and assigns. Franchisee shall provide Franchisor with evidence of all required insurance coverage and payment of premiums at the times Franchisor requires. At least thirty (30) days before each insurance policy expires, Franchisee must furnish a copy of renewal or replacement insurance and evidence of payment of the premium to Franchisor. Franchisee's obligation to obtain coverage is not limited by insurance that Franchisor maintains.

(b) Procurement. If Franchisee fails to procure the required insurance policies or otherwise fails to maintain the required insurance policies at any time during the Term, Franchisor may, in its discretion, purchase insurance that Franchisor determines is appropriate for the Franchised Business. If Franchisor procures insurance for the Franchised Business, Franchisee shall pay Franchisor its actual costs of purchasing the insurance plus a reasonable administrative fee not to exceed twenty-five percent (25%) of the total insurance premium(s).

(c) Changes. Franchisor may, in its sole discretion, increase the amounts of insurance coverage required of Franchisee and require Franchisee to obtain different or additional kinds of insurance from time to time.

7.16 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Scoop Brothers, the Business, or any particular incident or occurrence related to the Business, without Franchisor's prior written approval.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Franchisor's prior written approval.

7.19 No Other Businesses. If Franchisee is an entity, Franchisee shall not own or operate any other business except Scoop Brothers businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Franchisor, which will not be unreasonably withheld.

7.21 No Co-Branding. Franchisee shall not "co-brand" or associate any other business activity with the Scoop Brothers Business in a manner which is likely to cause the public to perceive it to be related to the Scoop Brothers Business.

7.22 No Subcontracting. Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

7.23 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Franchisor.

7.24 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply

with any code of ethics or statement of values from Franchisor. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

7.25 Repossession. Franchisee shall not sell, sublease, scrap, donate, barter, or otherwise dispose of any franchise equipment without express consent from Franchisor. Franchisor shall have the first right to repossess or otherwise acquire any equipment used in the operation of Franchisee's Scoop Brothers business, including but not limited to parts, inventory, tools, and communication devices. Franchisor will compensate Franchisee and/or any lien holders for the repossession by Franchisor of the equipment described herein. Compensation may be Franchisee owes to Franchisor. Franchisor shall have full discretion and rights as it applies to repossessing any of Franchisee's equipment. Franchisor's rights described herein do not release Franchisee from any liens, leases, or financing agreements. Franchisor shall have no obligation to co-sign for any of Franchisee's equipment, and Franchisor will not assume any liabilities whatsoever resulting from Franchisee's failure to make payment on any equipment, including equipment that may have been repossessed or otherwise acquired by Franchisor.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Franchisor from time to time in accordance with System Standards. Franchisor may require Franchisee to purchase or lease any Inputs from Franchisor, Franchisor's designee, Required Vendors, Approved Vendors, and/or under Franchisor's specifications. Franchisor may change any such requirement or change the status of any vendor. Franchisor To make such requirement or change effective, Franchisor shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. Franchisee may only use alternative suppliers and vendors with Franchisor's advanced written approval. Except for single-source products, supplies, marketing materials, branded items, and inventory, if Franchisor requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may approve, withhold approval, or revoke approval of any supplier in Franchisor's sole discretion. Franchisor may condition its approval on such criteria as Franchisor deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request. Franchisor may revoke any approval of any alternate vendor or supplier upon notice to Franchisee.

8.3 Alternate Input Approval. If Franchisor requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request. Franchisor may revoke any approval of any alternate vendor or supplier upon notice to Franchisee.

8.4 Purchasing. Franchisor may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. Franchisor may receive rebates or payments from vendors in connection with purchases by franchisees. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

8.5 No Liability of Franchisor. Franchisor shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If Franchisor or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Franchisor or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

ARTICLE 9. MARKETING

9.1 Implementation. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by Franchisor. Franchisee shall implement any marketing plans or campaigns determined by Franchisor.

9.2 Use By Franchisor. Franchisor may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Franchisor for such purpose.

9.3 Brand Fund. Franchisor reserves the right to establish a Brand Fund for the benefit of the franchise system. If Franchisor elects to establish a Brand Fund at any time during the Term of this Agreement, the following shall apply:

(a) Separate Account. Franchisor shall hold the Brand Fund Contributions from all franchisees in one or more bank accounts separate from Franchisor's other accounts.

(b) Use. Franchisor shall use the Brand Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Franchisor reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Fund (including the compensation of Franchisor's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Brand Fund.

(d) Surplus or Deficit. Franchisor may accumulate funds in the Brand Fund and carry the balance over to subsequent years. If the Brand Fund operates at a deficit or requires additional funds at any time, Franchisor may loan such funds to the National Brand Fund on reasonable terms.

(e) Financial Statement. Franchisor will prepare an unaudited annual financial statement of the Brand Fund within 120 days of the close of Franchisor's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 [Intentionally Deleted]

9.5 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Franchisor's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

9.6 Grand Opening Advertising and Marketing. Franchisee must pay to Franchisor or Franchisor's designated supplier(s) at least \$25,000 to conduct advertising and marketing in the Territory(ies) between the month before and the three (3) months after the Opening Date ("Grand Opening Advertising"). Franchisee shall submit to Franchisor a Grand Opening Advertising plan for approval. If Franchisor does not receive Franchisee's Grand Opening Advertising plan when required, Franchisor reserve the right to: (a) conduct the Grand Opening Advertising campaign on Franchisee's behalf without any refund of any money Franchisee pays to Franchisor for Grand Opening Advertising, or (b) create a Grand Opening Advertising plan that Franchisee will be required to implement and conduct.

9.7 Internet Marketing. Franchisor has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as Franchisor may specify, and only with Franchisor's consent. Franchisor retains the right to approve any linking to or other use of Franchisor's website. Franchisee must comply with any internet, online commerce and/or social media policy that Franchisor may prescribe.

