

FRANCHISE INFORMATION REPORT

A photograph of the exterior of a Device Pitstop store. The store has large glass windows and doors. Above the entrance, the words 'DEVICE PITSTOP' are displayed in large, illuminated letters. Below this, there are signs for 'Tablets', 'Smartphone', 'Service', and 'Buy'. The interior of the store is visible through the glass, showing shelves of products and a person working at a counter.

DEVICE PITSTOP

AFTER READING THE
FOLLOWING REPORT
CONTACT ONE OF OUR
FRANCHISE REPRESENTATIVES
TO TAKE THE NEXT STEP

DIRECT 952-923-1223

THANK YOU FOR YOUR INTEREST

The following information covers many of the details you have already seen on the website and more. It will give you a concise overview of the highlights of your franchise business opportunity. You will receive considerably more detailed information in our Franchise Disclosure Document (FDD) when you complete and return our [Device Pitstop Initial Application](#).

If you experience any difficulty in using the link above to complete your Device Pitstop initial application, please call us at 952-923-1223 during business hours.

The Device Pitstop Team

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WHAT IS DEVICE PITSTOP?



Do you ever stop and think about how reliant the average person is on the technology they use? Between smartphones, tablets, the ever-present laptop, traditional desktops, all-in-one machines and the expanding wearable technology market, the average person spends countless hours logged in and online with some sort of device - quite likely, multiple devices! But what happens when something stops working? Or it's time for a cost-effective upgrade? That's where Device Pitstop steps in.

Device Pitstop is a retail and repair store that buys, sells, trades and repairs laptops, tablets, and smartphones of all varieties—from Apple products to Windows and Android. We provide quality refurbished and factory recertified laptops and other personal devices at high value retail prices. Additionally, the service and repair aspect of the business model comprises approximately 30% of average store sales. Refurbished retail inventory is acquired on an ongoing basis from our customers selling their gently-used or no longer needed electronics to Device Pitstop for CASH on-the-Spot. We also utilize a network of brokers who acquire product off-lease from various companies or outsource overstock items from clearance houses. Our refurbished inventory is typically sold between 25% and 50% below current or original retail pricing. Plus, Device Pitstop offers all of the common accessories you would expect to see for laptops, desktop computers, tablets, smartphones and more.

At every Device Pitstop store, customers will find a clean, open layout, a great product selection and a friendly, professional staff that provides excellent customer service.

CUSTOMER PROFILE

(PAGE 1 OF 2)



WHO IS OUR TARGET CUSTOMER?

Our target customer group is comprised equally of men and women ages 25 to 55, living within a 10-mile radius of our stores. The lives they lead are busy and integrally connected with technology, helping them to balance a busy work schedule and an often busier personal life. Married couples with growing children are, by extension, a primary customer group as well because most preteen children have phones, tablets and laptops of their own. Parents looking for a cost-effective solution to a device need for their children will turn to Device Pitstop and our selection of refurbished laptops, tablets and smartphones. From a repair standpoint, we help our customers stay connected and active when they break a phone or laptop screen, or when a computer crashes.

GENERATION Z



Our Generation Z customers include kids between the ages of 5 and 19. They are the first group to truly grow up with technology at their fingertips. Younger kids in this group rely on devices for entertainment and education, while tweens and teens do the same with the addition of maintaining social media accounts and essentially a personal brand for the world to see.

This up-and-coming group looks to us to provide them with affordable devices that will help them to complete school work, be entertained, develop their online presence and learn skills for their future. And when they find a store they love, they share the news with their friends and social media followers.

MILLENNIALS



Our Millennial customers are men and women ages 25 to 35. They live a very active lifestyle and are constantly on the go. They are defined as confident, tolerant and networked.

They are beyond comfortable with technology and are generally very socially aware. Most importantly, they are mobile, and their devices must keep up with their lives. Any downtime on a smartphone or laptop will have a negative impact on both their work productivity as well as their personal social scene, and must be avoided or minimized.

This group is also attracted to Device Pitstop, because they are young to the workforce, and are often not quite as financially secure as they would like to be. Thus, they are interested in the value of our refurbished inventory, as well as the cost effective repair services Device Pitstop offers.

CUSTOMER PROFILE

(PAGE 2 OF 2)



GENERATION X

Our Generation X (Gen X) customers are men and women ages 35 to 50. The Gen X customer is highly educated and is typically well-established in the working world, regardless of where their age falls in the generational range.

This group is past the thrill of having to own the newest, fastest, sexiest gadget available, but is still very conscious of what is current with technology. The Gen X customer is not typically as tied to social media sites as the Millennial group, but is keen on trends because they have children growing up in our technology-dependent world. Just as mobile in their daily lives as most Millennials, the Gen X customer can often afford to replace a non-functioning or broken device, but doesn't necessarily want to.



BABY BOOMERS

The men and women that comprise our Baby Boomer customer group (ages 50 to 65) make up the smallest segment of our customer base, but one that is intensely loyal. The reason behind this typically relates back to our smaller store size and local feel. Many men and women in this age group dislike shopping online. They often feel lost, ignored or unattended in the big-box world of retail today.

Our Baby Boomer customers have a desire to stay current with technology and devices. The primary motivation is to enjoy all the various communication options with their friends and, of course, their family members. Baby Boomers are also drawn to Device Pitstop for the level of customer service we offer and the familiarity they can gain with the staff at their local store.

ADDITIONAL INFLUENCES

FAMILY/MARITAL STATUS | INCOME LEVEL | EDUCATION



INDUSTRY GROWTH

Think about the number of electronic and Internet-connected devices that you currently have in your household. Three or more per person is not unheard of—in fact, it’s the norm. That number has grown drastically as technology changes and continues to become more accessible to all types of consumers. In addition, it’s astounding how quickly the market has shifted to mobile. People want to be connected anytime, anywhere. Device Pitstop is growing right along with the industry, as the franchise is built to supply the ever-changing demand of existing and new customers and their electronic devices.

