

FRANCHISE DISCLOSURE DOCUMENT



ZIGGI'S COFFEE FRANCHISE, LLC
(a Colorado limited liability company)

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Ziggi's Coffee Franchise, LLC is offering franchises for the operation of retail coffee shops that sell gourmet specialty coffee, espresso, tea, fruit smoothies, fresh sandwiches and wraps, and other food and drink items, plus packaged coffee and coffee-related merchandise.

The total investment necessary to begin operation of one ZIGGI'S Coffee Shop Drive Thru franchise ranges from \$526,500 to \$1,684,500. The total investment necessary to begin operation of one freestanding ZIGGI'S Coffee Shop Café with Drive Thru franchise ranges from \$595,000 to \$2,018,000. The total investment necessary to begin operation of one endcap ZIGGI'S Coffee Shop Café with Drive Thru franchise ranges from \$557,000 to \$1,073,000. These include between \$52,000 and \$53,000 that must be paid to the franchisor or its affiliates. The franchisor may offer to qualified candidates the right to acquire a 3-Pak or 9-Pak to open three or nine ZIGGI'S Coffee Shops. The total investment noted above will apply to each type of ZIGGI'S Coffee Shop, but the franchisee will pay an additional \$50,000 at the time of the signing of the Franchise Agreements for a 3-Pak, or an additional \$185,000 at the time of the signing of the Franchise Agreements for a 9-Pak, which amount, in both cases, is paid to the franchisor.

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

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

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

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

Issuance Date: March 29, 2024

FOR USE IN: AL, AK, AZ, AR, CO, CT, DE, DC, GA, FL, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, VT, WV, WI, WY, and U.S. TERRITORIES.

NOT FOR USE IN : CA, HI, MD, or WA

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 Attachments H and I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Attachment J 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 ZIGGI'S 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 ZIGGI'S franchisee?	Item 20 or Attachments H and I 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 Attachment K.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Colorado than in your own state.
2. **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.
3. **Inventory Control.** You must maintain at least \$7,500 of inventory of different coffees, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
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.

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.

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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 protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions 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 five 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 six 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. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed franchisee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

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

Any questions regarding the notice should be directed to:

State of Michigan
Department of Attorney General
Franchise Section - Consumer Protection Division
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

The Franchisor, Predecessors, Affiliates and Parent

The name of the franchisor is Ziggi's Coffee Franchise, LLC. For ease of reference, Ziggi's Coffee Franchise, LLC will be referred to as "**we**" or "**us**" in this Disclosure Document. We will refer to the person who buys the franchise as "**you**" throughout this Disclosure Document. If the franchisee is a corporation, partnership or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners and will be noted in this Disclosure Document.

We were formed on April 12, 2016 as a Colorado limited liability company. We presently do business under the name "Ziggi's Coffee Franchise, LLC" and no other name. We offer and sell franchises that operate under the name "Ziggi's Coffee," and have done so since May 19, 2016. Our principal offices are located at 241 Welker Avenue, Mead, Colorado 80542. Our agents for service of process are listed on Attachment K.

We are owned in part by Round Ball Ventures LLC, a Colorado limited liability company formed on May 6, 2016 ("**RBV**"), and Crux Investments LLC, a Colorado limited liability company formed on June 2, 2010 ("**CI**"). RBV's principal place of business is the same as ours. CI's principal place of business is 1751 East 58th Avenue, Unit B-3, Denver, Colorado 80216. RBV and CI may be deemed parent companies of ours.

We acquired many of the techniques and other assets comprised in the Licensed Methods as defined below from BEC Longmont, Inc. ("**BEC**"), a Colorado corporation incorporated on August 11, 2004. BEC has operated coffee retail businesses since August 2004 which led to the development of our Licensed Methods, as defined below. BEC also owned, and through a series of transfer steps, assigned to us the Marks, as defined below. BEC may be deemed a predecessor and an affiliate of ours. BEC's principal place of business is the same as ours. We have no other predecessors.

We have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

Our Business

We franchise the operation of specialty coffee shops ("**ZIGGI'S Coffee Shops**" or "**Coffee Shops**") that sell gourmet specialty coffee, espresso, tea, fruit smoothies, fresh sandwiches and wraps, and other food and drink items, plus packaged coffee and coffee-related merchandise. We work with socially responsible local sources to offer a menu of great-tasting items made from the freshest ingredients. A ZIGGI'S Coffee Shop has a standardized drink and food menu, which offers a wide variety of flavor options compared to most competing brands.

The Franchise

A franchise agreement ("**Franchise Agreement**"), which is attached as Attachment A to this Disclosure Document, is signed for each ZIGGI'S Coffee Shop purchased. You are licensed to use the trade name and service mark "ZIGGI'S COFFEE®" and related trademarks, service marks, logos and designs ("**Marks**") and our distinctive business format, systems, methods, procedures, designs, layouts and specifications ("**Licensed Methods**") in conjunction with the operation of a ZIGGI'S Coffee Shop at a location approved by us and identified in the Franchise Agreement ("**Shop Location**").

We offer two types of ZIGGI'S Coffee Shops through this Disclosure Document. One is a drive through model serving only drive-through customers from a freestanding building of approximately 500 to 865 square feet with no customer seating (a "**Drive Thru**"). We also offer a café with drive thru model (a "**Café with Drive Thru**"). A Café with Drive Thru may be in a freestanding building or located at an end cap space in a strip mall or other suitable facility. It serves walk-in customers in a larger premises of approximately 1,500 to 2,000 square feet with an interior service counter and customer seating, typically designed to seat approximately 30 to 40 customers, as well as being able to serve customers through a drive through window. The interior décor of a Café with Drive Thru is intended to create a relaxing, diverse atmosphere, with an emphasis on local art. Any references in this Disclosure Document to a ZIGGI'S Coffee Shop or Coffee Shop refer to a Drive Thru and a Café with Drive Thru outlet and the terms of this Disclosure Document apply equally to each type, unless otherwise specifically noted. See Item 7 for additional information on each of these Coffee Shop designs and the different investment involved. We must approve the location for your Coffee Shop in advance.

In the past, we have offered a model consisting of a café serving walk-in customers only that does not have a drive thru feature, but we are no longer offering that model.

We also offer to select candidates the right to acquire and operate multiple ZIGGI'S Coffee Shops. We offer two programs, one to open and operate three ZIGGI'S Coffee Shops (referred to in this Disclosure Document as a "**3-Pak**") and one to open and operate nine ZIGGI'S Coffee Shops (referred to in this Disclosure Document as a "**9-Pak**"). If you are offered the right to acquire a 3-Pak or a 9-Pak, you will sign three or nine, as the case may be, Franchise Agreements at the same time, with each agreement designating a date for that Coffee Shop to commence business.

Regulations

You must comply with all local, state and federal health and sanitation laws relating to food handling and the sale of food and drinks. Otherwise, we are not aware of any regulations specific to the operation of a ZIGGI'S Coffee Shop. You should also familiarize yourself with other federal, state or local laws of a more general nature which affect the operation of your Coffee Shop, including but not limited to Occupational Safety and Health Act Regulations, employment laws, workers compensation laws, specific Americans' With Disabilities Act requirements, corporate and taxation laws, specific minimum wage and age requirements, and codes related to construction, facilities and equipment. You should consult with your attorney regarding state and local laws and regulations that may affect the operation of your Coffee Shop at your particular location. It will be your responsibility to become knowledgeable of, and comply with, all applicable laws and regulations.

Market and Competition

The market for coffee and coffee drinks is well established and highly competitive. Specialty coffee stores have become increasingly recognized and popular in the United States. The popularity of this market segment has led to significant competition. In addition to the massive market penetration of Starbucks, you will encounter competition from national as well as regional coffee store chains, operating under well-known and recognizable service marks, as well as with independent coffee shops and other businesses which offer coffee. Finally, grocery store chains, carts, kiosks and the general retailing of coffee and espresso machines makes the drinks of the type sold in a ZIGGI'S Coffee Shop readily available to the consumer. You may even experience competition from other ZIGGI'S Coffee Shops within the same market area as your Coffee Shop and other venues selling ZIGGI'S coffee products. Sales by ZIGGI'S Coffee Shops typically are not seasonal, but remain relatively stable throughout the year.

Business Experience

Our principals have over 50 years combined experience in the coffee retail and wholesale business. Our affiliate BEC has operated coffee retail businesses since August 2004, and currently operates a Drive Thru model and two café model Coffee Shops under the “ZIGGI’S COFFEE” name in Colorado. Three other companies affiliated to us by common ownership also operate coffee retail businesses under the “ZIGGI’S COFFEE” name in Colorado. Ziggi Ventures, LLC (“**Ziggi Ventures**”) started business in February 2012 and currently operates three Drive Thru model Coffee Shops, Ziggi’s Colorado Mills, Inc. (“**Ziggi’s CM**”) started business in July 2014 and currently operates a mall location, and Ziggi’s Belle Creek, LLC (“**Ziggi’s BC**”) started business in August 2014 and currently operates a Café with Drive Thru model Coffee Shop.

We do not operate businesses of the type being offered under this Disclosure Document, although as noted above, we have affiliated companies that do operate ZIGGI’S Coffee Shops of the type being offered under this disclosure Document. We do not engage in any other business activities other than serving as the franchisor for the ZIGGI’S Coffee system. Except as described above, none of our predecessors, affiliates or parents have conducted business or offered franchises in this or any other line of business.

ITEM 2

BUSINESS EXPERIENCE

Brandon Knudsen – Manager and President

Brandon Knudsen has been one of our Managers and our President since our inception in April 2016. He also has been the President, a Manager or director, and a co-owner of our affiliates BEC, Ziggi Ventures, Ziggi’s CM, and Ziggi’s BC, and of our parent, RBV, since their respective inceptions. He has also served as a Manager of 4th & Main, LLC (“**4th and Main**”), located in Mead, Colorado, since its inception in November 2020. Mr. Knudsen has operated various types of coffee shops since 2003.

Camrin Knudsen – Chief Operating Officer

Camrin Knudsen has served as our Chief Operating Officer since June 2018. She has been employed by us since our inception, serving in several capacities before becoming our COO. Beginning in 2004, she has served as Vice President of our operating entities, BEC, Ziggi Ventures, Ziggi’s CM, and Ziggi’s BC, positions she has held since the inception of each of them.

Dani Wanner – Vice President of Operations

Dani Wanner has been employed by us since January 2018, first as our Director of Training and Product Development, and since September 2018, as our Vice President of Operations. From January 2009 through June 2018, she was the General Manager of our affiliate and predecessor, BEC.

Justin Livingston – Vice President of Franchise Development

Justin Livingston, through his company, Franchise Transformations, LLC, has been our Vice President of Franchise Development since January 2023. He owns and is the President of Franchise Transformations, LLC since September 2013, located in Superior, Colorado. Through his company, he also served as Vice President of Franchise Development of OCG Inc, from February 2019 through

October 2022, and Unity Rd. from February 2019 through November 2023. In addition to serving as our Vice President of Franchise Development, he also currently serves as the Vice President of Franchise Development of Ugly Inc. located Poughkeepsie, New York since October 2014. Mr. Livingston is also a franchisee owner of a Coyote Ugly restaurant/bar located in London, England and a ZIGGI's Coffee Shop located in Broomfield, Colorado.

Jeffrey M. Deese – Director of Corporate Operations

Jeffrey Deese has been our Director of Corporate Operations since March 2020. From March 2017 to March 2020, Mr. Deese served as an independent advisor and consultant to us.

Kathryn Bleeker – Director of Marketing

Kathryn Bleeker has served as our Director of Marketing since June 2018. From November 2015 through June 2018, she served in the same position for all of our affiliated companies, BEC, Ziggi Ventures, Ziggi's CM, and Ziggi's BC.

Andrew J. Linke – Director of Strategy and Creative

Andrew Linke has served as our Director of Strategy and Creative since January 2023. Previously, from November 2021 to January 2023, he served as our Design Lead. Since May 2016, he has also been the owner of Andy Linke Design & Illustration LLC located in Brighton, Colorado.

Daniel K. LeBeck – Director of Franchise Training

Danny LeBeck has served as our Director of Franchise Training since December 2023. He worked for Nike, Inc. since February 2018 in different positions, with the most recent position being Store manager for a Nike store located in Boulder, Colorado from March 2021 to December 2023.

Mr. Livingston is located in Superior, Colorado. All the rest of our other officers listed in this Item 2 operate out of our offices in Mead, Colorado.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fees

You must pay an initial franchise fee of \$40,000 for the Franchise Agreement that you sign for one ZIGGI'S Coffee Shop franchise, which applies regardless of whether you are acquiring rights to a Drive Thru or a Café with Drive Thru (the “**Initial Franchise Fee**”). You pay the Initial Franchise Fee in a lump sum on the date that you sign the Franchise Agreement.

If you are offered the right to acquire a 3-Pak, the Initial Franchise Fee is \$30,000 per franchise, for a total of \$90,000. You must sign a separate Franchise Agreement for each ZIGGI'S Coffee Shop you will operate, which all will be signed on the same date, and pay the Initial Franchise Fee for all three franchises in a lump sum on the date that you sign the Franchise Agreements.

If you are offered the right to acquire a 9-Pak, the Initial Franchise Fee is \$25,000 per franchise, for a total of \$225,000. You must sign a separate Franchise Agreement for each ZIGGI'S Coffee Shop you will operate, which all will be signed on the same date, and pay the Initial Franchise Fee for all nine franchises in a lump sum on the date that you sign the Franchise Agreements.

Launch Fee

You must also pay us a launch fee of \$10,000 (the “**Launch Fee**”) at the time of signing your Franchise Agreement. If you acquire a 3-Pak or 9-Pak, the Launch Fee for the second and subsequent franchise is due 10 days after you sign a lease or purchase agreement for the applicable Shop Location. The Launch Fee is paid for our oversight assistance in your pre-opening obligations related to your Shop Location, including working with your architects and contractors for the build-out of the Shop Location. The Launch Fee is not your grand opening marketing spend that is noted in Item 7 of this Disclosure Document.

Supply Purchases

Before opening each ZIGGI'S Coffee Shop, you also pay us for your initial supply of shirts, aprons, caps, gift cards, loyalty cards, and related apparel and other items. The purchase price for these initial supplies ranges from \$2,000 to \$3,000.

We do not offer financing for any portion of the initial fees or payments in this Item 5. Each of these initial fees and payments must be paid in full when you sign the applicable agreement. We fully earn the Initial Franchise Fee, the Launch Fee, and other payments when paid. They are not refundable under any circumstances.

Except as described in this Item 5, all franchisees currently pay the same applicable initial fees.