9.8 Local Marketing. In addition to all marketing requirements set forth in this Section 9, beginning in the fourth (4th) month after Franchisee opens for business, Franchisee must, on a monthly basis, spend an amount equal to at least ~~103%~~ 103% of Franchisee's ~~Gross Sales~~ Gross Volume from the prior month or \$2,000 minimum per month on local advertising and promotion of the Business ("Local Marketing"). ~~Notwithstanding the foregoing, from the fourth (4th) month after Franchisee opens for business through the twelfth (12th) month after Franchisee opens for business, Franchisee must spend at least \$2,000 per month on Local Marketing.~~ Franchisee will pay this amount to a third-party vendor approved by Franchisor. Franchisee is required to provide Franchisor with monthly Local Marketing expense statements (including receipts supporting the reported expenditures) evidencing compliance with the Local Marketing spend requirements. All

Local Marketing is required to be approved by Franchisor. If Franchisee fails to pay an approved vendor for local marketing, Franchisor may collect Local Marketing funds from Franchisee in the same manner as the Royalty Fee and Brand Fund Contributions and pay them directly to the local marketing vendor.

9.8.1 Local Marketing and Territory Activation. In addition to the foregoing, ~~from the fourth (4th) month as part of~~ after each Territory Activation ~~through the twelfth (12th) month after each Territory Activation,~~ Franchisee must spend at least \$2,000 per month on Local Marketing ~~in that specific Territory.~~

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing. Franchisee must use the prescribed chart of accounts that integrates with Franchisor's system and franchisee's data must synch with Franchisor's system and grant to Franchisor full access. Franchisee agrees to provide necessary consent as may be required.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including without limitation:

- (i) a monthly profit and loss statement and balance sheet for the Business within ten (10) days after the end of each month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within forty-five (45) days after the end of Franchisor's fiscal year; and
- (iii) any information Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Franchisor of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Franchisor may request.

(c) Government Inspections. Franchisee shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Franchisor such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Franchisor may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Franchisor may specify in the Manual or otherwise in writing.

10.5 Records Audit. Franchisor may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Franchisor may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Franchisor. Franchisee shall also reimburse Franchisor for all costs and expenses of the examination or audit, including an hourly rate for the time Franchisor and/or its staff or any outside vendors spend on the examination and audit in an amount reasonably determined by us (\$150 per hour as of the Effective Date), if (i) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated ~~Gross Sales~~Gross Volume by 3% or more for any month.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Franchisor. Franchisor may supplement, revise, or modify the Manual, and Franchisor may change, add or delete System Standards at any time in its discretion. Franchisor may inform Franchisee thereof by any method that Franchisor deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Franchisor's master copy will control.

11.2 Business Evaluation. Franchisor may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, Franchisor may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Franchisee shall cooperate with Franchisor's evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Franchisor may videotape and/or take photographs of the evaluation. Without limiting Franchisor's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If Franchisor conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then Franchisor may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

11.3 Franchisor’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Franchisor may (i) require that Franchisee pay cash on delivery for products or services supplied by Franchisor, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Franchisor. Franchisor hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Franchisor all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. Franchisor will automatically own all Innovations and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

11.7 Communication Systems. If Franchisor provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Franchisor to access such communications.

11.8 Delegation. Franchisor may delegate any duty or obligation of Franchisor under this Agreement to an affiliate or to a third party.

11.9 System Variations. Franchisor may vary or waive any System Standard for any one or more Scoop Brothers franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If Franchisor discovers or becomes aware of any aspect of the Business which, in Franchisor’s opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Franchisor’s order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Franchisor shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Franchisor, and only in the manner as Franchisor may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Franchisor.

12.2 Change of Marks. Franchisor may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Franchisor makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Franchisor shall defend Franchisee (at Franchisor's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Franchisor will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of any possible infringement of a Mark by a third party. Franchisor may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Franchisor shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Franchisor, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Franchisor (except for Confidential Information which Franchisor licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two (2) years after this Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee’s Territory(ies) or the Territory(ies) of any other Scoop Brothers business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Franchisee agrees that the existence of any claim it may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Franchisor, Franchisee will cause its general manager and other key employees to sign Franchisor’s then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Franchisor violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Franchisor receives written notice of termination.

14.2 Termination by Franchisor.

(a) Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Franchisor gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c) and fails to cure such breach to Franchisor’s satisfaction within 30 days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement.

(c) Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Franchisor;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee abandons or ceases operation of the Business for more than 15 consecutive days;
- (vii) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;
- (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by Franchisor or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.
- (ix) the Business is operated in a manner which, in Franchisor's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Franchisor or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) Franchisor (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in Franchisor's opinion is reasonably likely to materially and unfavorably affect Franchisor's brand, or is charged with, pleads guilty to, or is convicted of a felony.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Franchisor based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Franchisor all copies of the Manual, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Franchisor or any new franchisee as may be directed by Franchisor, and Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks; and
- (v) return Scoop Brothers proprietary equipment to Franchisor and cease using any intellectual property associated with Franchisee.

14.4 Remove Identification. If Franchisee operates from a Location other than Franchisee's home, then within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Scoop Brothers business, to the reasonable satisfaction of Franchisor. Franchisee shall comply with any reasonable instructions and procedures of Franchisor for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Franchisor may enter the Location to remove the Marks and de-identify the Location. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Franchisor.

14.5 Other Claims. Termination of this Agreement by Franchisor will not affect or discharge any claims, rights, causes of action or remedies (including claims for Franchisor's lost future income after termination), which Franchisor may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, Franchisor will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value. To exercise this option, Franchisor must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser

reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts which Franchisor paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, Franchisor may pay a portion of the purchase price directly to the lienholder to pay off such lien. Franchisor may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Franchisor may assign this purchase option to another party.

14.7 Management. If Franchisee (if an individual) or the Principal Executive is arrested or formally charged with a serious criminal offense, Franchisor may elect to manage the Franchised Business pending a Transfer or a disposition of the criminal action. If Franchisor elects to manage the Franchised Business, Franchisee shall pay Franchisor the Management Fee.