REVENUE IN CONSUMER ELECTRONICS IN 2019



*Source: Statista, February 2019: selected region only includes countries listed in the Digital Market Outlook.

FRANCHISE SUPPORT OVERVIEW

Device Pitstop comes with a proven successful business model. Device Pitstop has developed a clear path that will help you to avoid years of trial and error; reduce costly mistakes, shorten your learning curve and, ultimately, reach your goals sooner.

The following are key benefits that come along with a Device Pitstop franchise:

BUSINESS PLANNING

We'll work with you to develop a plan that can be used as the financial and operational guide for your store during the critical start-up phase of your business.

TRAINING

We conduct two separate, comprehensive training programs that provide our new owners with both pre-opening and post-opening classes and hands-on experience.

BANK FINANCING

We have a Small Business Administration (SBA) preferred status lender who can help you with pre-qualification before you commit to opening your store. This lender knows our brand, our business plan and how to process loans quickly and efficiently.

STORE LOCATION ASSISTANCE

Device Pitstop has adopted a standardized real estate process that has a clearly defined all-in-one strategy for site selection, lease negotiation and legal review.

STORE OPENING ASSISTANCE

We have proven vendors already in place to get the best pricing and service on everything needed for store buildout: fixtures, equipment, interior/exterior signage, point-of-sale system and more.

POINT-OF-SALE (POS) SYSTEM

The unique software that runs our proprietary POS system was specifically designed to meet the ever-changing needs of the electronics resale business. With touch screen capabilities and a built-in buy matrix, the system assists in the buying and selling of Device Pitstop inventory.

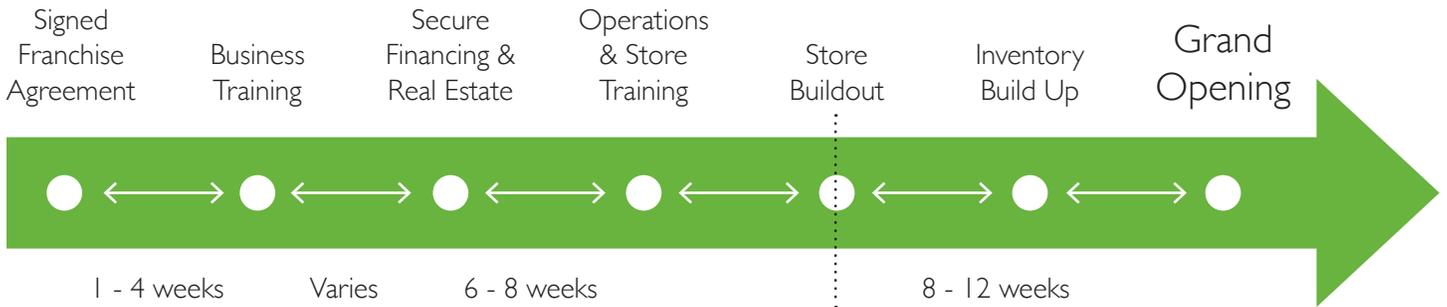
FRANCHISE BUSINESS CONSULTANT (FBC)

Our FBC's serve as small business consultants for our franchisees. They are responsible for ensuring success in all areas of the resale operation, including financial performance, merchandising and customer service.

MARKETING

Before a store even opens, we help to create excitement it. Then we continue to provide marketing support to all stores at both local and national levels.

TIMELINE TO GRAND OPENING



The typical length of time between our acceptance of the Franchise Agreement and the opening of your store varies from 6 to 12 months. This period may be longer or shorter, depending on the time of year, availability of financing, site selection, local construction delays, how soon you can attend training or other factors. You must complete the initial training programs and open your store by the date that we and you agree as stated in Exhibit A of the Franchise Agreement.

BUSINESS PLANNING



The #1 goal of a business plan is to get the right people excited about your business. A solid and professional well-designed business plan can help you to raise the funds necessary for you to finance the business, attract more customers and boost sales.

We'll work with you to develop a plan that can be used as the financial and operational guide for your store during the critical start-up phase of your business. You need to be at your best when you present your new business to a lender and we'll give you the tools to impress any audience.

THE BUSINESS PLANNING PROCESS STEPS

STEP 1: REVIEW THE MARKET

We'll help you to develop an introductory section: a description of where your business stands today, how you intend to put your sales and marketing plans in place, and what this will mean to your business during the next 12 months.

STEP 2: YOUR TARGET CUSTOMER OVERVIEW

This overview will examine who your prospective customers are, what they want and what motivates them to buy.

STEP 3: YOUR BUSINESS GOALS

In detail, we'll assist you in establishing your store's goals for the first three years of operation. It's important to put your goals down on paper, and we'll discuss the elements of your business that are possible to track so you can gauge your progress. Together, we'll develop goals that are achievable, time-bound and measurable.

STEP 4: MARKETING STRATEGIES & TACTICS

This section is the heart of your plan. It details what your marketing message is, what you plan to do to market your business, how you plan to achieve your marketing goals and the tactics you'll use to meet them.

STEP 5: YOUR BUDGET

The last section of your plan will break down the projected expenses of your store. Your budgeted plan will include estimated gross margins and key expenses such as marketing, rent, payroll, utilities and other categories.

STEP 6: YOUR RESOURCES

Determine who on your team will handle different areas of your store including running the store, marketing the business and handling the accounting.

Keep in mind that your plan is flexible, so if your business changes we can help you to make adjustments based on your needs.

REAL ESTATE



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Securing the right site and negotiating a competitive lease may significantly affect the sales and profitability of your store. Device Pitstop will offer our knowledge and acceptance processes, but we will not secure sites for you. We offer the support and assistance in finding a location for your store along with negotiating your lease, but ultimately it is your responsibility.