ITEM 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty ¹	6% of your actual Gross Sales ²	Payable weekly on Monday based on the prior week's Gross Sales	
Marketing and Technology Fee ¹	1% of your actual Gross Sales ²	Payable weekly with the Royalty based on the prior week's Gross Sales	We may reallocate all or a portion of this fee to a Regional Advertising Program if one is established in your region.
Product and Supply Purchases ¹	Current published prices	Payable on invoicing or as otherwise described in the Operations Manual	We charge you for the products and supplies you purchase from us or our affiliates. You are also responsible for all taxes and shipping costs incurred by us in selling and shipping items to you. If you fail to pay any amounts owed to us or our affiliates on time, you must pay interest, and penalties, and all future items purchased will be on a COD basis. We can discontinue providing products and other items to you if you are in default to us.
Local Advertising Expenditure ⁴	Currently none, but we may require you to spend at least 1% of your Gross Sales on local advertising in the future	As incurred	We have the right to direct all or a portion of the local advertising expenditure to be paid to a Regional Advertising program for the benefit of the Coffee Shops within your particular region.
Regional Advertising Fee ¹	Currently none, but we may establish requirements in the future which will limit the amount of the fees the regional advertising cooperative may impose to no more than 1% of Gross Sales without our consent	To be Determined	As of the date of this Disclosure Document, we do not have any designated Regional Advertising Programs. If we create a program that includes your area, it may replace some or all of the Marketing and Technology Fee or required local advertising expenditure, as we designate. Each franchised, company-owned, and affiliate-owned Coffee Shop in the defined region will be entitled to one vote on all matters that are subject to a vote by the members of the Regional Advertising program.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
POS System Support and Maintenance Charge ⁴	As determined by the POS provider; currently between \$105 and \$220 per month depending on the plan you choose	As incurred	Payable to a designated third-party supplier for on-going support and maintenance of your POS System. These fees may be changed by the third party vendor. Also, we may change the required POS System, in which case these fees may change.
Loyalty Program Fee ⁴	Currently \$149/month platform fee plus \$0.03 per transaction	As incurred	This fee is paid directly to our supplier of our Loyalty program platform, LevelUp. There is also a one-time \$150 setup fee.
Additional Meeting Fee ^{1,3}	Will vary, but not to exceed \$750 per attendee per meeting	As incurred	If we request, you must attend up to two Additional Meetings each year. We may prorate the costs of these meetings among all attendees, and charge you 125% of those costs if you do not attend. See Item 11.
Costs of Inspection and Audit ¹	Cost of audit, underpayment amount, late payment charges and interest. Varies according to your location If you commit an Act of Deception ⁵ , \$25,000	Immediately on receipt of our notice to you of any underpayment Payable in advance	These costs are payable only if you understate your Gross Sales by more than 2%, do not submit reports to us or do not cooperate in performance of inspection and audit. If you commit an Act of Deception, you must pay us \$25,000 immediately upon notice from us to cover the cost of the audit.
Transfer Fee ¹	\$8,000	Before the transfer	Payable when your interest in the Franchise Agreement, a material portion of your Coffee Shop's assets, or an interest in you is transferred.
Successor Franchise (Renewal) Fee ¹	40% of the then-current Initial Franchise Fee	When you exercise your right to obtain a successor franchise and sign the then current Franchise Agreement	Payable when you exercise your right to obtain a successor franchise.
Testing Fee ¹	Cost of testing	As incurred	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee ¹	25% of the then-current Initial Franchise Fee	Before you move your Coffee Shop	Payable if you move your Coffee Shop from one location to another.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Site Acquisition Extension Fee ¹	\$500 for each of up to four 90-day extensions	At least 5 days before the date that you are required to sign a lease or purchase an approved location for your Coffee Shop	Payable if you do not sign a lease or otherwise acquire an approved location for your Coffee Shop within six months and you wish to extend the amount of time you have to acquire an approved site.
Management Fee ¹	5% of Gross Sales ² plus our direct out-of-pocket costs and expenses	As incurred	Due if we manage your ZIGGI'S Coffee Shop after your default or abandonment.
Insurance Premiums ⁴	Will vary depending on your location and insurer	As incurred	If you do not pay your premiums, we can pay them for you and you must reimburse us.
Purchase of advertising and promotional materials ¹	Will vary depending on item obtained	As incurred	We may require you to pay us the costs for any advertising and promotional materials we develop and make available to you.
Renovation Costs ⁴	Will vary depending on the extent of your renovation	As incurred	You will need to renovate, refurbish, remodel or replace the real and personal property and equipment used in the operation of your the Coffee Shop in order to comply with the image, standards of operation and performance capability established by us.
Unapproved Products ¹	Gross Sales resulting from sale of unapproved products	As incurred	Payable only if you sell products we have not pre-approved.
Interest and Late Payment Charges ¹	Lesser of 1½% per month or highest rate of interest allowed by law, plus a \$50 late filing charge	Upon demand	Begins to accrue the day after payments are due for Royalties, product purchases, Marketing and Technology Fees, or any other amounts payable to us or our affiliates.
Early Termination Fee ¹	\$25,000	As incurred	Following the fourth anniversary of when you commence operations, you may terminate your Franchise Agreement without cause by paying this fee to us and abiding by the other conditions upon the termination or expiration of the Franchise Agreement. This fee must be paid in advance of the termination. You do not have the option to terminate your Franchise Agreement without cause during the first four years.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Insufficient Funds Fee ¹	\$50 per violation	As incurred	Payable any time you bounce a check to us or your bank account does not have sufficient funds to cover any direct debits that we submit to your bank.
Additional Training, Assistance & Refresher Training ^{1,3}	Then current published rate (currently \$500 for classroom training and \$1,000 for on-the-job training, not including travel and lodging expenses)	As incurred	We provide an initial training program for up to two persons at no charge.
Taxes ¹	Will vary under circumstances	As incurred	You must reimburse us for any sales, use, personal property or similar taxes required to be collected based on any services or goods we provide or fees or other amounts due to us.
Damages ¹	Will vary under circumstances	As incurred	If you default under the Franchise Agreement, you will owe us our damages, including an amount equal to the average weekly amount of the Royalty that you paid to us over the 52 weeks immediately preceding the termination multiplied by the number of weeks from the date of termination until the earlier of (i) three years following the date of termination, or (ii) the expiration date that would apply to the Franchise Agreement had it not been terminated.
Costs and Attorneys Fees ¹	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement, or if you fail to prevail in litigation or arbitration against us related to the Franchise Agreement.
Indemnification ¹	Will vary depending on nature of the claim against us	As incurred	You have to reimburse us if we are held liable for claims resulting from your ZIGGI'S Coffee Shop.

¹ Except as otherwise noted, fees are uniformly imposed and collected by and payable to us or our affiliates. No fees or other amounts payable to us or our affiliates are refundable. We may require you to pay fees by a certain specific method in the future. In particular, in our discretion we may require payment by automated clearing house or other automatic electronic funds transfer, in which case you must sign and deliver to us and your bank all documents needed to permit us to debit your bank account for each day's Royalty and Marketing and Technology Fees, and all other payments due to us or our affiliates under the Franchise Agreement or otherwise. If you change your account or transfer your account to a different bank, you must notify us within

one day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three days.

² “**Gross Sales**” are defined as sales of any kind for all services or products purchased from or through your ZIGGI’S Coffee Shop, including sales made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, regardless of whether sales are conducted in compliance with or in violation of the terms of the Franchise Agreement, and regardless of whether sales occur at the site of your Coffee Shop or off-site, but excluding discounts, sales taxes, or other similar taxes and credits. “Gross Sales” includes sales recorded upon the redemption of gift certificates, gift cards, and other prepaid cards, but does not include revenues from the sales of ZIGGI’S gift certificates, customer loyalty cards, gift cards and other prepaid cards, although we reserve the right to modify how Gross Sales are recorded as they relate to gift certificates, gift cards, and other prepaid cards upon 30 days’ notice to you. “Gross Sales” also includes the fair market value of any services or products you receive in barter or exchange for your products and services.

³ You will also pay any expenses associated with travel, meals, and lodging while you attend training sessions and meetings. All of these expenses are paid to third parties.

⁴ Fees that are not paid to us but may not be refundable.

⁵ “Act of Deception” includes when a franchisee (i) fails to pay or report to us any sales pursuant to the terms established under the Franchise Agreement, (ii) underpays any amounts owed to us, including amounts discovered in an audit of the franchisee’s books and records; or (iii) provides reports to us that are incomplete, inaccurate or misleading in any respect, and the breach remains uncured for 15 days or more after notice of default has been given.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Drive Thru) (See Note 1)

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Initial Franchise Fee (See Note 2)	\$40,000	\$40,000	Lump Sum	At signing of Franchise Agreement	Us
Launch Fee (See Note 2)	\$10,000	\$10,000	Lump Sum	See Item 5	Us
Drive Thru Building (See Note 3)	\$-0-	\$500,000	As arranged	Before Opening	Other Suppliers
Site Work (See Note 3)	\$-0-	\$500,000	As arranged	Before Opening	Other Suppliers

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Architecture/Engineering (See Note 3)	\$55,000	\$90,000	As arranged	Before Opening	Other Suppliers
Fees/Permits, (incl. water) (See Note 3)	\$-0-	\$50,500	As arranged	Before Opening	Government Entities, Other Suppliers
Initial Equipment Package (incl. POS System) (See Note 5)	\$300,000	\$350,000	Lump Sum	Before Opening	Other Suppliers
Misc., Smallwares, Etc. (See Note 5)	\$7,500	\$8,000	As arranged	Before Opening	Other Suppliers
Sign Package (See Note 6)	\$45,000	\$55,000	As arranged	As incurred	Other Suppliers
Initial Inventory (See Note 7)	\$25,000	\$25,000	Lump Sum	As incurred	Other Suppliers
Initial supply of apparel, gift cards, and loyalty cards (See Note 7)	\$2,000	\$3,000	Lump Sum	When Ordered	Us
Grand Opening (See Note 8)	\$10,000	\$10,000	As arranged	As incurred	Other Suppliers
Utility Deposits, Business Licenses, Etc. (See Note 9)	\$500	\$1,000	As arranged	Before Opening	Government Entities, Other Suppliers
Training Expenses (See Note 10)	\$3,500	\$5,000	As arranged	As incurred	Other Suppliers
Professional Fees (See Note 11)	\$1,000	\$3,000	As arranged	As incurred	Other Suppliers
Insurance (See Note 12)	\$2,000	\$4,000	As arranged	As incurred	Other Suppliers
Additional Funds - 3 months (See Note 13)	\$25,000	\$30,000	As arranged	As incurred	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 14)	\$526,500	\$1,684,500			

YOUR ESTIMATED INITIAL INVESTMENT
(Freestanding Café with Drive Thru)
(See Note 1)

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Initial Franchise Fee (See Note 2)	\$40,000	\$40,000	Lump Sum	At signing of Franchise Agreement	Us
Launch Fee (See Note 2)	\$10,000	\$10,000	Lump Sum	See Item 5	Us
Café with Drive Thru Building (See Note 3)	\$-0-	\$500,000	As Arranged	Before Opening	Other Suppliers
Site Work (See note 3)	\$-0-	\$500,000	As Arranged	Before Opening	Other Suppliers
Tenant Improvements (See Note 3)	\$-0-	\$300,000	As arranged	Before Opening	Other Suppliers
Architecture/Engineering (See Note 3)	\$55,000	\$90,000	As arranged	Before Opening	Other Suppliers
Fees/Permits (incl. water) (See Note 3)	\$-0-	\$15,000	As arranged	Before Opening	Government Entities, Other Suppliers
Initial Equipment Package (incl. POS System) (See Note 5)	\$375,000	\$425,000	Lump Sum	Before Opening	Other Suppliers
Misc., Smallwares, Etc. (See Note 5)	\$11,000	\$12,000	As arranged	Before Opening	Other Suppliers
Sign Package (See Note 6)	\$35,000	\$45,000	As arranged	As incurred	Other Suppliers
Initial Inventory (See Note 7)	\$25,000	\$25,000	Lump Sum	As incurred	Other Suppliers
Initial supply of apparel, gift cards, and loyalty cards (See Note 7)	\$2,000	\$3,000	Lump Sum	When Ordered	Us
Grand Opening (See Note 8)	\$10,000	\$10,000	As arranged	As incurred	Other Suppliers

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Utility Deposits, Business Licenses, Etc. (See Note 9)	\$500	\$1,000	As arranged	Before Opening	Government Entities, Other Suppliers
Training Expenses (See Note 10)	\$3,500	\$5,000	As arranged	As incurred	Other Suppliers
Professional Fees (See Note 11)	\$1,000	\$3,000	As arranged	As incurred	Other Suppliers
Insurance (See Note 12)	\$2,000	\$4,000	As arranged	As incurred	Other Suppliers
Additional Funds - 3 months (See Note 13)	\$25,000	\$30,000	As arranged	As incurred	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 14)	\$595,000	\$2,018,000			

YOUR ESTIMATED INITIAL INVESTMENT
(Endcap Café with Drive Thru)
(See Note 1)

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Initial Franchise Fee (See Note 2)	\$40,000	\$40,000	Lump Sum	At signing of Franchise Agreement	Us
Launch Fee (See Note 2)	\$10,000	\$10,000	Lump Sum	See Item 5	Us
Tenant Improvements (See Note 3)	\$-0-	\$400,000	As arranged	Before Opening	Other Suppliers
Architecture/Engineering (See Note 3)	\$12,000	\$30,000	As arranged	Before Opening	Other Suppliers
Fees/Permits (incl. water) (See Note 3)	\$-0-	\$15,000	As arranged	Before Opening	Government Entities, Other Suppliers
Security Deposit and Rent (See Note 4)	\$5,000	\$15,000	Lump Sum	Signing of Lease and Monthly	Landlord

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Initial Equipment Package (incl. POS System) (See Note 5)	\$375,000	\$425,000	Lump Sum	Before Opening	Other Suppliers
Misc., Smallwares, Etc. (See Note 5)	\$11,000	\$12,000	As arranged	Before Opening	Other Suppliers
Sign Package (See Note 6)	\$35,000	\$45,000	As arranged	As incurred	Other Suppliers
Initial Inventory (See Note 7)	\$25,000	\$25,000	Lump Sum	As incurred	Other Suppliers
Initial supply of apparel, gift cards, and loyalty cards (See Note 7)	\$2,000	\$3,000	Lump Sum	When Ordered	Us
Grand Opening (See Note 8)	\$10,000	\$10,000	As arranged	As incurred	Other Suppliers
Utility Deposits, Business Licenses, Etc. (See Note 9)	\$500	\$1,000	As arranged	Before Opening	Government Entities, Other Suppliers
Training Expenses (See Note 10)	\$3,500	\$5,000	As arranged	As incurred	Other Suppliers
Professional Fees (See Note 11)	\$1,000	\$3,000	As arranged	As incurred	Other Suppliers
Insurance (See Note 12)	\$2,000	\$4,000	As arranged	As incurred	Other Suppliers
Additional Funds - 3 months (See Note 13)	\$25,000	\$30,000	As arranged	As incurred	Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 14)	\$557,000	\$1,073,000			

YOUR ESTIMATED INITIAL INVESTMENT

(3-Pak)

(See Note 1)

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Additional Initial Franchise Fee (See Note 2)	\$50,000	\$50,000	Lump Sum	At signing of Franchise Agreements	Us

YOUR ESTIMATED INITIAL INVESTMENT

(9-Pak)

(See Note 1)

Column 1 Type of Expenditure	Column 2		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is Made
	Amount (Low)	Amount (High)			
Additional Initial Franchise Fee (See Note 2)	\$185,000	\$185,000	Lump Sum	At signing of Franchise Agreements	Us

Unless otherwise indicated in this document, all items payable to us are non-refundable. Items payable to third parties may or may not be refundable depending on your arrangement with that third party.