14.8 Step-in Rights. If Franchisee is in material breach of the terms of this Agreement, Franchisor may, but is not required to, take over the operation of the Franchised Business until such time as Franchisee has cured such breach (Franchisor's "Step-in Rights"). If Franchisor exercises its Step-in Rights, Franchisee shall (1) pay Franchisor a fee of up to five hundred dollars (\$500) per day and (2) reimburse Franchisor for all of its actual costs incurred in exercising its Step-in Rights and operating the Franchised Business.

ARTICLE 15. TRANSFERS

15.1 By Franchisor. Franchisor may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Franchisor may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Franchisor at least 60 days prior notice of the proposed Transfer, and without obtaining Franchisor's consent. In granting any such consent, Franchisor may impose conditions, including, without limitation, the following:

- (i) Franchisor receives a transfer fee equal to ~~five thousand dollars (\$205,000)~~;
- (ii) the proposed assignee and its owners have completed Franchisor's franchise application processes, meet Franchisor's then-applicable standards for new franchisees, and have been approved by Franchisor as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes Franchisor's then-current form of franchise agreement, which form may contain materially different provisions;

- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Franchisor in full, and Franchisee is not otherwise in default or breach of this Agreement;
- (vii) the proposed assignee and its owners and employees undergo such training as Franchisor may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Franchisor in a form satisfactory to Franchisor;
- (ix) Franchisee or the proposed transferee pays or reimburses Franchisor upon receipt of Franchisor's invoice for any broker or other placement fees Franchisor incurs as a result of the Transfer; and
- (x) the Business fully complies with all of Franchisor's most recent System Standards.

Franchisee hereby acknowledges that Franchisor has contractual agreements with third-party franchise sales organizations and brokers that require referral fees and commissions to be paid to such third parties. Franchisee is agreeing to reimburse Franchisor for all such referral fees and commissions that Franchisor may incur as a result of a Transfer whether such referral fees and commissions arise due to the sale of this franchise to Franchisee or the sale of the Franchised Business to any transferee.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Franchisor, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Franchisor, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5. Franchisor may require Franchisee to pay its reasonable costs associated with completing a transfer for convenience of ownership, but Franchisee shall not be required to pay Franchisor the transfer fee found in Section 15.2.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Franchisor within nine months after death or incapacity. Such transfer must comply with Section 15.2. If Franchisee (if an individual) or the Principal Executive dies or is incapacitated, Franchisor may elect to manage the Franchised Business pending a Transfer. If Franchisor elects to manage the Franchised Business, Franchisee shall pay Franchisor the Management Fee.

15.5 Franchisor's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), Franchisor will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to

Franchisor a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Franchisor's receipt of such copy, Franchisor will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Franchisor may substitute cash for any other form of payment). If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

15.8 Transfers and Training. With any Transfer, Franchisor may require any new Owner(s) to undergo training, and Franchisee shall pay Franchisor its then-current additional training fees and all costs Franchisor incurs in providing additional training to any new Owner(s).

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Franchisor) Franchisor, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Franchisor and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by Franchisor. Franchisor may elect to assume the defense and/or settlement of any Action subject to indemnification under Section 16.1, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. All individual owners of Franchisee shall be subject to arbitration as described herein. Franchisee expressly agrees that any claims Franchisee brings against Franchisor, its members, directors, officers, employees, agents, or representatives shall be exclusively resolved by arbitration as described in this paragraph. If Franchisor prevails on a motion to compel Franchisee's claims to arbitration, Franchisee shall pay Franchisor's attorney's fees, costs, and

expenses related to such action. In any arbitration, the arbitrator must have no less than ten (10) years of experience practicing franchise law.

(b) Location. The place of arbitration shall be the city and state where Franchisor's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, Franchisor's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Franchisor but for the termination.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within one year from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Franchisor's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Franchisor's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In connection with any failure by Franchisee to comply with this Agreement, regardless of whether there is any legal proceeding to enforce the terms of this Agreement, Franchisee will reimburse Franchisor, upon demand, for the costs and expenses incurred by Franchisor as a result of such failure and Franchisor's enforcement of the terms of this Agreement.

Franchisor's costs and expenses include, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel expenses. If Franchisee initiates a legal proceeding against Franchisor, and if Franchisee does not prevail in obtaining the relief Franchisee was seeking in such legal proceedings, then Franchisee will reimburse Franchisor for the costs and expenses incurred by Franchisor as a result of such legal proceedings, including, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel expenses, whether incurred prior to, in preparation for, in contemplation of, or in connection with such legal proceedings.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Franchisor is not a fiduciary of Franchisee. Franchisor does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Franchisor's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Franchisor, and Franchisor's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Franchisor's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the State of North Carolina (without giving effect to its principles of conflicts of law) govern this Agreement, any Addenda, and all adversarial proceedings between the parties. The parties agree that any North Carolina law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Franchisor, addressed to 14301 South Lakes Drive, Charlotte, North Carolina 28273. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Franchisor may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor.

Agreed to by:

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual or a non-entity partnership:]

Name: _____ Name: _____

Date: _____ Date: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

Form of Ownership. Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State of incorporation, organization, or residence: _____

Sole Proprietorship

Name

Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

Officers. If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

TERRITORY/TERRITORIES

Territory/Territories Description:

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Franchisor for the franchise of a Scoop Brothers business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Franchisor to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Franchisor and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Franchisor, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Franchisor upon demand from Franchisor. Guarantor waives (a) acceptance and notice of acceptance by Franchisor of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Franchisor or its affiliates (except for

Confidential Information which Franchisor licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Franchisor. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee’s Territory(ies) or the Territory(ies) of any other Scoop Brothers business operating on the date of termination or transfer, as applicable

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Guarantor agrees that the existence of any claim it or Franchisee may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of North Carolina (without giving effect to its principles of conflicts of law). The parties agree that any North Carolina law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

[Signatures on Following Page]

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Attachment 4 to Franchise Agreement

TERRITORY RIGHTS ADDENDUM

This “Addendum” is agreed to by the parties with respect to the attached “Franchise Agreement” dated _____, between **SCOOP BROTHERS FRANCHISING, LLC**, a South Carolina limited liability company, (“Franchisor”) and _____, an individual, _____, an individual, and _____ a _____ company (jointly and severally “Franchisee”). This Addendum is an integral part of the Franchise Agreement. In the event of conflict between the provisions of this Addendum and the Franchise Agreement, the provisions of this Addendum control.