After you have signed on and secured financing, your first major step is to go through the real estate process. At this stage in the relationship it is very important that we closely manage this process to help to build a strong and healthy relationship in the beginning. Device Pitstop has adopted a standardized real estate process that has a clearly defined all-in-one strategy for site selection, lease negotiation and legal review. In order to accomplish this, we have teamed up with real estate experts, Colliers International. By outsourcing the real estate services, it helps to provide many benefits including saving money and time and creating a more streamlined and faster store opening process. As a franchisor we have discovered the benefits of partnering with a strong, outsourced real estate solutions provider like Colliers International.

COLLIERS INTERNATIONAL

Colliers International is a leading global commercial real estate services organization defined by their spirit of enterprise. With more than 16,300 professionals in 502 offices worldwide, they are dedicated to creating strategic partnerships with Device Pitstop and our franchisees, providing customized services that transform real estate into a competitive advantage.

REAL ESTATE PROCESS

Phase 1: Franchise Location Evaluation and Broker Assistance

Identifying the right location for your store and the parameters to consider when evaluating the perfect location for your store.

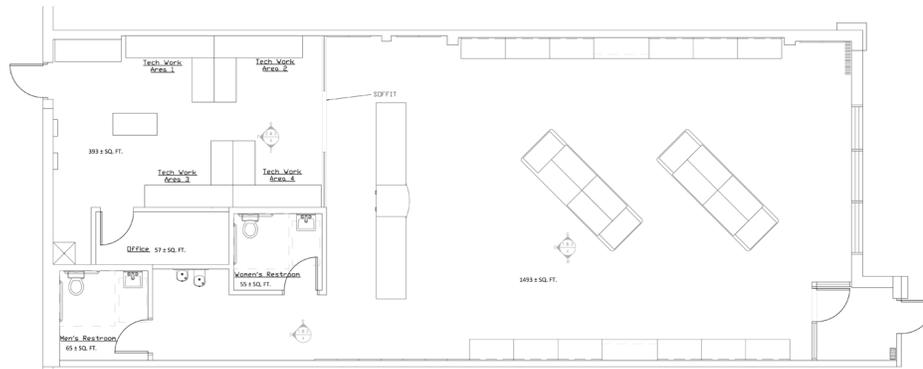
Phase 2: Site Selection and Letter of Intent (LOI)

Submitting proposals and negotiating information along with the support that you'll receive to prepare for a retail contract.

Phase 3: Lease Agreement (LA) and Space Preparation

Reviewing your lease agreement to make sure it matches your LOI and understanding what your time lines are for the landlord to turn over the space to you.

NEW STORE DEVELOPMENT



f.c. dadson

SPECIALTY STORE SERVICES
Store fixtures and supplies

Device Pitstop has teamed up with proven vendors that offer the best pricing and service available for your store buildout. F.C. Dadson and Specialty Store Services help to streamline the process of getting your store ready to open.

To ensure a uniform image throughout the brand, we will assist you in following our quality standards for fixtures and key supplies for your store. You will be provided with easy-to-follow prototypical drawings and a list of specifications such as interior and exterior materials, décor, fixtures, supplies, equipment and signs.

As you develop your store, we make it easy for you to meet our specifications as well as the Americans With Disabilities Act and other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. We'll discuss your plans before you begin construction, and we'll also help you to review any revisions if needed during the buildout. All of the construction materials, fixtures, equipment, furniture, décor and signs for your store are high in quality and easily accessible.

WHAT MAKES F.C. DADSON AND SPECIALTY STORE SERVICES DIFFERENT?

ONE-STOP STORE SUPPLY SHOPPING

A streamlined process for ordering equipment, fixtures, supplies, graphics and other décor pieces.

STORE IN-A-BOX COORDINATED DELIVERY

Your fixtures and store supplies ship on one trailer, saving you time and multiple shipping charges. It helps to get your store open faster.

RETAIL CONSTRUCTION

Experienced in construction management, they can help to bridge the gap between franchisor, franchisee, landlord and your general contractor and make sure that your store gets built out to our specifications while keeping costs down.

DEDICATED PROJECT MANAGERS

Their project managers take on many of the day-to-day details, freeing up your time so you can focus on promoting and building your business.

RETAIL EXPERTISE

Combined, they have more than 70 years of experience developing, manufacturing and shipping fixtures and supplies to thousands of retailers across the country.

FRANCHISOR/FRANCHISEE RELATIONSHIP

They familiarize themselves with every aspect of our business and our Franchise Disclosure Document to serve your best interest during buildout.

TRAINING

(PAGE 1 OF 3)



We conduct two separate, comprehensive training programs that provide our new owners with both pre-opening and post-opening classes ranging from business planning, financial management and real-estate selection to store operations, merchandising, inventory management and POS system training as well as a full week of in-store training. Check out the break down of each of our training programs below.

TRAINING PREREQUISITE

BUSINESS TRAINING

We suggest you and your partner(s) to attend Business Training in the first available class after you have signed your Franchise Agreement.

OPERATIONS & STORE TRAINING

It is ideal for you to receive training on the operational aspect of the business as close to your “Inventory Build Up” period as possible. So as soon as you’ve completed Business Training, submitted your signed lease to us and ordered your fixture package for your store, you are ready to attend Operations and Store Training.

BUSINESS TRAINING

In this two and a half day training program, we'll cover all of the tools available to you and the assistance that we provide for opening your store. Business Training includes:

REAL ESTATE/SITE SELECTION

What should go into a lease and what criteria to use to get the best possible site.

BUSINESS PLANNING

Comprehensive business planning preparation and a review of financing options.

NEW STORE DEVELOPMENT

All-encompassing how-to on your store buildout, fixture detailing, signage, flooring options, etc.

MARKETING

An introduction to all of the marketing options for your store, from print to digital to social media and more.

PERSONNEL MANAGEMENT

How to recruit, hire, train and develop the best employees for your business.

QUICKBOOKS

Implementation of QuickBooks accounting software into your personal computer to help manage your daily business expenses.