Explanatory Notes

Note 1: Type of Coffee Shop. There are two types of ZIGGI'S Coffee Shop that you may purchase: a Drive Thru or a Café with Drive Thru, which may be either in a free-standing building or as an end-cap in a strip mall or other suitable facility. Your initial investment will vary depending on which type of Coffee Shop you acquire. The first three tables are based on you acquiring one ZIGGI'S Coffee Shop.

You may also acquire rights to develop three Coffee Shops, called a 3-Pak. The next to last table shows the additional initial franchise fee you will pay if you acquire the rights to a 3-Pak. In that event, you will sign three Franchise Agreements at the same time. The next to last table does not include the other initial investment to open each of the Coffee Shops under each Franchise Agreement. The initial investment for opening your first ZIGGI'S Coffee Shop in a 3-Pak is described separately in the other three tables of this Item 7 depending on the type of Coffee Shop you will acquire and open.

You may also acquire rights to develop nine Coffee Shops, called a 9-Pak. The last table shows the additional initial franchise fee you will pay if you acquire the rights to a 9-Pak. In that event, you will sign nine Franchise Agreements at the same time. The last table does not include the other initial

investment to open each of the Coffee Shops under each Franchise Agreement. The initial investment for opening your first ZIGGI'S Coffee Shop in a 9-Pak is described separately in the other three tables of this Item 7 depending on the type of Coffee Shop you will acquire and open.

Note 2: Initial Franchise Fee and Launch Fee. The Initial Franchise Fee for one ZIGGI'S Coffee Shop franchise is \$40,000. If you acquire a 3-Pak to develop three Coffee Shops, the Initial Franchise Fee is \$30,000 per franchise for a total of \$90,000, or an additional \$50,000, which is due when you sign the Franchise Agreements. If you acquire a 9-Pak to develop nine Coffee Shops, the Initial Franchise Fee is \$25,000 per franchise for a total of \$225,000, or an additional \$185,000, which is due when you sign the Franchise Agreements. You also will pay a Launch Fee of \$10,000 for each franchise you acquire. You pay the Launch Fee at the time of signing your Franchise Agreement, except that if you acquire a 3-Pak or a 9-Pak, the Launch Fee for the second and subsequent franchise is due 10 days after you sign a lease or purchase agreement for the applicable Shop Location.

Note 3: Drive Thru Building Buildout; Site Work; Leasehold Improvements; Architecture/Engineering; and Fees/Permits. You must construct or renovate the Shop Location for your Coffee Shop to meet our standards and specifications. If you acquire a Drive Thru Coffee Shop or a freestanding Café with Drive Thru, you will need to conduct site work and construct your Shop Location on an open lot. If you acquire an endcap Café with Drive Thru, you will most likely lease your Shop Location in a strip mall, outdoor walking mall or other similar shopping area location, and will need to do lease improvements for your Shop Location. In all situations, there will be architecture and engineering design work, and permitting fees. Your actual costs may vary under or over the estimates, depending on the square footage of your space and construction costs in your area. Your costs to improve the Shop Location will depend in large part on whether your space is completely constructed or is the remodel of an existing space. The buildout or leasehold improvements that you will typically make include exterior construction (for a Drive Thru Building), interior remodeling, floor covering, painting, wall covering, HVAC, electrical, plumbing, design, millwork, and various other improvements. These costs may vary significantly from market to market. You will be responsible for these costs. The lower end of these fees contemplates a build-to-suit lease situation where the landlord will pay for these costs and factor them into the lease rate.

Note 4: Lease Deposit and Rent. You must purchase or lease retail space that meets our standards and specifications. For an endcap Café with Drive Thru, in most cases, franchisees rent rather than purchase property. In most cases, the landlord will require a security and last month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance, but generally will depend on the market in the area and the size of the facility. Typically, franchisees receive three or more months of free rent at the beginning of the lease. We are unable to exactly estimate these costs due to the significant variances based on location and market conditions. These estimates for Café with Drive Thru are based on one month's rent for a security deposit and the last month's rent in a 1,700 square foot space in and around Denver, Colorado. The higher number in the table contemplates a built-to-suit lease where the Landlord pays the Drive Thru buildout costs, site work, leasehold improvements, architecture and engineering costs, and fees and permits, and factors those costs into the rent payments, but also gives you three or more free months' rent. This table assumes you will rent. If you purchase the property, your initial expenses will dramatically increase.

Note 5: Furnishings, Equipment, Computer Equipment, Fixtures, Smallwares, Uniforms. You must purchase an initial equipment package from our designated suppliers containing certain materials necessary to operate your ZIGGI'S Coffee Shop. In addition, you must purchase furnishings, which will include brand mural and other interior décor items, additional equipment, computer equipment, fixtures, smallwares, and uniforms from third party approved suppliers. These items include the estimated costs to purchase the computerized POS System (as defined in Item 11) that we require

loaded with software customized for ZIGGI'S Coffee Shops and other required back office equipment, including telephone system, photocopier, and fax machine.

Note 6: Signage Package. This estimate includes costs to purchase both exterior and interior signs for your Coffee Shop, including drive through signage.

Note 7: Opening Inventory. You must pay us between \$2,000 and \$3,000 to purchase an initial opening supply of shirts, aprons, caps, gift cards, loyalty cards, and other apparel and items. You will also need to purchase an initial inventory of coffee, espresso, tea, smoothie mix, branded items, milk, sandwiches, and wraps from third party suppliers.

Note 8: Grand Opening Marketing. You will spend \$10,000 on the grand opening marketing for your Coffee Shop before the opening and during the first three months of operation. You pay this to a third party supplier. We assist you in developing your grand opening program. This spend includes marketing pieces and advertising related to the grand opening including print ads, door hangers, and giveaways, including the costs directly associated with free giveaways. Any advertising you wish to use must first be approved by us. Your grand opening marketing spend is different from the Launch Fee you pay directly to us and noted in Item 5 of this Disclosure Document and Note 2 above.

Note 9: Utility Deposits, Business Licenses, Etc. You must pay any utility deposits, and to obtain any business licenses and other permits, licenses, and deposits in order to operate from your Shop Location.

Note 10: Training Expenses. We do not charge for our initial classroom owner training program for up to two persons, or for our initial on-the-job manager training for two persons. However, you will be required to pay for transportation for your representatives to and from our training site and pay for their living arrangements, food, and other miscellaneous expenses during the time of training for each person attending your training. This estimate includes those expenses, as well as the anticipated salary for your Designated Manager, as defined in Item 11, during our initial training program. Further, you will have expenses involved in training your own employees, including the wages you will be required to pay your employees during your training. This estimate also includes those expenses.

Note 11: Professional Fees. It is advised that you consult with an accountant and attorney of your choosing regarding acquiring and operating your ZIGGI'S Coffee Shop.

Note 12: Insurance. You must carry, at a minimum, general liability, product liability, automotive insurance, personal property insurance, and worker's compensation insurance. Insurance varies by state and region. We recommend that a franchisee maintain employee theft insurance as well. No estimate is given for the cost of that insurance. You should consult an attorney or insurance advisor for recommended coverage. We may recommend a set package and require you acquire your insurance from an approved supplier in the future. See Item 8 for a more detailed discussion of the insurance requirements.

Note 13: Additional Funds. This estimates your pre-operational expenses, which we have not listed above, as well as additional funds necessary for the first three months of your Coffee Shop operations. These figures are estimates and we cannot guaranty that you will not have additional expenses starting the business. Your costs depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as: advertising and promotional expenses and materials; employee

salaries; and other miscellaneous costs. However, this item excludes your salary or other amounts payable to you.

Note 14: Basis for Estimates; Financing. We relied on the more than 50 years of combined experience of our principals in the coffee industry and over 19 years of experience of our principals in operating similar businesses when preparing these figures. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. We do not offer any financing in connection with your initial investment. The availability and terms of financing from independent third parties depends on factors such as the availability of financing generally, your creditworthiness, other security and collateral you may have and policies of lenders.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

Your ZIGGI'S Coffee Shop must be established and operated in compliance with your Franchise Agreement. It is mandatory that you comply with the standards and specifications contained in an operations manual we provide to you, in the form of one or more manuals, technical bulletins or other written materials ("**Operations Manual**"), which may be made available to you electronically or by other means. The Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of your ZIGGI's Coffee Shop. We provide you with our standards and specifications for the services and products offered at or through your ZIGGI'S Coffee Shop and for the Shop Location, products, fixtures, inventory, inventory mix, ordering and storage procedures, uniforms, supplies, forms, advertising and marketing material and other items used at or sold through your Coffee Shop. We may modify the terms of the Operations Manual at any time, and you must comply with any modifications upon 30 days' notice from us.

Coffee Shop Lease, Design and Build-Out

We will assist you in development of the workflow design and equipment specifications for you to use in designing the layout for the Shop Location. We will also consult with you regarding your final architectural drawings or similar construction documents. You must, at your expense, construct, convert, design, decorate and furnish the Shop Location in accordance with the final plans and specifications we have approved. We require that you submit drawings of the layout and proposed improvements to the Shop Location for our review and approval before those materials are submitted for permitting and construction begins. The approval of a drawing, layout, or other construction document related to the Franchised Location by us does not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location, layout or design of your Shop Location.

We must approve any lease or, if applicable, any purchase agreement for your Coffee Shop before you sign any of these agreements. A signed copy of the lease must be delivered to us within five days after signing.

The primary lease must contain certain provisions granting us certain rights, as your franchisor, including:

- (i) The initial term of the lease, or the initial term together with any successor franchise terms (for which rent must be specified in the lease) must be for at least 10 years;

- (ii) The lease must give the landlord's consent to your use of the Marks and signage which we initially prescribe for the Coffee Shop;
- (iii) We must have the right to enter the premises to make any modification necessary to protect the Marks and the Licensed Methods;
- (iv) We or our designee, without the landlord's approval, must have the option to assume your occupancy rights under the existing lease terms and have the right to assign the lease or sublet the premises, for all or any part of the lease term, if you are in default under the lease or the Franchise Agreement or if the lease or Franchise Agreement is terminated;
- (v) Your lessor must agree to provide us with a notice of default and an opportunity to cure any default; and
- (vi) The lease must contain a use provision which is acceptable to us, including the requirement that only a ZIGGI'S Coffee Shop may be operated on the premises without our prior written consent.

Your lease is then conditionally assigned to us as security for your timely performance of all obligations under the Franchise Agreement. You are responsible for obtaining the landlord's consent to the conditional assignment. A copy of a standard form of Conditional Assignment of Lease is attached to this Disclosure Document as Attachment E.

You must, at your expense, ensure that the Coffee Shop is constructed, converted, designed and decorated, including installing outdoor signage, in accordance with our plans and specifications, through the assistance of contractors, architects and suppliers designated or approved by us. We reserve the right to designate or approve the supplier of architectural drawings.

Our review and approval of the lease or purchase agreement and our review and approval of any architectural drawings, as applicable, is solely for our benefit, to satisfy us that the proposed documents comply with our minimum requirements and that our interests and those of our affiliates are protected. The legal counsel and any other professional advisors we engage to assist with the review will be acting only on our behalf and will not be representing you or your interests in relation to the review and approval. It is important that you review the lease closely and understand all of the terms and conditions before signing it. You may want to have your own attorney review the lease on your behalf at your expense, and we recommend that you do so.

In addition, we reserve the right to designate or approve the real estate broker you use to assist you in site selection and acquisition. We reserve the right to designate or approve the building contractors you use. You must obtain our written consent to any improvements to the Coffee Shop site before construction begins.

POS System and Computer Equipment

You must purchase a designated POS System, which includes the Zebra drink label printer, meeting our specifications. The specific POS System you are required to obtain will depend on your specific needs and the type of ZIGGI'S Coffee Shop you acquire. The POS System operating software currently approved for use in the Coffee Shops as of the date of this Disclosure Document is available from our exclusive designated supplier, which is not an affiliate of ours. You must purchase hardware and software maintenance and update services for the POS System from our designated supplier and maintain them throughout the term of your Franchise Agreement. We may require you to use a new or different POS System and computer equipment in the future, in which case you must convert your POS System and computer equipment. Both models of ZIGGI'S Coffee Shop require a security camera system.

Each of our franchisees must also use cloud-based operations and accounting software that have capabilities meeting our standards and specifications. We reserve the right to develop and license to you proprietary software for which we could derive revenue, although we have not developed any at this time.

Insurance

You must procure, maintain and provide evidence of (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage and premises/operation liability for the Shop Location and its operations with a limit of not less than \$1 million per occurrence and \$2,000,000 in the aggregate, or such greater limit as may be required as part of any lease agreement for the Shop Location and this policy should include medpay coverage; (ii) umbrella commercial excess coverage with a limit of not less than \$1 million; (iii) unemployment and worker's compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; and (iv) all-risk business property insurance covering all equipment, tenant improvements, inventory and other personal property in an amount equal to at least 100 percent of the replacement costs of the contents and tenant improvements located at the ZIGGI'S Coffee Shop, less a reasonable deductible which cannot exceed \$5,000. If you own the real estate and building for your Coffee Shop, you must also obtain replacement cost property insurance on your building, less a reasonable deductible which cannot exceed \$10,000. We reserve the right to require that you obtain and maintain, in addition to all other policies of insurance, employment practices insurance in such amount as we specify. All of the required policies of insurance must name us as an additional insured with waiver of subrogation and must provide for a 30 day advance written notice to us of cancellation. Prior to opening your ZIGGI'S Coffee Shop, and within 15 days after each successor franchise term begins, you must provide us with a certificate of insurance as to the insurance coverage maintained.