Franchisor and Franchisee have agreed to Franchisee’s purchase of multiple Territories as identified in Section 3 of the Summary Page to the Franchise Agreement. A separate Territory Right Addendum must be executed for each such Territory.

This Addendum applies specifically to **Territory #** _____ as defined in Attached 2 of the Franchise Agreement (the “Designated Territory”).

1. TERRITORY ACTIVATION SCHEDULE. Territory Activation for this Designated Territory is achieved only when Franchisee has: (i) purchased and taken delivery of a new Service Truck to operate within the Designated Territory; (ii) commenced continuous operation of such Service Truck within the Designated Territory; and (iii) commenced the required Local Marketing expenditure of at least **\$2,000** per month dedicated to this Designated Territory.. Franchisee must achieve Territory Activation for this Designated Territory according to the following schedule [check the applicable box]:

_____ **2nd Territory:** The earlier of: (a) twelve (12) months after the Effective Date of the Franchise Agreement; or (b) as soon as the Franchised Business services more than 150 households in any given week.

_____ **3rd Territory:** The earlier of: (a) eighteen (18) months after the Effective Date of the Franchise Agreement; or (b) within six (6) months after the Territory Activation of the second Territory.

_____ **4th Territory and Subsequent:** Every three (3) months after the first anniversary of the Effective Date of the Franchise Agreement (e.g., 21 months for the 4th Territory; 24 months for the 5th Territory).

Franchisee is responsible for accounting Service Truck delivery lead times to ensure that Service Truck operation and Local Marketing expenditures commence on or before the deadlines set forth above.

2. DEFAULT AND TERMINATION. Franchisee acknowledges that the timely Territory Activation is a material inducement for Franchisor to grant multiple territory rights.

2.1 Failure to Activate. If Franchisee fails to achieve Territory Activation for the Designated Territory by the applicable deadline set forth in Section 1 above, Franchisor shall have the right, in its sole discretion, to:

- i) Immediately terminate Franchisee’s rights to the Designated Territory;
- ii) Immediately terminate this Addendum; and

iii) Immediately terminate any and all other Territory Rights Addenda for Territories that have not yet achieved Territory Activation.

2.2 Effect of Termination: Upon termination of this Addendum (or any other Territory Rights Addendum that has not yet been activated) for failure to meet the Territory Activation schedule:

- i) All rights to the Designated Territory (and any other terminated Territories) shall immediately revert to Franchisor.
- ii) Franchisor may establish, or license others to establish, Scoop Brothers businesses within said Territories.
- iii) Franchisor shall retain all initial fees paid for such Territories.
- iv) Franchisor shall have no obligation to refund any amounts or provide any other compensation or consideration to Franchisee.
- v) Franchisee shall have no further right, title, or interest in the Designated Territory or any other terminated Territories.

2.3 Cross-Default: Any material violation of this Addendum (other than the failure to meet the Territory Activation schedule, which is governed by Section 2.1) shall be deemed a material default of the primary Franchise Agreement and all other Territory Rights Addenda between the parties, entitling Franchisor to all remedies available under the Franchise Agreement.

No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

3. TRAINING. Franchisor has no obligation to provide franchise training to Franchisee at Franchisor's expense except as set forth in the Franchise Agreement. If Franchisee appoints a new manager or operator for this Designated Territory, such individual must successfully complete Franchisor's training program at Franchisee's expense as outlined in the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum on the dates set forth below.

FRANCHISOR: SCOOP BROTHERS FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[if an individual or a non-entity partnership:]

Name: _____ Name: _____
Date: _____ Date: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT C

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

1. **Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).

2. **Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. **Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. **Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Additionally, this Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Agreed to by:

Name: _____

Date: _____

EXHIBIT D
FINANCIAL STATEMENTS

SCOOP BROTHERS FRANCHISING, LLC

FINANCIAL STATEMENTS

**AS OF DECEMBER 31, 2025, 2024, and 2023
AND FOR THE YEARS ENDED DECEMBER 31, 2025
AND 2024, AND THE PERIOD MARCH 8, 2023
(INCEPTION) THROUGH DECEMBER 31, 2023**



SCOOP BROTHERS FRANCHISING, LLC
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Independent Auditor's Report

To Member of
Scoop Brothers Franchising, LLC
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Scoop Brothers Franchising, LLC (a limited liability company) which comprise the balance sheets as of December 31, 2025, 2024, and 2023, and the related statements of operations, changes in member's equity (deficit), and cash flows for the years ended December 31, 2025 and 2024 and the period March 8, 2023 (Inception) through December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scoop Brothers Franchising, LLC as of December 31, 2025, 2024, and 2023, and its results of operations and its cash flows for the years ended December 31, 2025 and 2024 and the period March 8, 2023 (Inception) through December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

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

Bernard Robinson & Company, L.L.P.