OPERATIONS AND STORE TRAINING

This six-day program delves into everything you need to know about the day-to-day operation of your store. Operations Training includes:

MARKETING

Grand opening advertising, local store marketing, print advertising, multi-media advertising, your store website and social media.

CUSTOMER SERVICE

An overview of the keys to great customer service, steps to learn customer cues and more.

MERCHANDISING & STORE STANDARDS

Learn how to merchandise your store to maximize profits. Plus, learn about the company store standards.

LOSS PREVENTION

Learn how to detect internal and external theft and how to utilize tools to prevent theft.

INVENTORY MANAGEMENT

An in-depth look at seasonal buying and selling as well as clearance procedures to maximize profitability.

PRODUCT KNOWLEDGE

How to buy and sell your product. In addition to general hands-on training for this topic, you'll also receive the following:

- Exams – review tests for your staff to make sure they know product information from the guides
- On-site inventory evaluations – a feedback report that is provided to you in writing after each visit by Device Pitstop field support staff
- Advanced training workshops – an annual national conference hosted for you and your management staff
- On-demand video training – additional help available on Device Pitstop's convenient extranet

STORE TRAINING

This program includes hands-on experience at our corporate store, where you'll see all of the information you learned during the previous two programs in action. Store Training includes:

- Store tour and introduction to the POS system, merchandising, customer service and product classification.
- Store opening/closing procedures, back-of-office administration, sales planning, personnel management and POS administration.
- Sorting/buying, merchandising, inventory management, POS troubleshooting and loss prevention.
- Local store marketing, social media and handling customer complaints.
- An all-encompassing overview of the previous four days and putting what you've learned into action.
- Questions and answers session and final training certification.

POINT OF SALE



The unique software that runs our point-of-sale (POS) system was specifically designed to meet the ever-changing needs of the resale business. With touch screen capabilities and a built-in buy matrix, the system will assist in the buying and selling of your inventory along with tracking numerous aspects of your store including daily sales summaries, inventory buys, and detailed customer transactions. The proprietary software is the property of our third-party supplier and you will buy your software license and hardware from them.

KEY POINT-OF-SALE SOFTWARE FEATURES

POS BASICS

- Typical sales transactions
- Discount and various coupon capabilities and payment options screens
- Detailed administrative functions

PRODUCT BUY MATRIX

- Easy-to-learn touch screen system automation to effectively buy the right inventory at the right price
- Department, category, brand-specific matrix with suggested costs and retails

EMPLOYEE ACCOUNTABILITY

- Track individual employees' activities including sales, buys and returns and review inventory sell rate performance by employee
- Can objectively measure and manage employee productivity
- Leads to improved buyer training of best- and worst-selling items

ONLINE REPORTING CAPABILITY

- Can monitor stores performance remotely
- Various executive summary reports on store performance with comparisons to other stores
- Ability to drill down further in a report to help analyze the business metrics

INTEGRATED, SECURE CREDIT CARD PROCESSING

- Chip and pin capabilities
- Streamline customer transactions
- Easy daily credit card transactions reconciliation

QUICKBOOKS INTEGRATION

- Easy and time-saving integration of daily sales activities into QuickBooks
- More accurate and detailed daily reporting of key point-of-sale transactions
- Improves month-end reporting analysis of your financials

INTEGRATED LOYALTY PROGRAM

- Fully integrated custom rewards program
- Tracks all transactions for use in data-driven marketing

TECH SUPPORT

- Automatic data backups
- Software updates are timely and readily available
- Remote access software to communicate and train

SYSTEMS

- Full Windows compatibility
- Built on a strong and capable database system
- Full features including bar code readers and scanners

STORE OPERATIONS



ROLE OF THE FRANCHISE BUSINESS CONSULTANT

Your Franchise Business Consultant (FBC) serves as your small business consultant and is responsible for ensuring your success in all areas of your resale operation including financial performance, merchandising and customer service. To accomplish this your FBC is in contact with you during numerous phases of your business including:

PRE-OPENING VISIT

Takes place 1 month prior to the grand opening of your store.

- Duration: 5 days
- Focus: To ensure proper buying of product, making sure fixtures are installed properly and that the POS system is functioning correctly. Ensuring that all technicians are trained and back room service department is set up.

STORE OPENING VISIT

Takes place the day before and the day of the grand opening of your store.

- Duration: 2 days
- Focus: Final tweaks to merchandising and staff training. Your FBC will be there as a resource for answering questions at the store opening.

FOLLOW-UP VISIT

Takes place approximately 90 days after opening your store.

- Focus: Operations, full analysis of customer service, POS training and ensuring that bad habits aren't arising. We also assist with small business practices such as hiring, bookkeeping, business planning/forecasting, attaining a clear picture of cash flow, review of the tech department and any other operational needs.

ONGOING VISITS

Take place every 9-12 months.

- Focus: Your FBC is there as a small business analyst and counselor.

MONTHLY OPERATIONS CALLS

Take place monthly.

- Focus: Inventory planning, advertising and marketing, POS reporting, budgeting and other items related to your business.

CONFERENCES

Take place annually.

- Focus: Networking and training opportunities for all of our franchise owners, managers and staff in one location.

MARKETING



Marketing is a very important piece in making a store a success, and we are here to help you in many different ways. We offer comprehensive marketing training as well as ongoing marketing support to all franchisees.

Marketing is made up of many areas including electronic media, print media, social media, digital media and local store marketing. During your training, we will cover all of these areas in-depth as well as marketing budgets and how to best allocate them.

DIFFERENT AREAS OF MARKETING

ELECTRONIC MEDIA

This includes TV, cable, radio, Pandora, Hulu and others. We have a recommended media buyer that will help to get you up and running as well as plan long-term goals.

PRINT MEDIA

We know the ins and outs of different forms of print media and how to best utilize them in our stores. We also create many items in-house for stores and work with proven vendors that make getting your print materials easy.