Gift Cards

You must participate in our gift card program by offering customers the ability to buy and make purchases with gift cards, using the system we specify (the "**Gift Card System**"). The Gift Card System is designed to work with your POS System. The Gift Card System is currently provided and managed by Vantiv Integrated Payments, an unaffiliated third party supplier. Your ZIGGI'S Coffee Shop must use the designated equipment that is purchased from approved suppliers.

Purchases from Designated or Approved Sources

We require that you purchase all coffee, espresso, tea, smoothie mixes, and all other drink, food, and paper products, including cups and lids, gift cards, and loyalty cards from our designated suppliers. We also require that you purchase all brewing and espresso machines, coffee grinders, blenders and display cases from our designated suppliers. We are currently the only approved supplier of shirts, aprons, caps, certain other apparel, gift cards and loyalty cards, and similar items that you will acquire. We currently have an exclusive third party supplier for the remaining items listed above. You must maintain at least \$7,500 of inventory of different types of coffee designated by us, which minimum level may be changed by us. If you display a pattern of failing to maintain sufficient coffee, we may terminate your Franchise Agreement.

We also currently have exclusive designated third party suppliers for milk, sandwiches, wraps, and pastry items. All other products and related services sold through your Coffee Shop, and all supplies and services used in your Coffee Shop, must meet our standards and specifications and must be purchased from suppliers approved by us in advance. After you pay your Initial Franchise Fee, we give you a list of our approved suppliers, the standards and specifications for products and services to be used, sold or leased by you through your ZIGGI'S Coffee Shop, as well as our criteria for approving a supplier. We

reserve the right to designate exclusive sources of any items used or sold in your ZIGGI'S Coffee Shop, which exclusive sources may be us or our affiliates.

We derive revenue from our sales of Items to our franchisees. In the fiscal year ended December 31, 2023, we derived revenue of \$189,500, or approximately 3.5 percent of our total revenues of \$5,442,589, from franchisee purchases. See our financial statements in Item 21. In the fiscal year ended December 31, 2023, our affiliates did not derive revenues from sales of products or services to our franchisees, but we may have affiliates who do so in the future. We did not derive any revenue from the lease of any products or services to our franchisees in the fiscal year ended December 31, 2023, but we reserve the right to do so in the future.

Our President, Brandon Knudsen own an interest in us and certain of our affiliates. Otherwise, no officer of ours owns any interest in any of our approved suppliers.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, may range from 10 to 20 percent of the total cost of establishing a ZIGGI'S Coffee Shop and approximately 35 to 40 percent of the total cost of operating a ZIGGI'S Coffee Shop after that time.

If you want to purchase or lease any inventory items, products, equipment, supplies, or services we have not approved or through a supplier who we have not previously approved, you must notify us in writing and obtain our approval in advance. The notification should include sufficient specifications, photographs, drawings and other information and samples to determine whether those items or those suppliers meet our specifications. You must reimburse us for the actual cost of any testing and the reasonable cost of investigation to determine whether those items or suppliers meet our specifications. We will advise you within 30 days after we receive all required information and complete any inspection or investigation whether the items or suppliers meet our specifications. We may, in our sole discretion, for any reason whatsoever, elect to withhold approval of the items or suppliers. We currently do not have any published criteria or standards for approving alternative suppliers or any products, equipment, supplies, or services used, offered for sale or leased by franchisees. If we create any published criteria or standards, we reserve the right to change them on 30 days' written notice to all franchisees and applicable approved suppliers. We may revoke our approval of any products, equipment, supplies, services, or suppliers previously approved by written notice to the supplier and each franchisee using that supplier.

We do not provide material benefits, such as renewal or granting additional franchises to you based on your use of designated or approved sources or suppliers.

Advertising and Marketing

You must purchase all advertising, marketing, point-of-purchase materials, posters, signage, menu boards, and other display items from us or an approved supplier that we designate. All marketing and promotion of your ZIGGI'S Coffee Shop must conform to our standards and specifications. You must submit to us samples of all advertising and promotional materials that have not been prepared or previously approved by us. You must pay for the cost of any necessary modifications required to conform the materials to our standards and specifications.

You must use your best efforts to promote and advertise your Coffee Shop and you must participate in all national or special advertising and promotional programs we establish in the manner we direct. You must, at your expense, participate in our Gift Card System, as it may be modified from time to time. See Item 8 above.

Except as prohibited or limited by law or unless we exempt you from a particular promotion, you must, at your sole cost, fully participate in all promotional campaigns, prize contests, special offers, discount programs including deal-of-the-day and crowdsourcing programs, and other programs, whether national, regional, or local in nature, which we prescribe. In addition, at your sole cost, you must honor any coupons, gift certificates, gift cards, discounts, or other authorized promotional offers that we prescribe for the franchise system. In our discretion, we may create and make available to the public a mobile device application for the ZIGGI'S system, which may incorporate these type of promotional programs and offers, which you must participate in and honor at your sole cost. We may impose additional conditions and requirements related to the application when operational.

We require that you purchase all advertising, promotional, and point-of purchase materials from either us or our designated vendor. These purchases are in addition to your Marketing and Technology Fee. We retain the right to develop and control all advertising using our Marks on the Internet. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise. All advertising, promotional, and point-of-purchase materials purchased from us must be paid by automatic transfer as described in Footnote 1 of Item 6, unless we agree to another form of payment.

Purchasing Arrangements

We have no purchasing or distribution cooperatives at the current time, although we may establish pricing programs with certain suppliers based on volumes purchased. Periodically, we may negotiate purchase arrangements with suppliers for the benefit of our franchisees. However, you should not rely on the continued availability of any particular pricing or distribution arrangement, or the availability of any particular product or brand in deciding whether to purchase the franchise.

We have an agreement with the approved supplier for coffee products and certain coffee equipment for our franchisees, which provides that we will receive 8 percent of the amount paid to the supplier by our franchisees for purchases. We reserve the right to receive other payments from this and other designated suppliers in the future. We and our affiliates may retain the credit of any rebate, incentive or volume discounts received as a result of your purchases and are not required to share it with our you or our other franchisees.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Sections 3.1, 3.2 and Sections 6.1 through 6.4 of Franchise Agreement ("FA")	Items 5, 7, 8 and 11
(b) Pre-opening purchases/leases	Sections 6.5 through 6.8 and Section 11.1 of FA	Items 7 and 8

Obligation	Section in Agreement	Item in Disclosure Document
(c) Site development and other pre-opening requirements	Article 6 and Section 11.1 of FA	Items 7, 8 and 11
(d) Initial and ongoing training	Article 7 of FA	Item 11
(e) Opening	Section 6.8 of FA	Item 11
(f) Fees	Articles 4, 5 and 7; Sections 6.8, 10.1.e, 13.3, 13.5, 14.3, 14.5, 16.4, 16.5, 17.2, 18.4, 19.5, 19.9, and 19.12; and the Addendum of FA	Items 5, 6, 7 and 10
(g) Compliance with standards and policies/Operations Manual	Sections 2.2, 11.1, 11.4, 12.1, and 13.1 and Articles 6, 8, and 14 of FA	Items 8, 11 and 16
(h) Trademarks and proprietary information	Article 15 of FA	Items 13 and 14
(i) Restrictions on products/services offered	Sections 3.3, 3.4, 10.1, 11.1, 11.4, and 12.1, and Article 14 of FA	Item 16
(j) Warranty and customer service requirements	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Section 5.1 and 13.3 of FA	Item 12
(l) On-going product/service purchases	Sections 6.5, 6.6, 10.2, 12.1, 14.3 through 14.5, Article 11 of FA	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 6.2, 6.5, 6.6, 12.1 and 18.2 of FA	Items 7 and 11
(n) Insurance	Sections 12.1.k and 12.1.l of FA	Items 6 and 8
(o) Advertising	Article 13 of FA	Items 6, 7 and 11
(p) Indemnification	Section 20.3 of FA	Item 6
(q) Owner's participation/management/staffing	Sections 7.1, 7.2 and 12.1.c of FA	Items 11 and 15
(r) Records and reports	Sections 5.3, 12.1, 13.4, Article 16, and 19.5 of FA	Item 11
(s) Inspections and audits	Sections 14.2 and 16.4 of FA	Items 6 and 11
(t) Transfer	Section 12.2 and Article 17 of FA	Item 17
(u) Renewal	Article 18 of FA	Item 17
(v) Post-termination obligations	Sections 19.8, 19.9, 19.12, 21.2 and 21.3 of FA	Item 17
(w) Non-competition covenants	Sections 21.1 through 21.5 of FA	Item 17
(x) Dispute Resolution	Article 22 of FA	Item 17

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance

Before you open your ZIGGI'S Coffee Shop, we or our designee, if applicable, will:

1. Give you specifications for the Store's site if you do not have an approved location when you sign the Franchise Agreement. We base our approval of any proposed site on information you submit in a form sufficient to assess the location (Section 9.1.a, Franchise Agreement).
2. Give you advice regarding our standards and specifications for the required build out, interior design, layout, floor plan, signs, design, color, and decoration of the Coffee Shop's premises (Section 9.1.b, Franchise Agreement). We will assist you in developing a recommended workflow design and provide you with specific equipment specifications for use in creating the layout for your Shop Location. We will consult with you regarding your final architectural plans or other construction documents. (Sections 6.2 and 6.4, Franchise Agreement).
3. Review and approve or disapprove the lease for your Shop Location (Section 6.2, Franchise Agreement).
4. Give you advice regarding our standards and specifications for the equipment, supplies, and materials used in, and the selection of suppliers and menu items offered for sale by, your Coffee Shop. We give you a list of approved and designated suppliers of equipment, supplies, and materials and, if available, a description of any national or central purchase and supply agreements that approved suppliers offer for the benefit of our franchisees (Section 9.1.c, Franchise Agreement).
5. Provide the initial training program (Sections 7.1 and 9.1.e, Franchise Agreement).
6. Make available for purchase by you certain opening supplies including shirts, aprons, caps, gift cards, loyalty cards, and related apparel and other items. We will advise you about approved suppliers of fixtures, supplies, equipment and other materials used in and products sold through your ZIGGI'S Coffee Shop. (Sections 10.2 and 11.1, Franchise Agreement).
7. We will make available to you, electronically online or by any other means we choose, a copy of our Operations Manual covering the operating and marketing techniques of the ZIGGI'S Coffee Shop, and all updates and revisions (Article 8 and Section 9.1.g, Franchise Agreement).
8. If this is your first ZIGGI'S Coffee Shop, provide on-site pre-opening training, from one or more of our representatives (Section 9.1.f, Franchise Agreement).

9. Provide guidance in implementing grand opening advertising and marketing programs, operating and sales procedures (Section 9.1.d, Franchise Agreement).

Site Selection Assistance

You must obtain our prior written approval of the location for your Shop Location. You must select the premises for your ZIGGI'S Coffee Shop and sign a lease or otherwise acquire the right to use the location. You must follow our site selection procedures and submit a completed site submittal package that we require. We do not generally own the premises that franchisees lease for their ZIGGI'S Coffee Shops, and instead the property is typically leased from a third party. If we approve the location, we must also review and approve your lease, or, if applicable, purchase agreement, to ensure that it meets our minimum requirements. If we do not approve your site, you must propose a new site. You must not, without our prior written approval, enter into any contract or letter of intent to contract to purchase or lease the premises you intend to use as a Shop Location. We consider the following factors when we approve or disapprove your proposed Shop Location: the nature and location of other competitive coffee stores, coffee kiosks and potential customers, population density, traffic patterns, accessibility, visibility, and other factors we deem relevant on a case by case basis. Approval of a Shop Location and negotiation of a lease do not imply or guarantee the success or profitability of a Shop Location. Other franchisees of ours may have rights of first refusal as described in Item 12 related to your proposed Shop Location, and our approval of your Shop Location will be subject to any obligation of ours to provide other franchisees the right of first refusal related to that Shop Location. There is no contractual limit on the time it takes us to approve or disapprove your proposed site and lease. Once we have all of the necessary documentation for review, we typically take 30 days to approve or disapprove your proposed Shop Location and lease.

We usually submit our initial lease review comments to you or your landlord within one to two weeks after receiving your lease but the entire lease negotiation process typically takes anywhere from two weeks to two months depending on the landlord's responsiveness. Our review and approval of your lease, or, if applicable, purchase agreement, is conducted solely for the purpose of determining that it meets our minimum criteria for the operation of a ZIGGI'S Coffee Shop and that our interests and those of our affiliates are protected. The legal counsel and any other professional advisors we engage to assist with the review will be acting only on our behalf and will not be representing you or your interests in relation to the review and approval. Our approval of the lease does not guarantee that the Coffee Shop will be successful. We recommend that you have your own attorney review the lease on your behalf.

We will provide you a general workflow design or layout for the Shop Location. We will provide you with additional consultation in relation to your final architectural drawings and other construction documents as we deem appropriate, and we must approve those documents before you submit them for permitting. Our assistance with the construction documents for the Shop Location does not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location, and you will need to take any additional steps necessary to ascertain whether such location is acceptable to you.

You must select your Shop Location and sign a lease or otherwise acquire the right to use the location within six months of signing the Franchise Agreement. We will extend this deadline for up to four successive 90-day periods if (i) factors beyond your reasonable control prevent you from meeting the applicable deadline, (ii) you have made reasonable and continuing efforts to obtain and submit for approval an acceptable site and lease, (iii) you deliver a written request to extend the time to sign a lease at least five days prior to the applicable deadline, and (iv) for each extension, at the time you deliver the written request to us, you pay us the Site Acquisition Extension Fee for each additional 90-day extension period. However, during any extension period, we may locate a Shop Location in your Target Area (defined in Item 12) to put our own Coffee Shop or for another franchisee to put a Coffee Shop, provided

that we will give you a 15 day right of first refusal to accept that Shop Location for your Coffee Shop. You do not have any right to extend these deadlines if you are otherwise in default of the Franchise Agreement or any other agreement with us. If you have failed to obtain our approval for your site and sign a lease or otherwise acquire the rights to a location within the time frame indicated in this paragraph, then we may terminate your Franchise Agreement.

We do not provide a development area when you acquire a 3-Pak or 9-Pak. Each Shop Location may be located in a different city, county or state. You must obtain our prior written approval of the location for your Shop Location based on the same criteria noted above.

Schedule For Opening

We estimate that the typical length of time between the date you sign the Franchise Agreement and the date your ZIGGI'S Coffee Shop opens will be nine to eighteen months. The factors which may affect this time period are your ability to locate a site, secure financing, and obtain a lease; the time that it takes you to apply for and receive all required permits, certificates and licenses from local authorities; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment, inventory and supplies; and the time that it takes you to complete training. You must open your Coffee Shop within two years after you sign the Franchise Agreement (Section 6.8, Franchise Agreement), unless we agree otherwise. We will extend the Coffee Shop opening deadline for up to four successive 90-day periods, on those terms discussed above. If you acquire a 3-Pak or 9-Pak, you and we will agree on the timing for you to open your second and subsequent ZIGGI'S Coffee Shop.