Raleigh, North Carolina
April 24, 2026

SCOOP BROTHERS FRANCHISING, LLC**Balance Sheets****December 31, 2025, 2024, and 2023**

	<u>Assets</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current Assets:			
Cash	\$ 12,989	\$ 5	\$ -
Accounts receivable	2,899	-	-
Prepaid expenses	12,950	-	-
Prepaid broker fees, current	12,500	-	-
Total Current Assets	<u>41,338</u>	<u>5</u>	<u>-</u>
Prepaid broker fees, net of current	107,792	-	-
Intangible assets, net	20,533	4,979	5,107
Total Noncurrent Assets	<u>128,325</u>	<u>4,979</u>	<u>5,107</u>
Total Assets	<u>\$ 169,663</u>	<u>\$ 4,984</u>	<u>\$ 5,107</u>

Liabilities and Member's Equity (Deficit)

Current Liabilities:			
Accounts payable and accrued expenses	\$ 22,363	\$ 623	\$ -
Due to related party affiliate	174,441	-	-
Deferred franchise revenues, current	14,000	-	-
Related party debt, current	17,542	-	-
Total Current Liabilities	<u>228,346</u>	<u>623</u>	<u>-</u>
Noncurrent Liabilities:			
Deferred franchise revenues, less current portion	120,750	-	-
Related party debt, net of current	238,670	241,972	7,732
	<u>359,420</u>	<u>241,972</u>	<u>7,732</u>
Total Liabilities	<u>587,766</u>	<u>242,595</u>	<u>7,732</u>
Member's Equity (Deficit)	<u>(418,103)</u>	<u>(237,611)</u>	<u>(2,625)</u>
Total Liabilities and Member's Equity (Deficit)	<u>\$ 169,663</u>	<u>\$ 4,984</u>	<u>\$ 5,107</u>

See Notes to Financial Statements

SCOOP BROTHERS FRANCHISING, LLC
Statements of Operations
Years Ended December 31, 2025 and 2024, and for the
Period March 8, 2023 (Inception) through December 31, 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Franchise Revenues			
Franchise fees	\$ 5,250	\$ -	\$ -
Royalty fees	640	-	-
Marketing brand fees	39	-	-
Technology fees	2,220	-	-
Training and marketing material fees	5,000	-	-
	<u>13,149</u>	<u>-</u>	<u>-</u>
Cost of sales	<u>5,046</u>	<u>33,641</u>	<u>-</u>
Gross profit	<u>8,103</u>	<u>(33,641)</u>	<u>-</u>
Operating Expenses			
Advertising and promotions	49,033	52,870	-
Professional fees	78,962	97,769	2,625
Travel, meals and entertainment	1,875	269	-
Office supplies and equipment	4,233	-	-
Amortization	2,677	128	-
Conference expenses	33,891	34,714	-
Banking expense	90	-	-
Miscellaneous expense	3,594	6,326	-
Total operating expenses	<u>174,355</u>	<u>192,076</u>	<u>2,625</u>
Total loss from operations	<u>(169,309)</u>	<u>(158,435)</u>	<u>(2,625)</u>
Other (income) expenses:			
Interest expense	<u>14,240</u>	<u>9,274</u>	<u>-</u>
Total other expenses	<u>14,240</u>	<u>9,274</u>	<u>-</u>
Net loss	<u>\$ (180,492)</u>	<u>\$ (234,991)</u>	<u>\$ (2,625)</u>

See Notes to Financial Statements

SCOOP BROTHERS FRANCHISING, LLC
Statements of Changes in Member's Equity (Deficit)
Years Ended December 31, 2025 and 2024, and for the
Period March 8, 2023 (Inception) through December 31, 2023

Member's equity, March 8, 2023 (Inception)	\$ -
Net loss	<u>(2,625)</u>
Member's deficit, December 31, 2023	<u>(2,625)</u>
Contributions	250,000
Distributions	(249,995)
Net loss	<u>(234,991)</u>
Member's deficit, December 31, 2024	(237,611)
Net loss	<u>(180,492)</u>
Member's deficit, December 31, 2025	<u>\$ (418,103)</u>

See Notes to Financial Statements

SCOOP BROTHERS FRANCHISING, LLC
Statements of Cash Flow
Years Ended December 31, 2025 and 2024, and for the
Period March 8, 2023 (Inception) through December 31, 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:			
Net loss	\$ (180,492)	\$ (234,991)	\$ (2,625)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Amortization	2,677	128	-
Accrued interest on related party debt	14,240	9,274	-
(Increase) decrease in:			
Accounts receivable	(2,899)	-	-
Prepaid broker fees	(120,292)	-	-
Prepaid expenses and other assets	(12,950)	-	-
Increase (decrease) in:			
Accounts payable and accrued expenses	21,740	623	-
Due to related party affiliate	174,441	-	-
Deferred franchise revenues	134,750	-	-
Net cash provided by (used in) operating activities	<u>31,215</u>	<u>(224,966)</u>	<u>(2,625)</u>
Cash flows from investing activities:			
Purchase of intangibles	<u>(18,231)</u>	<u>-</u>	<u>(5,107)</u>
Net cash used in investing activities	<u>(18,231)</u>	<u>-</u>	<u>(5,107)</u>
Cash flows from financing activities:			
Borrowings (repayments) from related party debt	-	224,966	7,732
Distributions	-	(249,995)	-
Member contributions	<u>-</u>	<u>250,000</u>	<u>-</u>
Net cash provided by financing activities	<u>-</u>	<u>224,971</u>	<u>7,732</u>
Net increase in cash	12,984	5	-
Cash, beginning of year	<u>5</u>	<u>-</u>	<u>-</u>
Cash, end of year	<u>\$ 12,989</u>	<u>\$ 5</u>	<u>\$ -</u>

See Notes to Financial Statements

SCOOP BROTHERS FRANCHISING, LLC

Notes to Financial Statement

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Scoop Brothers Franchising, LLC (the "Company") is a limited liability company incorporated on March 8, 2023 in the state of South Carolina, for the purpose of selling Scoop Brothers franchises. The Company provides franchisees with the right to own and operate a professional K-9 waste removal business.

A summary of the Company's significant accounting policies follows:

Basis of Preparation

The financial statement is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

During the year ended December 31, 2025, the Company adopted Accounting Standards Update (ASU) 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. This ASU introduces a practical expedient that allows entities to estimate expected credit losses on current accounts receivable using historical loss information, adjusted for current conditions, without requiring forecasts of future economic conditions. The Company elected to apply this practical expedient to all accounts receivable arising from revenue transactions within the scope of ASC 606, Revenue from Contracts with Customers, that are due within one year or less. This election is consistent with the Company's historical experience and the short-term nature of these assets.