SOCIAL MEDIA

This is an ever-changing area and we offer a lot of support to franchisees. This includes assistance in setting up your social media, training, providing content as well as ongoing updates to be sure you stay current.

DIGITAL MEDIA

This includes devicepitstop.com, a comprehensive, mobile-responsive website that presents customers with easily accessible information about the brand as well as individual stores. It's a place to learn about Device Pitstop's unique resale concept and draw customers to your store.

Device Pitstop works with a top search engine optimization (SEO)/digital company that helps to support the main brand website as well as provides a great option for you to promote your local store website with SEO.

LOCAL STORE MARKETING

Local area marketing is a key part in promoting a local business. We have great ideas that have worked for other stores and tips for getting a strong start in your market.

MARKETING COLLATERAL



DEVICE PITSTOP
BUY • SELL • SERVICE

We Service

Laptops/Desktops

- LCD Replacement
- DC Jack Repair
- OS Reinstall
- Virus and Malware Removal
- Overheating Issues
- Ram and HDD Upgrades
- Data Backups and Recovery

Tablets and Smartphones

- LCD & Glass Replacement
- Audio Jack / Charger Port Repair
- General Diagnostics

WARRANTY
30 days
SERVICES



DEVICE PITSTOP

We pay you Cash on-the-spot
for your gently used devices.

Unlike consignment shops, we pay you immediately for every item we accept.

Here's how easy it is to cash in on the items you want to clear out:

- Read over the list of items we buy and don't buy.
- Bring us your items in a box or basket anytime up to 1 hour before closing.
- Items must be clean, safe, working, and in ready-to-sell condition.
- The amount paid is based on condition, brand, stock level and demand.
- We may pass on items based on condition, inventory levels or past experience.

NOW BUYING

Minnetonka • 13023 Ridgedale Drive
Located in Ridge Square next to New Uses and 2nd Swing
952-300-2559 • minnetonka@devicepitstop.com
Store Hours: Mon - Sat 10 a.m. - 6 p.m. • Sun 12 p.m. - 6 p.m.
For more info visit: www.devicepitstop.com or find us on Facebook



back to school
SALE
DEVICE PITSTOP



graduation
SALE



DEVICE PITSTOP

Like us on 

Simply "like" Device Pitstop
City Name on Facebook

for exclusive discounts, promotions, store updates, contests, pictures of new arrivals and more!

12345 Address, City Name
123-456-7890 | devicepitstop.com
facebook.com/DevicePitstopCityName



ALWAYS BUYING

DEVICE PITSTOP
BUY • SELL • SERVICE

LAPTOPS
TABLETS
SMARTPHONES
iPODS

Now paying you CASH on-the-spot for your devices!



Technology & Coffee
the perfect combination



We Buy

Bring in your laptops, desktops, smartphones, tablets and all Apple products including iPods and iPads.

We will complete a simple Test-To-Buy process and after about 15 minutes we will offer you a trade credit or Cash On the Spot.

We Service

Laptops

- LCD Replacement
- DC Jack Repair
- OS Reinstall
- Virus and Malware Removal
- Overheating Issues
- Ram and HDD Upgrades
- Data Backups and Recovery

Tablets and Smartphones

- Screen and Chassis Repair
- OS Reinstall

Local Postal Customer



DEVICE PITSTOP

Minnetonka • 13023 Ridgedale Drive
Located in Ridge Square next to New Uses
952-300-2559 • minnetonka@devicepitstop.com
Mon - Sat 10 a.m. - 6 p.m. • Sun 12 p.m. - 6 p.m.

PRRST STD
EGRWSS
U.S. POSTAGE
PAID
EDM RETAIL



DEVICE PITSTOP

INITIAL INVESTMENT OVERVIEW

Our foremost goal is to ensure franchise candidates possess the attributes that lead to becoming a successful Device Pitstop franchisee. The charts below show the approximate dollar amounts you need to get the doors open, have a working capital reserve, get stocked with inventory and be ready for customers.

While it's likely that most stores will land in the targeted range listed above, it's also dependent upon a number of variables. Further detailed information is outlined in our Franchise Disclosure Document (FDD). To get a copy of this document, please contact your Device Pitstop franchise representative.

STORE BUILDOUT WITH INVENTORY

TYPE OF EXPENDITURES	PURCHASE OPTION AMOUNT	LEASE OPTION AMOUNT
Initial Franchise Fee	\$20,000 – \$25,000	\$20,000 – \$25,000
Leasehold Improvements	\$0 – \$20,000	\$0 – \$20,000
Fixtures and Supplies	\$30,000 – \$34,000	
Proprietary Software and POS System	\$10,750	\$5,700 – \$10,750
Service Area Tech Package	\$10,500	
Signs	\$5,000 – \$8,000	\$5,000 – \$8,000
Inventory	\$30,000 – \$40,000	\$30,000 – \$40,000
Deposits, Business Licenses and Permits	\$4,000 – \$5,000	\$4,000 – \$5,000
Travel Expenses to Attend Training	\$2,000 – \$5,000	\$2,000 – \$5,000
Legal and Accounting	\$2,000 – \$3,000	\$2,000 – \$3,000
Security	\$3,000 – \$8,000	\$3,000 – \$8,000
Pre-Opening Labor Expenses	\$3,000 – \$7,000	\$3,000 – \$7,000
Complete Store Buildout with Inventory Total	\$120,250 – \$176,250	\$74,700 – \$131,750

INITIAL INVESTMENT OVERVIEW

FIRST THREE MONTHS OF OPERATING CAPITAL

TYPE OF EXPENDITURES	PURCHASE OPTION AMOUNT	LEASE OPTION AMOUNT
Rent – Three Months	\$6,000 – \$12,000	\$6,000 – \$12,000
Grand Opening Advertising	\$10,000 – \$15,000	\$10,000 – \$15,000
Additional Funds – Three Months	\$10,000 – \$15,000	\$10,000 – \$15,000
First Three Months of Operating Expenses Total	\$26,000 – \$42,000	\$26,000 – \$42,000

OVERALL TOTAL ESTIMATED INITIAL INVESTMENT

PURCHASE OPTION AMOUNT

\$146,250 – \$218,250

LEASE OPTION AMOUNT

\$100,700 – \$173,000

FINANCING OPTIONS

SMALL BUSINESS ADMINISTRATION (SBA) LOAN

SBA 7(a) loans are small-business loans that are federally guaranteed by the SBA and issued by banks. The SBA can guarantee up to 85% of loans of \$150,000 or less and 75% of loans of more than \$150,000. Device Pitstop is a pre-approved franchise with the SBA.