Continuing Assistance

During the operation of your ZIGGI'S Coffee Shop, we or our designee, if applicable, will:

1. If this is your first ZIGGI'S Coffee Shop, provide you approximately 450 man-hours of continued on-site training during the first 12 days following the opening of your Coffee Shop (Section 10.1.a, Franchise Agreement).
2. If you request, consult with you by telephone or e-mail regarding the operation and management of your ZIGGI'S Coffee Shop and give you advice regarding Coffee Shop services, product quality control, menu items, customer relations, and similar matters (Section 10.1.b, Franchise Agreement).
3. Give you access to advertising and promotional materials developed by us, the cost of which we may pass on to you. (Section 10.1.c, Franchise Agreement).
4. Provide you, as we deem necessary, on-going updates of information and programs regarding menu items and their preparation, the competition, the industry, the Coffee Shop business and related Licensed Methods, including information about special or new services or products which we may develop and make available to franchisees (Section 10.1.d, Franchise Agreement).
5. At our discretion, train replacement or additional managers for your Coffee Shop during the term of the Franchise Agreement. We reserve the right to charge a tuition or fee for training, payable in advance, according to our then current published prices. You must pay all travel and living expenses for your personnel during the training program. The availability of the training programs depends on the availability of training staff, space considerations and prior commitments to new Ziggi's franchisees (Section 10.1.e, Franchise Agreement).

6. Make available for purchase, through us or through our designated suppliers, ZIGGI'S coffee, equipment, branded coffee related products and branded merchandise for sale at or through your Coffee Shop (Section 10.2, Franchise Agreement).

7. At our discretion, establish suggested prices for the products and services offered by your ZIGGI'S Coffee Shop, or if permitted by law, establish a maximum or minimum price that you may advertise and charge for the products and services offered by your ZIGGI'S Coffee Shop. (Section 12.1.o, Franchise Agreement.)

8. Permit you to use our Marks in accordance with our specifications. (Sections 2.1 and 15.1, Franchise Agreement.)

9. Permit you to use our Licensed Methods, as they may be modified. (Sections 2.1 and 15.2, Franchise Agreement.)

Advertising and Promotion

Grand Opening Advertising. You will work with us to review and create a store/grand opening marketing budget tracker, which outlines the plan and costs associated with promoting your ZIGGI'S Coffee Shop leading up to the initial store opening through the end of your grand opening event. You will spend \$10,000, but may spend more if you desire, during this period on in-house promotions and local marketing campaigns, which you will pay to third party suppliers.

Local Advertising. Other than the grand opening marketing requirements, you are not required to spend any minimum amounts for local advertising, although we strongly recommend you conduct ongoing local advertising. We reserve the right to require you to begin spending a specific percentage of your gross revenues on local advertising and other local marketing efforts at any time on 90 days prior written notice. This local advertising expenditure requirement, if established, will not exceed 1 percent of your Gross Sales. When requested, you must submit to us a local advertising and marketing expense report of your local advertising expenses, in a form and by methods as we require in the Operations Manual or otherwise.

If you propose to use any advertising not previously developed or approved by our designated vendor, you must submit the proposed advertising to us for review and approval or, if necessary, modification, at your cost. You are responsible for the costs of printing all materials and any proposed supplier of printing services must be first approved by us. All advertising and promotion of your Coffee Shop must also be in such media and of such type and format as we first approve in writing, and it must be conducted in a dignified manner and must conform to the standards and requirements as we may specify. Any proposed written advertising or a description of a marketing or promotional program not previously approved by us must be submitted to us at least 10 days prior to publication, broadcast or use.

Marketing and Technology Fee. You must pay us a Marketing and Technology Fee, which is 1 percent of your Gross Sales. The Marketing and Technology Fee is due to us along with your Royalty payment, payable weekly on Monday of each week based on the amount of Gross Sales during the most recent Sunday through Saturday period. We require that payment be made via automatic transfer unless we agree to a different payment method. We will deposit the Marketing and Technology Fees in a separate bank account, commercial account or savings account ("**Marketing and Technology Fund**"). All company-owned and affiliate-owned Coffee Shops pay into the Marketing and Technology Fund on an equal percentage basis with all franchised Coffee Shops. We may, in our sole discretion, designate some or all of the Marketing and Technology Fees of a particular ZIGGI'S Coffee Shop be paid to a Regional Advertising program instead of the Marketing and Technology Fund.

We will administer the Marketing and Technology Fund in our sole discretion. The Marketing and Technology Fund may be used for researching, preparing, maintaining, administering and directing advertising and promotional materials and public relations programs, including production of commercial print, radio, television, magazine, newspaper, Internet advertising, direct response literature, direct mailings, brochures, collateral materials advertising, surveys of advertising effectiveness, the establishment and operation of gift card and loyalty card programs, and other advertising or public relations expenditures, for any international, national, or regional media (collectively, the “**Marketing**”). We may also use the Marketing and Technology Fund to pay for the expenses related to researching, developing, implementing, servicing, and operating any technology used in any manner related to the ZIGGI’S franchise system or the ZIGGI’S Coffee Shop businesses, including our website, search engine optimization, reporting of information for ZIGGI’S Coffee Shops, the equipment used in ZIGGI’S Coffee Shops, or ZIGGI’S Coffee Shop POS and computer systems (collectively, the “**Technology**”). We may further use the Marketing and Technology Fund for product development and menu changes. We will not spend the Marketing and Technology Fund’s money on advertising that is principally a solicitation for the sale of franchises.

We may reimburse ourselves from the Marketing and Technology Fund for administrative costs, salaries and overhead expenses related to the administration of the Marketing and Technology Fund and its Marketing programs and Technology, including conducting Marketing and Technology research, preparing material, collecting and accounting for Marketing and Technology Fees, bookkeeping, independent audits, legal expenses, taxes, and all other reasonable direct or indirect expenses that we or our authorized representatives incur with the programs or work funded by the Marketing and Technology Fund. In any fiscal year we may spend an amount greater or less than the aggregate contribution of all ZIGGI’S Coffee Shops to the Marketing and Technology Fund in that year. The Marketing and Technology Fund may borrow from us or other lenders to cover deficits or cause the Marketing and Technology Fund to invest any surplus for future use. Any loan from us to the Marketing and Technology Fund will be on terms at least as favorable as the Marketing and Technology Fund can obtain from independent third party lenders. Any amounts remaining in the Marketing and Technology Fund at the end of each year accrue and we apply them toward the next year’s expenses. We do not guaranty that advertising expenditures from the Marketing and Technology Fund will benefit you or any other franchisee directly or on a pro rata basis. We are not obligated to spend any amount on Marketing in or Technology related to your geographic area. We have no fiduciary obligation to you or other franchisees in regard to our administration of the Marketing and Technology Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to any advertising account or for maintaining, directing or administering any advertising account.

We may use outside advertising agencies, consultants, and vendors or in-house personnel, or both, to provide services for Technology or create local, regional or national Marketing, including ad slicks, radio spots, direct mail and other marketing pieces and programs.

We have the right, but not the obligation, to cause the Marketing and Technology Fund to be incorporated or operated through an entity separate from us as we deem appropriate, and any successor entity will have all rights and duties of ours relating to the Marketing and Technology Fund.

During the 2023 fiscal year, 100 percent of the Marketing and Technology Fund was spent on production of marketing and technology. We did not charge the Marketing and Technology Fund for any administrative expenses. None of the Marketing and Technology Fund was carried over to fiscal year 2024. No portion of the Marketing and Technology Fund was spent to principally solicit new franchisees.

We do not audit the Marketing and Technology Fund. If you request it in writing, we will send you no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Marketing and Technology Fund that indicates how the Marketing and Technology Fees have been spent during the previous year. Because we will not have the Marketing and Technology Fund audited, audited financial statements will not be available to franchisees.

There is not currently any advertising council composed of franchisees that advises us on Marketing, Technology, or advertising policies, although we may establish one or more councils in the future on terms we elect in our discretion.

We may remit a portion of Marketing and Technology Fund contributions back to one or more franchisees on any terms and conditions we determine in our sole discretion, including reimbursement of local Marketing expenditures made by a franchisee. We may waive and/or compromise claims for contributions to, and/or claims against or with respect to, the Marketing and Technology Fund in our sole discretion, using the Marketing and Technology Fund to pay any of these claims. We will have sole discretion as to whether or not we take legal or other action against any franchisee who is in default of his, her or its obligations concerning the Marketing and Technology Fund (including obligations to make contributions) and whether a franchisee may be allowed to make direct advertising expenditures in place of contributions to the Marketing and Technology Fund.

Although we intend the Marketing and Technology Fund to be of perpetual duration, we reserve the right to terminate the Marketing and Technology Fund. We will not terminate the Marketing and Technology Fund, however, until all monies in the Marketing and Technology Fund have been expended for Technology, Marketing, advertising, or promotional purposes.

Regional Advertising Programs

We may, on written notice to you, create a regional advertising program (“**Regional Advertising**”) in the market area where you are located, at which time you must become a member of the Regional Advertising program. We may require you to submit a portion or all of your required Marketing and Technology Fee to the Regional Advertising program or your required local advertising expenditure, if any, for marketing and advertising programs. We may make these funds available on a regular basis or intermittently for specific programs selected by the majority of the Regional Advertising program members and approved in advance by us. If and when a Regional Advertising program is established for a region, all franchised, company-owned, and affiliate-owned Coffee Shops in the defined region will be required to pay on an equal percentage basis the dues and assessments into the Regional Advertising program. If we form a Regional Advertising program, you will be bound by the decisions of the majority of the members of the Regional Advertising program regarding expenditures, assessments and dues, to the extent we approve them. Fees paid to a Regional Advertising program may not exceed 1 percent of Gross Sales without our consent. Each franchised, company-owned, and affiliate-owned Coffee Shop in the defined region will be entitled to one vote on all matters that are subject to a vote by the members of the Regional Advertising program. If you fail to participate in the Regional Advertising program or pay any Regional Advertising program dues or other payments, you will be in breach of the Franchise Agreement.

Each Regional Advertising program must prepare unaudited annual financial statements and send them to you if you request them. We can form, change and dissolve the Regional Advertising program. Each Regional Advertising program would operate under a written document (e.g., bylaws) that we must approve and which franchisees can view. Either we, our designated vendor or the Regional Advertising program may create the Regional Advertising program’s advertising, but advertising created by the Regional Advertising program would be required to have our or our designated advertising vendor’s written approval before use. There may be a charge to the Regional Advertising program for review of

proposed advertising, or any modifications necessary for approval. All advertising materials must be approved before they are used by a Regional Advertising program or furnished to its members. We can require Regional Advertising programs to be changed, dissolved, or merged.

We currently have not created any Regional Advertising programs and except as is stated above, have not established any guidelines for the administration of those programs. Depending on the particular program, we may administrate it for the members of the program, or the members of the applicable program may handle their own administration.

Point of Sale and Computer Systems

As described in Item 8 above, you must purchase computer equipment and software for your electronic point-of-sale system meeting our specifications (together with the software, referred to as “POS System”) and your back office computer system.

The POS System hardware currently approved for use in the Coffee Shops is a Revel iPad POS System with a Zebra drink label printer, available through our designated supplier. It will access cloud-based software, some of which has been customized for ZIGGI’S Coffee Shops. As of the date of this Disclosure Document, the cost of purchasing the POS System is \$6,500 to \$9,500, depending on your specific needs and the type of ZIGGI’S Coffee Shop you acquire. Costs for support and maintenance, which you are required to purchase from our designated supplier of the POS System, range from \$1,200 to \$2,700 per year. We reserve the right to require you to pay us or our affiliated entities for support and maintenance. We require that you purchase from the supplier of the POS System or another designated supplier all modifications and upgrades to the POS System software, including upgrades to anti-virus software. Except for the support, maintenance, repairs, upgrades, and updates provided in exchange for these payments to us or the approved supplier, neither we nor any approved supplier is obligated to provide ongoing support, maintenance, repairs, upgrades, or updates for your POS System. You may not install software on the POS System that has not been approved in advanced by us.

You also must use a computer separate from your POS System for your back office management. We do not require any specific type or brand of computer and you may use a computer system that you currently own if it meets our requirements. If you must purchase your back office computer, you should be able to obtain one for less than \$1,000. The only current requirements for this computer system are that it must be capable of connecting to the Internet for the purpose of sending and receiving e-mail and utilizing online software programs that we require, and be compatible with any software or programs we require you to use, including QuickBooks Online. You may also desire to use this computer for your management systems, inventory control systems, and bookkeeping systems. We may, however, revise our policy in our discretion so that you must obtain specific hardware, software or other systems for this computer in the future. In this case, you must purchase or lease all software and hardware designated by us. Currently, you are not required to obtain any support or maintenance agreements for your back office computer although we recommend you do so. The cost of any support or maintenance agreement for your back office computer should not exceed \$50 per year. We may require you to obtain support and maintenance from our approved suppliers in the future. Except for support and maintenance provided in exchange for payments made to you to a third party, neither we nor any approved supplier of ours is obligated to provide ongoing maintenance, repairs, upgrades, or updates to you.

We have the right to independently access all POS System and back office computer system information and will do so in order to determine your daily Gross Sales. We have no contractual limitation on our right to receive information through the POS System and other computer systems. The POS System installation, configuration, integration and operation must be performed in accordance with

our standards and specifications, which are subject to change at our discretion without any contractual limitation.

We review and consider for approval any compatible equivalent hardware, but we require you to purchase the software specified above from our designated supplier. We reserve the right to charge you for this review. We may revise our specifications occasionally. We may change the required POS System and back office computer hardware and software, in which case you will be required to convert your POS System, hardware, and software at your cost. The costs associated with any new POS System, hardware, or software, may differ from those described above. We may require you to upgrade and update your POS System and your back office computer hardware and software, at your cost. No contractual limitation exists on the frequency or cost of this obligation.

You must accept credit and debit cards from customers of your ZIGGI'S Coffee Shop. You may not charge your customers any additional fees or service charges if they elect to pay by credit or debit card. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, you must be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of your Franchise Agreement. PCI mandates the PCI DSS compliance.

Operations Manual

Attached to this Disclosure Document as Attachment G is the table of contents of our Operations Manual. There are 82 total pages in our Operations Manual.