Additionally, as a non-public business entity, the Company elected the related accounting policy permitted under ASU 2025-05 to incorporate subsequent cash collections received after the balance sheet date when estimating expected credit losses. The Company considers cash collections through 45 days subsequent to year end in its evaluation. The adoption of this practical expedient did not have a material impact on the Company's financial statements.

Cash and Cash Equivalents

The Company includes all financial instruments which are not subject to withdrawal restrictions or penalties with a maturity of three months or less as cash and cash equivalents.

The Company maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

Accounts Receivables

Accounts receivable are recorded at the total unpaid balance, net of allowance for credit losses. The Company determines past-due status of individual accounts receivable based on the original billing date and does not charge interest. The Company estimates its allowance for credit losses based on a combination of factors, including the Company's knowledge of the current composition of receivables, historical losses, collections subsequent to year end through February 15, 2026, and current economic conditions. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. Based on management's assessment, it has concluded there is no allowance for credit losses necessary as of December 31, 2025, 2024 and 2023.

SCOOP BROTHERS FRANCHISING, LLC

Notes to Financial Statement

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company's revenues consist of fees from licensed Scoop Brothers locations operated by franchisees. Fees include franchise fees, royalty fees, marketing fees, technology fees, training fees, and marketing material fees.

Franchise fees: An initial nonrefundable franchise fee is paid to the Company upon sale of a franchise. Revenue from the sale of an individual franchise is recognized in the period the sale is consummated and when all performance obligations have been substantially provided by the Company. Management has determined that pre-opening services and the license agreement have been combined into a single performance obligation. For performance obligations related to the initial nonrefundable franchise fee, management has determined that control transfers to the franchisee over the term of the franchise agreement (10 years). The Company transfers control and recognizes revenue from the nonrefundable franchise fees ratably over the life of the agreement.

Royalty and marketing fees: To license the use of the Company's brand, each franchisee is charged a royalty fee (7.5% of monthly gross sales) and a marketing brand fee (1% of monthly gross sales), pursuant to the Franchise Agreement, that is billed monthly in arrears. These fees are recognized in the period in which they are earned. Management has determined that, as a practical expedient, the Company has a right from the franchisee to these fees as daily performance obligations have been completed pursuant to the Franchise Agreement. Revenue is recognized on the basis of when the franchisee generates gross receipts at which point the royalty and marketing brand fees are due and payable.

Technology fees: Franchisees are required to use the Company's technology platform, and charge a technology fee (approximately \$350 minimum monthly), pursuant to the Franchise Agreement, that is billed monthly in arrears. The technology fees are recognized over time as the customer consumes the benefits of the services as the Company stands ready to provide access to the technology platform. The timing of revenue recognition is based on a time-based measure of progress as the Company provides access to the technology platform evenly over the course of the month.

Training and marketing material fees: Franchisees are required to attend training and use marketing materials provided by the Company. Onboarding marketing materials are provided at training. Revenue is recognized at a point in time once training occurs, which is when control of the goods or services is provided to the franchisee in the amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

As discussed previously, revenue from the initial franchise fee, royalty fee, marketing brand fee and technology fees are recognized over time, whereas revenue from training and marketing materials is recognized at a point in time for the years ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenue recognized over time	62%	N/A	N/A
Revenue recognized at a point in time	38%	N/A	N/A

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Assets and Liabilities

Contract assets consist of broker commissions that are incremental to the acquisition of new franchisees and are capitalized as deferred contract costs included in prepaid broker fees on the balance sheets. Capitalized broker fees are generally amortized on a straight-line basis over the franchise agreement term of 10 years commensurate with the pattern of revenue recognition. Broker expenses are included in cost of sales in the accompanying statements of operations. Contract liabilities consist of deferred revenue resulting from initial franchise fees, which are generally amortized on a straight-line basis over the 10 year term of the underlying franchise agreement.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense was \$49,033 for the year ended December 31, 2025, \$52,870 for the year ended December 31, 2024, and \$0 for the period March 8, 2023 (inception) through December 31, 2023.

Income Tax Status

The Company is taxed as a limited liability company for federal and state income tax purposes. Accordingly, no provision for income tax is reflected in the financial statements, as it is the responsibility of the member to report their respective share of income and other tax attributes on their individual income tax returns.

It is the Company's policy to evaluate all tax positions to identify those that may be considered uncertain. All identified material tax positions will be assessed and measured by a more-likely-than-not threshold to determine if the benefit of any uncertain tax position should be recognized in the financial statements. Any changes in the amount of a tax position will be recognized in the period the change occurs. No material uncertain tax positions were identified as of December 31, 2025, 2024, and 2023.

Use of Estimates

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

Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure through April 24, 2026, which is the date the financial statements were available to be issued.

The Company entered into six new franchise agreements in 2026 through April 24, 2026, totaling \$460,000 in franchise fees net of \$390,000 in estimated broker's commissions.

SCOOP BROTHERS FRANCHISING, LLC

Notes to Financial Statement

NOTE 2 - INTANGIBLE ASSETS

Intangibles assets consist of the trademark names and website, which is amortized over the useful life of the assets using the straight-line method. Management has determined there was no impairment related to these intangible assets during the years ended December 31, 2025 and December 31, 2024 and for the period March 8, 2023 (inception) through December 31, 2023.

		<u>December 31, 2025</u>		
	Weighted Average Remaining	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (10 year life)	9.4	\$ 10,338	\$ 638	\$ 9,700
Website (5 year life)	4.2	13,000	2,167	10,833
Total Intangibles		\$ 23,338	\$ 2,805	\$ 20,533
<u>December 31, 2024</u>				
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (10 year life)	9.7	\$ 5,107	\$ 128	\$ 4,979
Total Intangibles		\$ 5,107	\$ 128	\$ 4,979
<u>December 31, 2023</u>				
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks (10 year life)	10.0	\$ 5,107	-	\$ 5,107
Total Intangibles		\$ 5,107	\$ -	\$ 5,107

Amortization expenses related to intangible assets was \$2,677 for the year ended December 31, 2025, \$128 for the year ended December 31, 2024, and \$0 for the period March 8, 2023 (inception) through December 31, 2023.