ROLLOVER 401(K)

You can utilize the money in your 401(k) to fund your new Device Pitstop business WITHOUT triggering any early withdrawal penalties or taxable distributions. This is accomplished by first establishing a C Corporation, and then you buy private stock shares of that new C Corporation (aka your new Device Pitstop franchise store) from your 401k funds.

ALTERNATIVE FRANCHISE LENDING

Alternative lending institutions have a wide portfolio of products for franchise seekers that typically do not meet all the requirements larger, more stringent, national banks require. These firms have many creative programs to secure the franchise lending you need. This include SBA loans.

HOME EQUITY LOAN / CASH OUT REFINANCE

Tapping into your home equity or performing a cash out refinance of your property is becoming more of a possibility for many franchise seekers as housing values across the country continue to increase in value. This model is also a way to secure a more stable interest rate than traditional business financing.

LEASING ALTERNATIVES

Leasing is a great option for reducing the cash-down requirement amounts for start-up costs and the down payment amount needed for additional funding of the business. Leasing give you the option to lease up to \$50,000 for your fixtures, technology and signs. This lease payment simply becomes a monthly payment termed out over 60 months.

PORTFOLIO LOANS

Portfolio loans allow individuals to borrow up to 80% of the value of their stock, bond and mutual funds. Unlike traditional loans, this type of credit is brokered out as an interest-only payment. These types of loans are collateralized by your portfolio, so you cannot withdraw the funds or fall below the 80 percent loan-to-value ratio in the account.

UNSECURED LOANS

Unsecured loans are typically referred to as “signature loans”. This type of lending is extended to a borrower based on their credit history and requires no collateralization. To qualify for these types of loans, a borrower typically needs a very high credit score, no derogatory credit history and is using a fractional percentage of current credit accounts.

FRIENDS AND FAMILY

This common source of business financing allows friends and family to make a monetary investment in your business, typically for an equity position or a fixed rate of return. These individuals know you are reliable and competent and see the opportunity to make money investing in you and a Device Pitstop franchise.

CASH

All cash funding is an option. This is very straight forward and self-explanatory. The ability to fund your franchise with all cash is a funding option for those investors with larger amounts of capital to deploy.

SBA LENDERS



Don Johnson
877-508-2274

732-787-9191 • 732-495-7058 (fax)
don@DiamondFS.com
www.FranchiseLeasing.com
www.DiamondFS.com



DIAMOND FINANCIAL

1. SBA Express (\$25 - 150K) & 7(A) Loans (\$150K-5 Mill)
2. Equipment Leasing (\$10K – 500K)
3. UBLOC™ (Unsecured Business Lines of Credit) Program (\$20K-\$150K+)
4. Franchise Revenue Loans (\$10K - \$500K)
5. FranBank™ (\$750K – \$10 Mill.)
6. Franchise Term Loans (\$25K – \$500K)
7. Diamond Retirement Funding™ (401K Rollover)
8. LeverageLine™ (Securities-Based Credit Lines)



Julie McDonald
Wells Fargo SBA Lending
612-667-3008

julie.a.mcdonald@wellsfargo.com

SBA 7A LOAN PROGRAM

Loan Amount: Up to \$5,000,000

USE OF FUNDS

Single/Multi-Unit Acquisition
Equipment & Inventory
Working Capital
Leasehold Improvements
Commercial Real Estate

TERM

Up to 10 yrs.
Up to 10 yrs.
Up to 10 yrs.
Up to 10 yrs.
Up to 25 yrs.

WELLS FARGO LENDING STATES

All States except: HI, ME, NH, RI, VT



FDD HIGHLIGHTS

An important step in your research is reviewing the Franchise Disclosure Document (FDD). It's filled with a lot of useful information, but it can often be a bit overwhelming. That's why we've nailed down a few highlights for you here:

- **Items 1 & 2 Background...** We have been franchising this business model for more than 25 years.
- **Item 3 Litigation...** None. This shows that we are good business partners.
- **Item 4 No Bankruptcies...** We have been very wise in our financial investments.
- **Item 5 Initial Fees...** Some of the lowest in the franchise business.
- **Item 6 Other Fees...** These are fees you will see in the operation of your business. You can view the breakdown on the chart listed in Item 6 in the FDD.
- **Item 7 Estimated Initial Investment...** These are the fees to open your store, they can vary from store to store or state to state. This is the estimated amount to get the "doors open for business." There is a chart with the breakdown of the fees listed in Item 7. We also have a relationship with Wells Fargo, which will help with setting up your financing. We are also listed on the SBA registry, which makes it easier to work with all SBA approved banks.
- **Item 9 Franchisee's Obligations...** What is expected of you as the franchise owner?
- **Item 11 Franchisor's Assistance...** This is an explanation of the assistance we as the franchisor will give to you. This is the minimum you will receive from us, hopefully you have seen today that we have much more for you to use in the development of your business.
- **Item 12 Territory...** Describes your protected market, this area will be exclusive to you as a franchisee and will be outlined in the Exhibit A, as part of the Franchise Agreement. We will go through a mapping session to layout your territory with you before the Franchise Agreement is prepared.
- **Item 19 Financial Performance Representations...** Everyone wants to look at this, as it explains our sales history for our franchise locations. Make sure you read the explanation at the top of Item 19, as it will explain what information was used in putting the chart together.
- **Exhibits – Franchise Agreement...** Everyone signs the same agreement. You will want to read the Franchise Agreement first, because it is the agreement you will sign.
 - a. This will contain a list of owners for your due diligence.
 - b. Exhibit A Protected Area... This will be your chosen protected territory.