Training Program

Initial Training

We will provide an initial training program consisting of both classroom owner training and on-the-job and classroom manager training. The classroom owner training and on-the-job manager training portions of the initial training program must be completed to our satisfaction before the opening of your ZIGGI'S Coffee Shop. The classroom portion of the manager training program is provided following opening of your ZIGGI'S Coffee Shop.

The classroom owner training consists of 20 hours of online training and in-person training at our training facility in Mead, Colorado. The classroom owner training is typically conducted during the construction phase of your ZIGGI'S Coffee Shop. You (or if the franchisee is an entity, its managing owner ("**Managing Owner**") must attend and complete to our satisfaction all owner training. We do not charge you for you or your Managing Owner, and up to one other individual that you select and we approve, to attend this training.

The manager training portion of our initial training program includes on-the-job training that is conducted in person, lasts approximately 40 hours, and is conducted at one of our affiliates' ZIGGI'S Coffee Shops or at our training facility in Mead, Colorado. The on-the-job manager training is typically conducted approximately 14 to 25 days before your ZIGGI'S Coffee Shop is scheduled to open. The classroom training segment of the manager training is conducted online following the opening of your ZIGGI'S Coffee Shop to address issues that arise in the initial operations of the Coffee Shop. The person designated by you to assume primary responsibility for the management of the Coffee Shop ("**Designated Manager**"), and one other management-level employee that you select, must attend and

complete to our satisfaction the manager training program. We do not charge you for these two individuals to attend the this program.

For each portion of the initial training program, you must pay the travel, living expenses and wages for you and all employees who attend the training session. We may charge a fee for any additional representatives of yours who attend either portion of the initial training program.

Our training programs are supervised by our Director of Franchise Training, Danny LeBeck. Mr. LeBeck has over eight years' experience in the field and one year experience with us. All of our instructors have demonstrated to us satisfactory knowledge of the basics they teach, have at least one year experience in the field, and will be supervised by Mr. LeBeck. We utilize the following materials in our training classes: the Operations Manual, hands-on training, online training, and other written materials.

As of the date of this Disclosure Document, we provide the following initial training to franchisees for your first location only. If you are opening a second or subsequent ZIGGI'S Coffee Shop, the training program may be abbreviated.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Owner Training			
Before Opening			
Ziggi's Offerings and Vendors	1.0		Our training facility in Mead, CO
Floor Operations	1.0		Our training facility in Mead, CO
Scheduling and Labor	2.0		Our training facility in Mead, CO
Equipment Overview	1.0		Our training facility in Mead, CO
Drink Overview	1.0		Our training facility in Mead, CO
Marketing	1.5		Our training facility in Mead, CO
Ordering and Inventory	2.0		Our training facility in Mead, CO
Accounting	2.0		Our training facility in Mead, CO
Resources	1.5		Our training facility in Mead, CO
After Opening			
Daily Manager Tasks	1.0		Online
Sales per Manhour/Scheduling	1.0		Online
Metrics	1.0		Online
Daily Pars and Waste	1.0		Online
Inventory	1.0		Online
Leadership	1.0		Online
Internal and External Feedback	1.0		Online
TOTALS	20.0		

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Manager and Assistant Manager Training			
Before Opening			
General Store Operations and Procedures		12.0	An operating ZIGGI'S Coffee Shop or our training facility in Mead, CO
Registers/Customer Service		6.0	An operating ZIGGI'S Coffee Shop or our training facility in Mead, CO
Headsets/Outside Order Taking		6.0	An operating ZIGGI'S Coffee Shop or our training facility in Mead, CO
Drinks		16.0	An operating ZIGGI'S Coffee Shop or our training facility in Mead, CO
After Opening			
Daily Manager Tasks	1.0		Online
Sales per Manhour/Scheduling	1.0		Online
Metrics	1.0		Online
Daily Pars and Waste	1.0		Online
Inventory	1.0		Online
Leadership	1.0		Online
Internal and External Feedback	1.0		Online
TOTALS	7.0	40.0	

We hold training classes as often as needed. We reserve the right to waive all or any portion of the training or alter the training schedule based on your experience and ability or if you have previously operated a ZIGGI'S Coffee Shop.

Additional Training

In addition to the training shown above, if this is your first ZIGGI'S Coffee Shop we provide a comprehensive training program to be administered by your management team prior to opening of your Shop Location and approximately 450 man-hours of continued on-site training during the first 12 days following the opening of your Coffee Shop.

During the term of your Franchise Agreement, we may require you (or your Managing Owner) or your Designated Manager to attend, at your expense, meetings, national or regional conventions, seminars, or conferences which we present to discuss topics such as advertising programs, new operations

methods, new or additional products, equipment, training, management, sales, or sales promotion (“**Additional Meetings**”). Attendance is optional unless we give you 30 days’ prior written notice that it is mandatory. We will not require you to attend Additional Meetings more than twice a year.

We may allocate some or all of the costs incurred in holding the Additional Meetings, including expenses for the facility, travel and lodging expenses for the presenters, materials, food, activities and all other direct and indirect costs which are associated with holding these Additional Meetings, equally among the attendees, not to exceed \$750 per Additional Meeting. Unless we agree otherwise, you must pay your pro-rata share of all of these costs if you or your Designated Manager, or other person on your behalf, attend a mandatory Additional Meeting. If you do not attend a mandatory Additional Meeting, unless we agree otherwise, you will be required to pay an amount equal to 125 percent of the pro rata amount attributable to each of the attendees of the mandatory Additional Meeting. At our sole option, we may choose to waive all or a portion of the costs of attendance for any attendees or non-attendees of any mandatory Additional Meeting without being obligated to waive any costs for other attendees or non-attendees of the same Additional Meeting. Our waiver of this requirement for any other franchisee does not in any way affect your payment obligation.

You are responsible for the cost of all transportation and living expenses or related activities incurred while attending these Additional Meetings. During our annual national convention and regional meetings, you are required to stay at the hotel where the primary functions are held, unless we agree otherwise, in which case, we may assess additional fees to you.

ITEM 12

TERRITORY

You may operate your Coffee Shop and use the Marks and the Licensed Methods only at the Shop Location that has been approved by us. You may not operate another ZIGGI’S Coffee Shop at any site other than the Shop Location without first obtaining our written consent. We base our approval of your proposed Shop Location on a variety of factors including the viability of the location and demographics of the proposed Shop Location. If, as of the date you sign your Franchise Agreement, you do not have the Shop Location chosen and approved by us, we will designate, by Addendum to the Franchise Agreement, a “**Target Area**” within which to find a Shop Location. A Target Area is an area agreed to by you and us in which you will seek a Shop Location. It may be designated by zip codes, street boundaries, or by city, county, state or other boundaries you and we agree. The designation of the Target Area does not in any manner grant you any continuing territorial rights in or to the Target Area. If the Addendum lists only a Target Area and not the Shop Location, then we and you will sign the Shop Location Supplement to Franchise Agreement attached as Exhibit II to the Franchise Agreement upon our later approval of the Shop Location.

You will not be granted a geographic area around your Shop Location. 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. You do not have the right to make sales through alternative channels of distribution, including Internet sales or catalog sales.

The placement of a ZIGGI’S Coffee Shop by us depends on various market conditions around a proposed Shop Location, including density of population, character of the neighborhood, pedestrian counts, number of competitors in the vicinity, the proximity of other ZIGGI’S Coffee Shops, site availability, parking and ingress and egress and growth potential. You may not change the location of your Shop Location without our written consent and payment of a Relocation Fee as described in Item 6.

If you want to relocate your ZIGGI'S Coffee Shop, we use the same criteria to approve your new location as is used for the initial placement of a Coffee Shop, as noted above.

The designation of your Shop Location or Target Area, if applicable, does not grant you the exclusive right to any particular market or customers. You may advertise your ZIGGI'S Coffee Shop in any geographic area and you may serve all customers who enter your Coffee Shop, subject to reasonable restrictions and policies as we may place on your activities which may include restrictions and policies regarding: (1) electronic advertising (including Internet advertising), and (2) the content, methods, media and means used to advertise, market and promote your Coffee Shop. Other ZIGGI'S Coffee Shop franchisees have the same rights to conduct advertising anywhere and provide products and services to all persons who enter their Coffee Shop.

In the event we or a prospective franchisee desires to open a ZIGGI'S Coffee Shop at a location, other than any Captive Audience Facilities or Special Venues and Channels as defined below, within one mile of your Shop Location (a "**Franchisee Right of First Refusal Area**"), we will first offer you the right to acquire the franchise for that location under the terms and conditions of our then current Franchise Agreement. You will have 30 days after notice is given to you in which to accept the offer by signing our then current Franchise Agreement and paying the then current Initial Franchise Fee in full. If you fail to do so, we will be entitled to operate or grant a franchise for the operation of a ZIGGI'S Coffee Shop at the location selected, and you will have no right to prevent or prohibit us from operating or granting a franchise for the ZIGGI'S Coffee Shop at that location. Our obligation to make the offer described above is subject to the condition that you are in substantial compliance with all of the provisions of the Franchise Agreement.

In the event that you and another ZIGGI'S Coffee Shop franchisee have overlapping Franchisee Right of First Refusal Areas, then you and the other franchisee will each be given consecutive 30 day periods in which to exercise your respective rights of first refusal. The franchisee whose ZIGGI'S Coffee Shop began operating first shall have the first 30 day period. If that franchisee does not exercise its rights by signing a Franchise Agreement by the end of that 30 day period, then the second franchisee shall have the next 30 day period in which to exercise its right of first refusal. If neither you nor the other franchisee signs a Franchise Agreement during the applicable time period, we will be entitled to proceed to operate or grant a franchise for that location as described above.

Except as described above, you have no other option, right of first refusal or similar contractual right to acquire additional ZIGGI'S Coffee Shop franchises.

We reserve the right, regardless of location, including a location near your Shop Location or within your Franchisee Right of First Refusal Area, if applicable, for us and our affiliates to market, offer, and sell, and to authorize third parties to market, offer, and sell, any and all products and services (i) through venues and channels of distribution other than franchised and company-owned ZIGGI'S Coffee Shops, including but not limited to grocery stores, wholesale distributors, coffee shops that are not ZIGGI'S Coffee Shops, restaurants, offices, hospitality and food service venues, or through retail store display, catalog sales, Internet and other electronic methods, and catering (collectively, "**Special Venues and Channels**"), and (ii) in ZIGGI'S Coffee Shops located in facilities with a concentration of foot traffic gathered in a "captive" facility for a primary purpose other than consuming food and beverages ("**Captive Audience Facilities**"), such as airports and other transportation hubs, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, resorts, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts. The products and services available through Special Venues and Channels and in a ZIGGI'S Coffee Shop located in a Captive Audience Facility may include those that are the same as or similar to those which you will offer and sell, such as ZIGGI'S coffee, tea, and other

beverages in any form, or entirely different services and products. The Special Venues and Channels and Captive Audience Facilities may be in any location, including in close proximity to your Shop Location or in your Franchisee Right of First Refusal Area, if applicable, and will be without any compensation to you. The marketing, offer, and sale of products and services through the Special Venues and Channels or the Captive Audience Facilities may be under the Marks and Licensed Methods or different trademarks, service marks, and methods. The prices advertised and charged by us and our affiliates for the sale of the products and services to operators of Special Venues and Channels or Captive Audience Facilities, and the prices advertised and charged by the operators of the Special Venues and Channels or Captive Audience Facilities to third parties and the public for the products and services, may be higher or lower than the prices at which the same or similar products and services are made available by us and our affiliates to you and the prices charged by you to customers of your Coffee Shop.

We and our affiliates further retain the rights, in addition to the rights set forth above, without compensation to you, to:

1. use and license others to use, the Marks and Licensed Methods for the operation of a ZIGGI'S Coffee Shop at any location other than at your Shop Location; and
2. use the Marks and Licensed Methods or different trademarks and business methods to identify services and products, promotional and marketing efforts or related items similar to or the same as, similar to, or different from those which you will sell, through Special Venues and Channels or through ZIGGI'S Coffee Shops located in Captive Audience Facilities, without regard to location; and
3. use and license the use of alternative proprietary marks or methods in connection with the operation of coffee shops, other retail locations or other businesses under names which are not the same as or confusingly similar to the Marks, which businesses may be the same as, or similar to, or different from ZIGGI'S Coffee Shops, without regard to location, although we currently do not have any plans to do so; and
4. engage in any other activities not expressly prohibited in the Franchise Agreement.

3-Pak/9-Pak

If you are offered the right to acquire a 3-Pak to operate three ZIGGI'S Coffee Shops or a 9-Pak to operate nine ZIGGI'S Coffee Shops, you will sign all of your Franchise Agreements (three or nine) at the same time. Each Coffee Shop opened under a Franchise Agreement in a 3-Pak or 9-Pak is subject to the terms and conditions of that Franchise Agreement. You do not receive a development area when you acquire a 3-Pak or 9-Pak. Rather, each Franchise Agreement will designate its own Shop Location or Target Area, as is applicable, which need not be in the same general market area. We also do not designate a development schedule in which you must open each of the ZIGGI'S Coffee Shops you agree to develop in a 3-Pak or 9-Pak, although you are subject to the time period to commence operations under each Franchise Agreement unless we agree otherwise.


Except as stated in this Item 12, the continuation of your rights described in this Item 12 does not depend on achieving a certain sales volume, market penetration, or other contingency.

ITEM 13

TRADEMARKS

We license to you the right to use the Mark “ZIGGI’S COFFEE” and other trademarks, service marks and commercial symbols that we may authorize, which we collectively refer to as the Marks. Through a license from BEC, we have full right and authority to use and license franchisees to use the Marks.

Our affiliate BEC has registered the following Mark with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	Registration Number	Registration Date
ZIGGI’S COFFEE	5,031,319	August 30, 2016
	6,617,893	January 18, 2022

On May 16, 2016, BEC, through a series of transfer steps, assigned all of its rights in and to those Marks to us. We intend to file all required affidavits related to this Mark and to renew the registration at the appropriate time.

In addition to those Marks listed above, we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your ZIGGI’S Coffee Shop. We do not have a federal registration for some of our Marks. The following statements apply solely to any unregistered trademarks and service marks: We do not have a federal registration for these principal trademarks. As such, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under the Franchise Agreement, we grant you the right and license to use the Marks solely in connection with your Coffee Shop. You may use the Marks only in the manner authorized and permitted by us and you may not directly or indirectly contest the ownership or rights of BEC or us in the Marks. You cannot use any of the Marks or any portions or variations of them as part of your business name. You cannot use the Marks as part of an electronic address, domain name or on any websites on the Internet, or with modifying words, designs or symbols, except as we may license to you, without our prior written consent, which may be withheld for any reason. You may not use the Marks with an unauthorized product or service, or in a manner not authorized in writing by us. You must modify or discontinue your use of the Marks if we require the modification or discontinuance of them, at your expense.