Future amortization expense is as follows:

<u>Year Ending December 31,</u>	
2026	\$ 3,547
2027	3,634
2028	3,634
2029	3,634
2030	1,467
Thereafter	4,617
	\$ 20,533

SCOOP BROTHERS FRANCHISING, LLC**Notes to Financial Statement****NOTE 3 - RELATED PARTY TRANSACTIONS AND DEBT**

During the ordinary course of business, the Company enters into certain transactions with related parties, owned by the managing member, primarily related to short term advances and cost reimbursements. The Company's cash disbursements are often made from related affiliate RestoPros Franchising, LLC. The start up expenses advanced from the sole member were converted to a note payable agreement effective January 1, 2025. The note agreement bears interest at 6% per annum and requires quarterly principal and interest payments of \$18,735 beginning March 31, 2026 through maturity date of December 31, 2035. Imputed interest was calculated at 6% for the years ended December 31, 2025 and 2024, and reflected in interest expense on the statements of operations. The Company's related party transactions recorded in the financial statements is as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
Due to related party affiliate:			
Restores Franchising, LLC	\$ 174,441	\$ -	\$ -
Related party debt with managing member:			
Principal	\$ 241,972	\$ 232,698	\$ 7,732
Accrued interest	14,240	9,274	-
Total	\$ 256,212	\$ 241,972	\$ 7,732

Future maturities on related party debt is as follows:

<u>Year Ending December 31,</u>	
2026	\$ 17,542
2027	18,618
2028	19,761
2029	20,973
2030	22,260
Thereafter	<u>157,058</u>
	\$ 256,212

NOTE 4 - GOING CONCERN CONSIDERATIONS

As of December 31, 2025, the Company had negative working capital. For the year ended December 31, 2025, the Company had net operating losses of \$169,309 and positive operating cash flows of \$31,215. The Company has relied on its sole Member and his other related entities to meet its cash flows since inception. The Company will need additional funds to meet the start up expenditures necessary to continue to launch the Company's operations. Management of the Company has evaluated these conditions, and the Company's sole member has committed to provide funding to meet liquidity needs not covered by operating cash flows through one year from the date these financial statements were available to be issued. The member demonstrated this commitment during 2025 through the date of these financial statements by additional advances on due to related party affiliate to fund expenses.

EXHIBIT E

OPERATING MANUAL TABLE OF CONTENTS

**Scoop Brothers Confidential Operations Manual
Table of Contents**

Section A: Preface 5 pages
How to Use This Manual
Welcome Letter
Scoop Brothers Story
Scoop Brothers’ Mission
Core Values
Our Brand
Our Competitive Advantage
Section B: Operating Principles 15 pages
Franchisor Franchisee Relationship
Franchise System
 Obligations to Open
 Location
 Mobile Operations
 Obligation to Participate
 Initial Training Program
 Hiring and Training Employees
 Optional Opening Support
 Ongoing Training
 Servicing Customers
 Necessary Equipment, Opening Inventory, and Supplies
 Insurance Requirements
Operating System
 Technology Requirements
 Payment Processing
Reports and Reporting
 Royalty
Branding and Marketing
 Trademarks
 Market Introduction Plan
 Brand Fund
 Local Advertising
Customer Service Standards
Staffing
Compliance
Franchisor Support
Compliance Review Tool
Section C: Onboarding 10 pages
Introduction
Ready to Launch
Quick Start

Onboarding Checklist	
Section D: Human Resources	50 pages
Disclaimer	
Your Employees	
Protecting the Brand	
Confidentiality of Proprietary Information	
Customer Service Standards	
Handling Complaints	
Brand Standards for Appearance	
Comply with Employment Laws	
Equal Employment Opportunity	
Americans With Disabilities Act	
Job Accommodations	
Unlawful Harassment	
Sexual Harassment	
Fair Labor Standards Act	
Minimum Wage and Poster	
Overtime Pay	
Family and Medical Leave Act	
State Employment Laws	
Staffing Your Organization	
Job Roles and Responsibilities	
Sample Job Description: Pet Waste Technician	
Sample Job Description: Office Administrator	
Sample Job Description: Operations Manager	
Staff Recruitment, Hiring, and Retention	
Advertising Openings	
Profile of the Ideal Crew Member	
Screening Applicants	
Interviewing	
Interview Evaluation Form	
Sample Employee Application	
Checking References	
Background Check	
Employee Drug Testing	
Compensation	
Hiring	
Employee Introductory Period	
Classify Employees Correctly	
Onboarding and Training New Hires	
Suggested Employee Training Outline	
Retention	
Supervision/Management	
Employee Discipline and Termination	
The Steps to Progressive Discipline	
Employee Resignation and Termination	

Disciplinary and Termination Forms	
Review and Evaluation	
Administration	
Personnel Policies	
Recordkeeping for Compliance	
Personnel Files	
Section E: Daily Operation	30 pages
Sales Process	
Lead Generation	
Commercial Outreach	
Prompt Response to Leads	
Recordkeeping for Customer Acquisition	
Basic Pet Waste Removal Procedures	
Start of Day for the Pet Waste Technicians	
Job Site Preparation	
Cleaning Yards	
Complete Each Job	
Trouble Shooting Sanitizer System Issues	
Employee Safety and Hygiene	
Tips	
Weather	
Managing the Daily Operations Using the Mobile App	
Pet Waste Technician Job List	
Scheduler	
Billing	
Client Portal	
Excellent Customer Service	
Preventing Customer Complaints	
Dog Out Protocol	
Handling Customer Complaints	
Section F: Marketing	10 pages
Developing a Market Introduction Plan	
Your Marketing Planning Steps	
Marketing Materials	
Promoting Scoop Brothers in Your Area	
Customer Reviews	
Customer Referrals	
Pet Waste Technician Referrals	
Community Marketing and Events	
Email Marketing	
Use of Media	
Digital Media/Social Media	
Traditional Media	
Getting Advertising Approval	
Guidelines for Using the Scoop Brothers Marks	
Submitting Advertising for Approval	