MEET THE TEAM

(PAGE 1 OF 2)



Ron Olson
President



Chad Olson
Chief Operating
Officer



Sarah Primmer
Vice President of Finance
& Human Resources

OPERATIONS TEAM



Brad Peterson
Vice President of
Operations

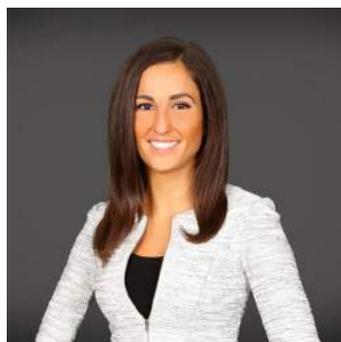


Jarvis Herndon
Franchise Business
Consultant

MARKETING TEAM



Angie Schatschneider
Director of Marketing



Maria Castellon
Creative Project
Manager



Ashley Huebner
Senior Graphic
Designer



Nicole Johnson
Social Media
Coordinator

MEET THE TEAM

(PAGE 2 OF 2)

FRANCHISE SERVICES TEAM



Michael Smith
Vice President of
Strategic Planning



Pete Palmisano
Vice President of
Franchise Services



Jessica Fix
Legal Administrative
Assistant



Jim Wollman
Franchise Coach



Emmett Dennehy
Franchise Coach

GENERAL QUESTIONS

How much money can I make?

The possibilities are endless, it really comes down to the operator/franchise owner. We give you the system and tools for you to execute your plan.

Once I sign the Franchise Agreement, how long do I have to open my location?

You have 10 months to open your location. Typical stores take 12 weeks to open after securing real estate.

May I interview any number of the franchisees? And may I choose whom I interview?

Yes, in the FDD you will receive a list of owners that you may contact.

What fees do you charge?

You will have a franchise fee, a royalty fee, POS fee and marketing fees.

Does this contract permit me to sell my business? What restrictions are there affecting my rights to sell the business?

Yes, with our approval. We will qualify them, as we would a new franchisee.

For how long is the franchise granted?

10 years, with a \$10,000 renewal fee for another 10 years.

FDD QUESTIONS

What is the background of the franchisor?

President Ronald G. Olson founded NTY Franchise Company in 2006. Since that time the company has purchased the franchise rights for Clothes Mentor, New Uses, Device Pitstop and Children's Orchard and started NTY Clothing Exchange.

From 1988 to 2000 Mr. Olson was President and Director of Grow Biz International (now called Winmark, a public company). During this time Mr. Olson purchased the franchise rights for Once Upon A Child, Plato's Closet, Play It Again Sports and Music Go Round.

Can I see sales figures of open stores?

We cannot disclose any financial information that is not stated in the FDD. The item 19 in the FDD will outline our disclosure. However, we will furnish you with a list of franchises to contact to assist you with your due diligence.

What is my protected territory?

You will receive an exclusive territory surrounding the location of your store when you sign the Franchise Agreement (the "protected area"). The protected area will be determined by using natural trade areas and population numbers, but will be no less than a 2-mile radius and no greater than a 6-mile radius from a particular intersection. Typically, if you will operate in a metropolitan area with a population in excess of 200,000, you will receive a protected area with a minimum population of 50,000. If you locate your store in a smaller market, you typically will receive a protected area with a minimum population of approximately 25,000. The location of the store and the protected area will be identified in Exhibit A in the Franchise Agreement.

Can I put the Franchise Agreement in a corporate name?

Yes, the Franchise Agreement can be placed in a corporate name as long as the owners sign a guarantor agreement.

TRAINING QUESTIONS

What ongoing training do I get after I open?

You will be assigned a Franchise Business Consultant who will act as your small business consultant. You will have monthly operations calls with your FBC and yearly on-site visits. Additionally, you will have access to our intranet site that contains both operations and technical training resources as soon as they are released.

How do you train store managers?

Our training consists of three phases: First you will spend one and a half weeks at our corporate training facilities. We will send an operations team member to your location prior to your store opening to train the staff that you have hired at that point in time and to review your current inventory. This is typically a 1-2 day visit.

Do you train me? Who pays for my training? Where do I go for training?

Our corporate staff consists of various department and staff members who specialize in their respective areas. These staff members will train you at our corporate offices, corporate retail store and on-site at your store as you proceed towards your opening. Your initial training costs are covered under your franchise fee. You will need to cover the costs for lodging, food and travel for you and/or your staff during your training at our offices.

FINANCE & ACCOUNTING QUESTIONS

Will Device Pitstop help me to finance the business?

Device Pitstop helps provide you with the tools that you need to develop your business plan, which, based upon our past experience and your local research and input, covers the goals for sales, expenses and profit. This business planning process guides you in getting bank financing and then managing your ongoing business.

How will I cope with my bookkeeping?

Your POS' daily sales file is exportable to QuickBooks to make your bookkeeping easier. Trainers will go over this with you in training.

What standard financing options exist for me?

Bank loans backed by SBA guaranties are a typical financing option. There are also a number of companies such as Benetrends that assist people in accessing retirement dollars in IRA or 401(k) accounts, without early withdrawal penalties, to use as a funding source for a franchise business.

STORE OPERATIONS QUESTIONS

Where do I get my inventory?

Your ongoing and initial store inventory will be sourced from various suppliers. The source of this product will include local customers, businesses and schools in your market, new product suppliers, used product brokers, and clearance and liquidation companies. Sourcing product in your local market area is part of our secret sauce and vital to great margins and overall customer experience. We will teach you how to buy the right quality inventory in the right quantities at the right price. This is critical to your level of success. We also teach you how to sell products. Our custom POS hardware/software system makes the buy/sell process very easy to train new managers and staff. It will also help you to manage the inventory so you can maximize your profit potential.