To our knowledge, there are no agreements in effect that significantly limit our rights to use or license the use of the Marks in any manner. To our knowledge, there are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to their use.

You must notify us immediately if you become aware of any apparent infringement of or challenge to your use of any Mark.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. However, we may take action to protect you against claims of infringement or unfair competition involving the Marks, when you are using the Marks in compliance with your Franchise Agreement, if, in the opinion of our counsel, the circumstances justify our intervention. If we decide to protect you, we will reimburse you for your costs, including attorney's fees and court costs, associated with any litigation we commence or defend on your behalf to protect the licensed Marks and your rights to use them, from amounts we recover in the litigation (if any), which are in excess of our costs. You are obligated to fully cooperate with us in any litigation we commence or defend related to the Marks. If we do not elect to protect you against claims of infringement or unfair competition, you may take steps to protect yourself at your own expense. We will control all proceedings and litigation involving the Marks, except that you will control your defense if we have elected not to protect you against claims of infringement or unfair competition.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

We claim a common law copyright in our Operations Manual. We also claim a common law copyright in our other written materials, but you are permitted to use the materials as part of your Coffee Shop. The Franchise Agreement does not require that we protect our copyrights or defend you against any claims arising from your use of our copyrighted materials, although we may elect to do so in sole discretion.

The Operations Manual and related materials are proprietary and confidential. They are our property to be used by you only as described in and during the term of the Franchise Agreement. The Operations Manual and other materials that contain the Marks or are otherwise proprietary to us must be returned to us if the Franchise Agreement expires or is terminated for any reason.

We treat the information in the Operations Manual and other written materials of ours as our confidential trade secrets. This includes our site selection criteria; methods; formats; specifications; standards; systems; recipes; coffee and food preparation procedures; sales and marketing techniques; knowledge and experience in developing and operating ZIGGI'S Coffee Shops; marketing and advertising programs for Coffee Shops; franchise sales methods; knowledge of specifications for and suppliers of certain equipment, products, materials, and supplies; and knowledge of the operating results and financial performance of Coffee Shops other than your Coffee Shop. The Franchise Agreement requires you to maintain all of our Licensed Methods, which includes our trade secrets, as confidential both during and after the term of the Franchise Agreement. You may not at any time disclose or use any of our proprietary information except as specifically authorized by us. Under the Franchise Agreement, you agree that all ideas, concepts, techniques, or materials developed or assembled by you or your employees or agents during the term of the Agreement and concerning a Coffee Shop will be deemed our property and part of the proprietary information protected under the Franchise Agreement. You may not use our proprietary information in any unauthorized manner and you must take reasonable steps to prevent their disclosure to others. We may, in our discretion, require you and each of your Designated Managers, officers, partners, directors, beneficial owners and employees who become aware of or have

access to our proprietary information, and their immediate family members, to execute our Nondisclosure and Noncompetition Agreement in the form attached to this Disclosure Document as Attachment C. You must provide us with a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and thereafter upon our request.

Our right to use or license the copyrighted and other proprietary and confidential materials is not materially limited by any agreement or known infringing use. There is no determination of any administrative office or any court regarding these materials.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Under the Franchise Agreement, your Designated Manager, which may be you (or your Managing Owner), must devote full time and best efforts to managing and operating your ZIGGI'S Coffee Shop on a day-to-day basis. You or your Managing Owner must successfully complete the classroom owner training portion of our initial training program and your Designated Manager and one other management-level employee must successfully complete the on-the-job manager training portion of our initial training program. You (or your Managing Owner) need not participate personally in the day-to-day operations of your Coffee Shop. In that case, however, you must designate another person as the Designated Manager to manage the Coffee Shop's daily operations.

You are responsible for recruiting, hiring, firing, and supervising your employees, independent agents, managers, and other representatives. You are solely responsible for implementing training and other programs for your employees and agents related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your ZIGGI'S Coffee Shop. You will have sole authority and control over the day-to-day operations of your ZIGGI'S Coffee Shop and its employees and other representatives.

If you are a corporation, limited liability company or partnership, or other entity, we do not require your Designated Manager to own an equity interest in you. However, your Designated Manager, other employees and all of your officers, directors, partners, shareholders, and members (and, if you are an individual, your spouse) must agree to be bound by the nondisclosure and noncompetition provisions of the Franchise Agreement, by signing our form of agreement attached to this Disclosure Document as Attachment C. You must provide us a copy of each Nondisclosure and Noncompetition Agreement at the time it is signed and thereafter upon our request. We make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

We may require each of your officers, directors, shareholders, partners, or members and each of their respective spouses to sign a guaranty (Exhibit V to the Franchise Agreement) personally assuming and agreeing to perform all obligations of the franchisee and to be bound by the terms of the Franchise Agreement, whichever is applicable.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You will sell only those products and services approved by us and will not use the Coffee Shop or the Shop Location for any purposes other than the operation of a ZIGGI'S Coffee Shop. You will not fill

“wholesale orders,” sell products or services off-premises, on the Internet or by other electronic communications methods, by mail order or through catalogs, or transship, repackage or reship products without our prior written consent. You must sell all of the products and services designated by us. You must comply with our standards and specifications for product mix and inventory levels. We have the right to change or supplement the types of authorized products and services, and there are no limits on our right to do so.

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may advertise and charge for products and services offered by your ZIGGI’S Coffee Shop. If we establish a maximum price for any products or services, you shall not offer or sell those products or services at any greater price. If we establish a minimum price for any products or services, you shall not offer or sell those products or services at any lesser price. If we do not establish pricing limits, we may establish suggested prices. You must abide by our advertising policies related to advertising prices.

Other than the above, there are no restrictions on goods or services offered by you or on the customers to whom you may sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the exhibits attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 18.1 of Franchise Agreement (“FA”)	10 years.
b. Renewal or extension of the term	Section 18.3 of FA	Option to acquire up to three successor franchise terms of 10 years after the initial term.
c. Requirements for you to renew or extend	Sections 18.3 and 18.4 of FA	Written notice at least 180 days before expiration, sign then-current form of Franchise Agreement (which may contain materially different terms from your original contract) and a successor franchise rider in the form we provide which will include a release (subject to state law), be in compliance with Franchise Agreement, pay fee, and renovate (if applicable).
d. Termination by you	Section 19.1 of FA	You can terminate (i) without cause at any time following the fourth anniversary of the Franchise Agreement upon 90 days’ notice and payment of the early termination fee; or (ii) if we materially breach the Franchise Agreement, if you provide us with written notice within 30 days of the breach and a reasonable opportunity to cure of not less than 90 days (subject to state law).

Provision	Section in Franchise or Other Agreement	Summary
e. Termination by us without cause	Section 19.4	We can terminate at our option if there is a force majeure event that prevents us from performing our obligations under the Franchise Agreement and continues for longer than six months.
f. Termination by us with cause	Sections 19.2, 19.3 and 19.5 of FA	We can terminate only if you commit any one of several listed violations.
g. “Cause” defined - curable defaults	Sections 19.2 and 19.3 of FA	72 hours for violations of health, safety, or sanitation laws; 5 days to discharge executions against property, or for failure to authorize transfer of funds; 7 days for filing of a legal action in violation of the dispute resolution terms in the Franchise Agreement; 10 days for failure to pay amounts owed, for misuse of Marks, or for failure to comply with audits and inspections; and 30 days for all other defaults. If we provide you with a notice of default, we and our affiliates may suspend services, including the sale of products and supplies, to you until each default is cured.
h. “Cause” defined - non-curable defaults	Section 19.2 of FA	Material misrepresentations in application; unauthorized opening; abandonment; criminal conviction; sexual harassment or discrimination; dishonest or unethical conduct; Acts of Deception; unauthorized transfer; loss of possession of Coffee Shop; unauthorized use of confidential information; assignment for benefit of creditors; bankruptcy; repeated violations; underreporting Gross Sales; failure to complete training or to open; condemnation of or casualty damage to Shop Location if you fail to obtain a new location or recommence operations within 90 days; sale of unapproved products; defaults under any lease or other agreement with third parties or us material to the franchise, guaranty becomes unenforceable or inadequate; violation of non-compete or other in-term restrictive covenants. If you acquire a 3-Pak or 9-Pak and default under one of your Franchise Agreements, we may terminate that Franchise Agreement or all of your Franchise Agreements.
i. Your obligations on termination/nonrenewal	Sections 19.9 and 19.12 of FA; Conditional Assignment of Lease, <u>Attachment E</u>	Pay all amounts due, including payment of an amount equal to Franchisee’s average Royalty over a period the shorter of three years or the remaining term under the Franchise Agreement, if terminated due to your default; cease operating franchised business; cease using confidential information and Marks; deliver Operations Manual, other proprietary materials, and property containing the Marks; cancel assumed or similar name registrations; assign lease or de-identify; assign phone numbers; and comply with covenants; we may assume your Coffee Shop’s management.
j. Assignment of contract by us	Section 17.7 of FA	No restriction on our right to assign.

Provision	Section in Franchise or Other Agreement	Summary
k. “Transfer” by you – defined	Section 17.1 of FA	Includes transfer of any interest in the Franchise Agreement, Coffee Shop assets, or your entity.
l. Our approval of transfer by you	Section 17.3 of FA	No transfer without our approval.
m. Conditions for our approval of transfer	Section 17.2 of FA	Full compliance, transferee qualifies, all amounts due are paid in full, all reports submitted, you have not breached any obligation during 60 day period before you requested our consent to transfer or during period between your request and the effective date of the transfer, transferee signs our then current form of franchise agreement (which may differ materially), transferee and its owners and affiliates do not operate or have ownership interest in competitive business, lease transferred, subordination of amounts due to you and your owners from transferee, completion of training, transfer fee paid, and sign and deliver other required documents (including release (subject to state law)).
n. Our right of first refusal to acquire your business	Section 17.4 of FA	For 30 day period, we have right to match offer.
o. Our option to purchase your business	Section 19.8 of FA	Upon expiration or termination of franchise agreement, we may purchase your Coffee Shop for fair market value, less the amount of the goodwill associated with our Marks. Our option extends to all of your interest of any kind in the real estate and all buildings and improvements related to your Shop Location
p. Your death or disability	Section 17.6 of FA	Franchise must be assigned to approved buyer within 120 days (or longer if required by probate proceedings); there must at all times be a Designated Manager at the Coffee Shop.
q. Non-competition covenants during the term of the franchise	Section 21.1 of FA	No involvement in Competitive Business wherever located or operating (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 21.2 of FA	No interest in Competitive Business for 2 years within 10 miles of the former Shop Location or any other ZIGGI’S Coffee Shop (subject to state law).
s. Modification of the agreement	Section 24.1 of FA	Operations Manual is subject to change. The Franchise Agreement may be modified by a writing signed by both parties or, at our option, upon approval of 75% of our franchisees and licensees affected by the modification. Unless prohibited by law or waived by us, you must provide a general release of any and all claims against us if you request and we consent to modify any provisions of the Franchise Agreement after it has been signed (subject to state law).

Provision	Section in Franchise or Other Agreement	Summary
t. Integration/merger clause	Section 24.2 of FA	Only terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim any representations made by us in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 22 of FA	Arbitration or litigation in Denver, Colorado (subject to state law).
v. Choice of forum	Section 22.5 of FA	Arbitration or litigation in Denver, Colorado (subject to state law).
w. Choice of law	Section 22.5 of FA	Except for federal law, Colorado law applies (unless prohibited by laws of the state where the Coffee Shop is located).

ITEM 18

PUBLIC FIGURES

We do not presently use any public figures to promote our franchise. You may use the name of a public figure or celebrity in your promotional efforts or advertising only with our approval.

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 Franchise 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.

[CONTINUED ON FOLLOWING PAGE]

TABLES OF AFFILIATED COMPANY COFFEE SHOP
2023 ACTUAL ANNUAL GROSS PROFITS

The tables below show the actual annual gross profits for the Drive Thru and Café with Drive Thru ZIGGI'S Coffee Shops operated by our affiliated companies for calendar year 2023. Our affiliates operated four Drive Thru Coffee Shops and two Café with Drive Thru Coffee Shop models for the entire calendar year 2023. The Café with Drive Thru model operated by our affiliate is located in a freestanding facility. Each of these units are operated similar to a ZIGGI'S Coffee Shop like the kind you will operate, depending on the model you choose. One of our affiliates also operates a café without a drive-through. We are not showing the results of that café since we are not promoting that model under this Disclosure Document.

TABLE A 2023 ACTUAL ANNUAL GROSS PROFITS AFFILIATES WITH DRIVE THRU MODEL				
	Coffee Shop A	Coffee Shop B	Coffee Shop C	Coffee Shop D
Total Sales	\$ 1,133,781	\$ 1,021,784	\$ 1,214,253	\$ 882,921
Discounts	\$ 46,250	\$ 44,608	\$ 54,318	\$ 35,302
Actual Gross Sales	\$ 1,087,531	\$ 977,176	\$ 1,159,935	\$ 847,619
Gross Profits	\$ 689,069	\$ 611,553	\$ 726,648	\$ 534,106
Franchise Costs Not Incurred by Our Affiliates				
Royalty (6% of Actual Gross Sales)	\$ 65,252	\$ 58,531	\$ 69,596	\$ 50,857

TABLE B 2023 ACTUAL ANNUAL GROSS PROFITS AFFILIATE WITH CAFÉ WITH DRIVE THRU MODEL		
	Coffee Shop A	Coffee Shop B
Total Sales	\$ 918,207	\$ 1,094,202
Discounts	\$ 33,500	\$ 47,120
Actual Gross Sales	\$ 884,707	\$ 1,047,082
Gross Profits	\$ 538,876	\$ 631,100
Franchise Costs Not Incurred by Our Affiliates		
Royalty (6% of Actual Gross Sales)	\$ 53,082	\$ 52,825

TABLES OF FRANCHISED COFFEE SHOP
2023 ANNUAL TOTAL SALES

The tables below show the 2023 average annual total sales for the Drive Thru ZIGGI'S Coffee Shops and Café with Drive Thru Coffee Shops operated by those franchisees of ours who operated those models of Coffee Shops for the entire or substantially the entire calendar year 2023. There are 32 franchised Drive Thru ZIGGI'S Coffee Shops whose results were included in Table C. There were 23 franchised Café with Drive Thru ZIGGI'S Coffee Shops whose results were included in Table D. We had one franchisee who operated a café model Coffee Shop for the entire calendar year 2023. We are not showing the results of this Coffee Shop as we do not promote that model to franchisees.