Section G: Business Management..... 15 pages

Managing the Team

Team Communication

Hosting Staff Meetings

Motivating Staff

Developing Efficient Employee Scheduling

Time-tracking Procedures

Financial Management

Pricing

Focus on Cash Flow

Collection Process

In App Reports for Managing the Business

Key Performance Indicators

Deliver on the Promise: Great Customer Service

Risk Management

Section H: Safety 15 pages

Preventing Workplace Accidents

Driver Safety

Preventing Dog Bite Injuries

Understanding Dog Behavior

Dangerous Dogs Policy

In Case of a Dog Bites

Preventing Illness

PPE Safety Requirements

Prevent Injury from Contact with Sanitizer Solution

Material Safety Data Sheets (MSDS)

First Aid

Eye Wash

Bloodborne Pathogens Incident

Fire Evacuation and Fire Extinguishers

Incident Reporting

Section I: Maintenance 5 pages

Equipment Maintenance

Vehicle Maintenance

Set Up Vehicle History File

Identify Service Shops

Warranty Repairs

Preventive Maintenance

Inspections

Section J: Brand Style Guide 5 pages

TOTAL PAGES: 160

EXHIBIT F

CURRENT AND FORMER FRANCHISEES

Franchisees Opened as of December 31, ~~2024~~2025

Names of all current open and operating franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

<u>Location</u>	<u>Legal Entity or Individual Name</u>	<u>Address</u>	<u>Telephone Number</u>
<u>Overland Park and Olathe, KS</u>	<u>Trevor Keling</u>	<u>21847 O Rd. Holton, KS 66436</u>	<u>785-213-5573</u>

~~None.~~

Franchisees Signed but not yet Opened as of December 31, ~~2024~~2025

Names of all franchisees who had signed franchise agreements but not yet opened for business as of the end of our last fiscal year and their location and contact information:

~~None.~~

<u>Location</u>	<u>Legal Entity or Individual Name</u>	<u>Address</u>	<u>Telephone Number</u>
<u>Denver Metro North, CO</u>	<u>Joshua Michael Quint B Dubs Q Corp.</u>	<u>4187 E. 139th Drive Thornton, CO 80602</u>	<u>303-579-7426</u>

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None.

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

EXHIBIT G
STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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 Franchise Disclosure Document.

Our website, www.scoopbrothers.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

All the owners of the franchise will be required to execute personal guarantees. This requirement places the marital assets of the spouses domiciled in community property states – Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin at risk if your franchise fails.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person

acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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 binding arbitration. The arbitration will occur in Charlotte, North Carolina, with the costs being borne equally by Franchisor and Franchisee. 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.

The Franchise Agreement requires application of the laws of North Carolina. This provision may not be enforceable under California law.

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures reflect some of the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Scoop Brothers business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

5. The following paragraph is added to the Disclosure Document:

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

FDD Item 5

The Initial Franchise Fee is deferred until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

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

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 ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following is added to Item 5:

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.

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You may bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Franchise Disclosure Document, Item 5. Based upon the franchisor's financial condition, the Minnesota Department of Commerce 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.
- 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 right 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, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

- 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

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

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

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

The following is added to Item 5:

Franchisor shall defer collection of the initial franchise fees and other initial payments owed by the franchisee until the franchisor meets its pre-opening obligations.

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit H for Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, and Related Agreements)

EXHIBIT H
STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

The Initial Franchise Fee is deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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.

[Signatures on the following page]

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the protected territory granted the franchisee by the franchise agreement; or, if no protected territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the protected area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

4. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

5. **No Waiver of State Law.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. **Arbitration.** This Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive trade practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. **Franchise Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. **Fee Deferral.** Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by

Franchisee shall be deferred until Franchisor completes its pre-opening obligations under the Agreement.

[Signatures on the following page]

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Franchise Disclosure Document, Item 5. Based upon the franchisor’s financial condition, the Minnesota Department of Commerce 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.
- 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 right 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, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3. Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.
- (7) **Waiver of Exemplary and Punitive Damages:** The parties do not waive exemplary and punitive damages.
- (8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

VIRGINIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between Scoop Brothers Franchising, LLC, a South Carolina limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

1. **Amendment.** The Agreement is amended such that Franchisor shall defer collection of the initial franchise fees and other initial payments owed by Franchisee until Franchisor meets its pre-opening obligations under the Agreement.

2. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

FDD Item 5, FA Section 4.1

The franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business. The development fee will be prorated and collected as each unit is opened.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

SCOOP BROTHERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State		Effective Date
Illinois		
Indiana		
Maryland		
Michigan		November 25, 2025
Minnesota		
New York		
Rhode Island		
Virginia		
Washington		
Wisconsin		

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Scoop Brothers Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Scoop Brothers Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

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

- Alex Blair, Michael McCallister, Daniel Sturgis, 14301 South Lakes Drive, Charlotte, NC 28273, (704) 604-0370
- BrandOne, Jason Barclay, Michael Mudd, David Schaefers, Devin Schaefers, Brandon Nielson, 15716 Eagleview Dr, Charlotte, NC 28278, (704) 577-5302
- Other: _____

Issuance Date: April 29, 2026

I received a disclosure document dated indicated above that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- D. Financial Statements
- E. Operating Manual Table of Contents
- F. Current and Former Franchisees
- G. State Addenda to Disclosure Document
- H. State Addenda to Franchise Agreement

Signature: _____
 Print Name: _____
 Date Received: _____

Keep This Copy For Your Records

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- H. State Addenda to Franchise Agreement

Signature: _____

Print Name: _____

Date Received: _____

**Return this copy to us.
Scoop Brothers Franchising, LLC
14301 South Lakes Drive
Charlotte, NC 28273**