STORE OPERATIONS QUESTIONS (CONTINUED)

What will be the open hours of the franchise business?

Our typical suggested business hours are Monday-Friday 10am-8pm, Saturday 10am-8pm and Sunday 11am-6pm. These are the suggested hours. Any drastic variances based on local business trends or shopping center standards need to be approved by our corporate staff.

What can I sell and what can I not sell?

We have a detailed list of the items we buy and sell in our training materials.

Do you provide instruction and operation manuals?

Yes, we have both product acquisition and operations manuals.

How much control do I have?

It is your business, we are here with the operating system to help you grow that business.

COMMUNICATION AND ONGOING SUPPORT QUESTIONS

What systems do you have for keeping franchisees in touch with you and each other?

We have an intranet site that contains communications from both our corporate offices and other franchisees. We hold an annual conference where franchisees come together to discuss business and participate in training sessions. We send out periodic newsletters to all existing franchisees highlighting upcoming important information.

What would happen if I ran into operational problems that I was not able to solve?

You will be able to contact your Franchise Business Consultant.

What continuing services do you provide after the franchise business has commenced?

You will be assigned a Franchise Business Consultant who will act as a small business consultant. You will have monthly operations calls with your FBC and yearly on-site visits. Additionally, you will have access to our intranet site that contains both operations and technical training resources as soon as they are released.

Who will be my main point of contact after I have opened?

You will be assigned a Franchise Business Consultant who will serve as your first and main point of contact to our corporate offices. This person will essentially function as a small business consultant to help you maximize your business.

REAL ESTATE & NEW STORE DEVELOPMENT QUESTIONS

Does Device Pitstop help me find a location?

Yes, Device Pitstop's preferred real estate service provider is Colliers International, who are experts in retail leasing. They will assist you in finding a proper location for your store.

Do you help me with the design and layout of my location?

Yes, we have a relationship with F.C. Dadson who will help with the layout and development of your location.

Is the POS system easy to use, and how do I know what to pay for an item?

Yes, the system is easy to use and will help price the items you buy and sell. It also has many financial reports to help you manage your business.

REAL ESTATE & NEW STORE DEVELOPMENT QUESTIONS (CONTINUED)

Is the franchise business seasonal?

No, we have a predictable sales index. There will of course be times throughout the year that produce higher store traffic and sales. These periods are consistent with like retailers in our industry.

When is the best time to open?

Anytime is a good time to open, as we have a predictable sales index.

MARKETING QUESTIONS

What point-of-sale and promotional literature do you supply and do I have to pay for it?

Our marketing department has developed all the material we are currently using. This vast library of promotional pieces and materials are available to you through our intranet site and preferred vendors. You would be responsible for purchasing any of the marketing and promotional materials you choose to implement in your store.

Do you help me plan my marketing budget?

Yes, we will help layout how to best spend your marketing dollars.

PROCESS STEPS

STEP 1 - SCHEDULE AND ATTEND A PRIVATE WEB MEETING

This personal, live web meeting is a brief but very thorough overview of the brand. The main topics covered are:

- The history of NTY Franchise Company and Device Pitstop.
- What the brand represents to both the consumer and to the franchisee (store owner).
- Where the brand fits into the marketplace and why the stores thrive.
- How the franchisee/franchisor relationship really works and our culture.

STEP 2 - QUALIFY AND MEET THE BRAND DIRECTOR

After receiving your completed application and you are considered pre-qualified, an informational phone call is scheduled with the Brand Director. The Brand Director will highlight many brand developments and discuss current initiatives being implemented to further grow bottom line results store owners. In addition, this is a great opportunity to get more of your questions answered.

STEP 3 - REVIEW THE FDD AND GET YOUR QUESTIONS ANSWERED

Review of the Franchise Disclosure Document (FDD) and associated video tutorials. The FDD contains details of the investment, territory protection, overview of our training, support and much more. After reviewing, have a call and get remaining questions answered.

STEP 4 - VALIDATIONS, RESEARCH AND TERRITORY PROTECTION

In addition to the lists provided in the FDD, we can also provide you with a contact information list of franchisees who have opted in and volunteered their personal time to speak with you for a more in-depth conversation. We will also cover territory protection with you in a short mapping session of your market area.

STEP 5 - ATTEND DISCOVERY DAY

Not a decision-making day, but rather a one-day orientation covering our franchisee services. It's held at our corporate headquarters in Minneapolis, MN, and takes place before you make any decision on your new business. You'll meet with Device Pitstop's key personnel, who will present you with concise overviews of all the tools that we provide our franchisees to become successful business owners. The interaction allows you to form a more complete impression of us and the culture and values of our company.

The main topics covered are:

- Business planning
- Training
- Bank financing
- Store location assistance
- Store opening assistance
- Point-of-sale system
- Franchise Business Consultant
- Marketing
- Franchise Disclosure Document

STEP 6 - AWARD THE FRANCHISE

This is the final step in the franchise process where franchises are awarded to qualified candidates.

NEXT STEPS

After reading this Franchise Information Report you may want more detailed information. Please click the link to complete our brief [Device Pitstop Initial Application](#) >

This application simply helps us to see if you may be a good fit for us - and if Device Pitstop may be a good fit for you.

After completing this application you will get information on:

- Items that make up the initial investment.
- Funding/finance, training & store design/build out.
- Initial and ongoing fees.
- Real estate/site selection support.
- Training tools & advanced programs/workshops.
- Technology tools & system support for inventory and cash flow management.
- Advertising/marketing programs & support.
- Ongoing store operations support.

GET THE INFORMATION LISTED ABOVE
BY SPEAKING WITH US DIRECTLY:

Direct: 952-923-1223