TABLE C 2023 AVERAGE ANNUAL TOTAL SALES FRANCHISEES WITH DRIVE THRU MODEL					
No. of Outlets	Average	No. & % Met or Exceeded the Average	Median	High	Low
32	\$ 784,666	13/41%	\$ 771,712	\$ 1,326,412	\$ 243,298

TABLE D 2023 AVERAGE ANNUAL TOTAL SALES FRANCHISEES WITH CAFÉ WITH DRIVE THRU MODEL					
No. of Outlets	Average	No. & % Met or Exceeded the Average	Median	High	Low
23	\$ 796,838	14/61%	\$ 841,330	\$ 1,207,520	\$ 439,611

[CONTINUED ON FOLLOWING PAGE]

TABLE OF
AVERAGE DAILY TOTAL SALES OF
AFFILIATED AND FRANCHISED COFFEE SHOPS
FOR CALENDAR YEARS 2019, 2020, 2021, 2022 AND 2023

The table below shows the average daily total sales for affiliate-owned and franchisee-owned Coffee Shops for each calendar year of 2019, 2020, 2021, 2022 and 2023. The table breaks the total sales by affiliate-owned Drive Thru ZIGGI'S Coffee Shops, franchisee-owned Drive Thru ZIGGI'S Coffee Shops, affiliate-owned Café with Drive Thru Coffee Shops, and franchisee-owned Café with Drive Thru Coffee Shops. Since the information is based on daily total sales, Coffee Shops that operated at any time during the calendar year, even for less than a full calendar year, are included in this table. The number of Coffee Shops shown in each group is stated in the table. Only the Drive Thru model ZIGGI'S Coffee Shops and Café with Drive Thru model ZIGGI'S Coffee Shops are shown in the table. We are not showing the daily results of our café model ZIGGI'S Coffee Shops as we do not promote that model to franchisees.

TABLE E 2019, 2020, 2021, 2022 AND 2023 AVERAGE DAILY TOTAL SALES							
Model	Year	No. of Outlets	Average	No. & % Met or Exceeded the Average	Median	High	Low
Affiliate-owned Drive Thru ZIGGI'S Coffee Shops	2019	4	\$ 1,899	2/50%	\$ 1,932	\$ 2,224	\$ 1,509
	2020	4	\$ 2,641	2/50%	\$ 2,604	\$ 3,356	\$ 2,002
	2021	4	\$ 3,164	2/50%	\$ 3,119	\$ 3,937	\$ 2,481
	2022	4	\$ 3,036	2/50%	\$ 3,027	\$ 3,390	\$ 2,700
	2023	4	\$ 2,925	2/50%	\$ 2,969	\$ 3,336	\$ 2,426
Franchisee-owned Drive Thru ZIGGI'S Coffee Shops	2019	11	\$ 1,358	3/27%	\$ 1,337	\$ 2,064	\$ 903
	2020	12	\$ 1,866	6/50%	\$ 1,862	\$ 2,360	\$ 1,232
	2021	20	\$ 2,214	12/60%	\$ 2,296	\$ 2,976	\$ 1,314
	2022	30	\$ 2,242	13/43%	\$ 2,191	\$ 4,078	\$ 1,037
	2023	40	\$ 2,214	15/38%	\$ 2,103	\$ 5,295	\$ 668
Affiliate-owned Café with Drive Thru Coffee Shops	2019	1	\$ 2,426	1/100%	\$ 2,426	\$ 2,426	\$ 2,426
	2020	1	\$ 2,250	1/100%	\$ 2,250	\$ 2,250	\$ 2,250
	2021	2	\$ 3,172	1/50%	\$ 3,172	\$ 3,254	\$ 3,090
	2022	2	\$ 2,896	1/50%	\$ 2,896	\$ 2,947	\$ 2,845
	2023	2	\$ 2,765	1/50%	\$ 2,765	\$ 3,006	\$ 2,523
Franchisee-owned Café with Drive Thru Coffee Shops	2019	2	\$ 1,525	1/50%	\$ 1,525	\$ 1,874	\$ 1,175
	2020	6	\$ 2,219	3/50%	\$ 2,325	\$ 2,813	\$ 1,469
	2021	14	\$ 2,445	5/36%	\$ 2,356	\$ 3,229	\$ 2,024
	2022	23	\$ 2,520	9/39%	\$ 2,417	\$ 6,101	\$ 1,312
	2023	29	\$ 2,209	17/59%	\$ 2,307	\$ 3,703	\$ 1,208

The following Notes explain the data included in the tables and you should review them carefully.

NOTES TO TABLES:

1. Tables A and B show the actual annual Gross Profits generated by our affiliated companies by the type of models we offer under this Disclosure Document for the calendar year 2023. We offer two different Coffee Shop models, Drive Thru and Café with Drive Thru, with the Café with Drive Thru model being offered as either a freestanding location or as an end-cap location. See Item 1 for a more detailed description of each model.

2. Tables C and D show the average annual Total Sales generated by our franchisees who operated for all or substantially all of calendar year 2023 using the Drive Thru model Coffee Shop (Table C) and the Café with Drive Thru model Coffee Shops (Table D). Further, Tables C and D show the number and percentage of those Coffee Shops who met or exceeded the average shown, together with the median annual Total Sales, and the Total Sales of the highest and lowest performing Coffee Shops in each group.

3. Table E shows the average daily Total Sales generated by our affiliates and franchisees who operated during the applicable calendar year of 2019, 2020, 2021, 2022 and 2023, respectively, using the Drive Thru model Coffee Shop and the Café with Drive Thru model Coffee Shop. Further, Table E shows the number and percentage of those Coffee Shops in each group who met or exceeded the average shown, together with the median annual Total Sales, and the Total Sales of the highest and lowest performing Coffee Shops in each group.

4. The “**median**” for purposes of Tables C, D and E means the results of the Coffee Shop falling in the middle of the group or groups of Coffee Shops shown in the applicable table, or, where there is an even number of Coffee Shops, the average of the results of the two Coffee Shops falling in the middle of the group.

5. “**Total Sales**” as used in this Item 19 means the total receipts of each of the Coffee Shops shown in the tables, but does not include sales tax or equivalent taxes. It includes revenue from the redemption of ZIGGI’S gift certificates, customer loyalty cards, gift cards and other prepaid cards.

6. “**Actual Gross Sales**” as used in this Item 19 means Total Sales minus the value of discounts and complementary products given to employees. This is the amount on which franchisees pay Royalty Fees and other fees.

7. “**Gross Profits**” as used in this Item 19 means Actual Gross Sales minus cost of goods sold.

8. Tables A, B, C and D show a historic financial performance representation about our existing affiliate-owned Coffee Shops and of our franchisee-owned Coffee Shops that operated for the entire calendar year 2023.

9. Table E shows a historic financial performance representation about our existing affiliate-owned Coffee Shops and of our franchisee-owned Coffee Shops that operated at any time during the applicable calendar year of 2019, 2020, 2021, 2022 and 2023. This table includes Coffee Shops that may have operated for less than a full calendar year.

10. At the end of calendar year 2023, we had seven ZIGGI’S Coffee Shops operated by our affiliates, one of which is a café without a drive-thru, which is a model we do not offer under this Disclosure Document and therefore is not shown in the tables. Tables A and B show four Drive Thru

model Coffee Shops and two Café with Drive Thru model Coffee Shops, respectively, that our affiliates operated for the entire calendar year 2023. One affiliate-owned café without a drive-through Coffee Shop closed during calendar year 2023.

11. At the end of calendar year 2023, we had 71 ZIGGI'S Coffee Shops operated by franchisees of ours. Fifty-three of those Coffee Shops operated for the entire calendar year 2023, 30 of which operated our Drive Thru model Coffee Shop and are shown in Table C, and 23 of which operated our Café with Drive Thru model Coffee Shop and are shown in Table D. Table C also shows two Drive Thru model Coffee Shops that commenced operations in early January 2023 and therefore operated for substantially the entire 2023 calendar year. As such, Table C shows the results of 32 Coffee Shops. We have one franchisee who operates a café model Coffee Shop. We are not showing the results of that Coffee Shop since we do not promote that model to franchisees. We had 17 ZIGGI'S Coffee Shops that commenced operations during calendar year 2023, two of which are shown in Table C since they commenced operations in early January 2023. The remaining 15 ZIGGI'S Coffee Shops that opened in calendar year 2023 are not shown in the tables because they did not operate for the entire or substantially all of calendar year 2023. None of our affiliate-owned Coffee Shops are shown in Tables C or D. Three franchisee-owned Coffee Shops closed during calendar year 2023, none of which were opened for less than 12 months.

12. The number of Coffee Shops shown in Table E for each group are shown in that table.

13. One of our affiliates also operates a coffee shop located in a mall location. We did not show the results of that outlet as we do not offer that model under this Disclosure Document.

14. The Coffee Shops included in these tables sell substantially the same products and services as will be offered by the franchised Coffee Shops offered pursuant to this Disclosure Document.

15. The information for the Coffee Shops included in Tables A and B is information as reported by our affiliates. The information for the Coffee Shops included in Tables C and D is information as reported by our franchisees. The information for the Coffee Shops included in Table E is information as reported by our affiliates and franchisees. None of the information has been audited or otherwise verified by us.

16. We do not show any operating expense nor non-operating income or expenses, or resulting net profit for any of the Coffee Shops shown in any of the tables.

17. Our affiliates operate their Coffee Shops in the same manner as you will operate your ZIGGI'S Coffee Shop. However, our affiliates do not and will not going forward operate their Coffee Shops as franchised outlets. While many of the operating and non-operating expenses incurred by our affiliates are similar to what you will incur in your ZIGGI'S Coffee Shop, our affiliates do not and will not pay Royalty Fees to us in the same manner as you will pay to us. However, Tables A and B contain supplemental disclosures to show the Royalty Fee that would be paid if our affiliates operated as franchisees and were required to pay those fees. Other than the fact our affiliates' Coffee Shops have operated for a longer period of time, there are no other material financial or operational differences between our affiliate Coffee Shops and an operational franchise Coffee Shop.

18. You should review the other Items of this Disclosure Document, including Items 5, 6, and 7, regarding the fees you will be required to pay and the expenses you might incur in operating a ZIGGI'S Coffee Shop.

Some ZIGGI'S Coffee Shops have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Written substantiation for this financial performance representation will be made available to you at our company headquarters in Mead, Colorado upon your reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Brandon Knudsen, President, 241 Welker Avenue, Mead, Colorado 80542, telephone: (303) 682-5120, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**ITEM 20 TABLE NO. 1
Systemwide Outlet Summary
For Years 2021 to 2023**

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet type	Year	Outlets at the Start of the year	Outlets at the End of the year	Net Change
Franchised	2021	20	37	+17
	2022	37	57	+20
	2023	57	71	+14
Company- Owned ⁽¹⁾	2021	7	8	+1
	2022	8	8	0
	2023	8	7	-1
Total Outlets	2021	27	45	+18
	2022	45	65	+20
	2023	65	78	+13

⁽¹⁾ These ZIGGI'S Coffee Shops are owned and operated by our affiliates as disclosed in Item 1. These include the Drive Thru model and Café with Drive Thru model Coffee Shops of the type being offered in this Disclosure Document, as well as the café model that is similar to a Café with Drive Thru model but without the drive through window. As described in Item 1, our affiliates also operate other retail coffee shop businesses under the "ZIGGI'S COFFEE" name, which are not included in this table.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Colorado	2021	1
	2022	0
	2023	0
Oklahoma	2021	0
	2022	1
	2023	0
Totals	2021	1
	2022	1
	2023	0

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For Years 2021 to 2023

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
Arizona	2021	1	1	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	2	0	0	0	0	6
Arkansas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	2	0	0	0	0
Colorado	2021	15	12	0	0	0	0	27
	2022	27	12	0	0	0	0	39
	2023	39	6	1	0	0	0	44
Illinois	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reasons	Column 9 Outlets at the End of the Year
Nebraska	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Mexico	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	3	0	0	0	0	4
South Dakota	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Utah	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wyoming	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
TOTALS	2021	20	17	0	0	0	0	37
	2022	37	20	0	0	0	0	57
	2023	57	17	3	0	0	0	71

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets¹
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at 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
Colorado	2021	7	1	0	0	0	8
	2022	8	0	0	0	0	8
	2023	8	0	0	1	0	7
Totals	2021	7	1	0	0	0	8
	2022	8	0	0	0	0	8
	2023	8	0	0	1	0	7

(1) These ZIGGI'S Coffee Shops are owned and operated by our affiliates as disclosed in Item 1. These include the Drive Thru and Café with Drive Thru model Coffee Shops of the type being offered in this Disclosure Document as well as the café model that is similar to a Café with Drive Thru model but without the drive through window. As described in Item 1, our affiliates also operate other retail coffee shop businesses under the "ZIGGI'S COFFEE" name, which are not included in this table.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2023

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	1	0	0
Arizona	8	0	0
Arkansas	2	1	0
California	14	4	0
Colorado	41	11	1
Connecticut	1	1	0
Florida	9	1	0
Georgia	7	3	0
Idaho	1	0	0
Illinois	5	1	0
Indiana	4	1	0
Iowa	2	0	0
Kansas	5	1	0
Kentucky	2	0	0
Maine	3	1	0
Maryland	1	0	0
Michigan	12	2	0
Missouri	7	2	0
Nebraska	8	2	0
New Hampshire	3	2	0
New Jersey	1	0	0
New Mexico	1	0	0
New York	2	0	0
North Carolina	3	1	0
North Dakota	1	0	0
Ohio	1	0	0
Oklahoma	4	1	0
Oregon	5	1	0
Pennsylvania	1	0	0
South Carolina	3	2	0
South Dakota	4	2	0
Texas	18	7	0
Utah	2	0	0
Washington	6	1	0
Wisconsin	1	0	0
Wyoming	1	1	0
Total	190	49	1

A list of names, addresses and telephone numbers of all Ziggi's franchisees are listed in Attachment H to this document. The name and last known city, state, and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this document are listed in Attachment I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the Ziggi's franchise. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years no franchisees have signed confidentiality clauses that would restrict their ability to speak openly about their experiences with Ziggi's.

We have no trademark-specific franchisee organizations.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Attachment J are our audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year-end is December 31st.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Attachment A	Franchise Agreement
Attachment C	Nondisclosure and Noncompetition Agreement
Attachment D	Statement of Prospective Franchisee
Attachment E	Conditional Assignment of Lease

ITEM 23

RECEIPT

The last two pages of this Disclosure Document are receipt pages. Please sign and date each of them as of the date you received this Disclosure Document, detach the second receipt page, and promptly return it to us as specified on that page.

**ATTACHMENT A
(TO DISCLOSURE DOCUMENT)**

**ZIGGI'S COFFEE FRANCHISE, LLC
FRANCHISE AGREEMENT**

Franchisee: _____

Date: _____

Shop Location: _____
