



FRANCHISE DISCLOSURE DOCUMENT

Aroma Joe's Franchising, LLC
A Florida Limited Liability Company
700 Technology Way
Scarborough, ME 04074
Phone: 1-207-536-5818
www.AROMAJOES.com
franchising@AROMAJOES.com

You will offer specialty coffee, espresso, tea, energy drinks, and other beverages, pastries, donuts, muffins, and other baked food items from a full-service coffee shop and/or drive-thru kiosk.

The total investment necessary to begin operation of a traditional Aroma Joe's® coffee shop is from **\$431,300 to \$2,168,800**, depending on the build type selected. For an Existing Building Conversion, the total investment ranges from **\$431,300 to \$905,100**. This includes \$177,500-\$224,900 that must be paid to franchisor or its affiliate(s). For a Ground Up Build, the total investment ranges from **\$937,300 to \$2,168,800**. This includes \$179,800-\$275,900 that must be paid to franchisor or its affiliate(s). These amounts include **\$25,000** that must be paid to the franchisor or its affiliates. See Item 7 for a detailed breakdown of the estimated initial investment by build type and cost category.

Aroma Joe's® has previously developed Non-Traditional locations. The total investment for a Non-Traditional Aroma Joe's® coffee shop ranges from **\$180,300 to \$623,300**. This includes \$91,400-\$206,000 that must be paid to franchisor or its affiliate(s). These amounts include **\$25,000** that must be paid to the franchisor or its affiliates. See Item 7 for further details.

We also offer to select qualified persons the opportunity to acquire the right to develop multiple AROMA JOE'S® coffee shops in a Designated Development Area. The total investment necessary to begin operation under the Area Development Agreement is approximately \$426,609 - \$2,459,934. This includes the full amount of the then current Franchise Fee for the first AROMA JOE'S® Franchise you open as well as for each subsequent Franchise opened under the Area Development Agreement. The minimum number of franchises required to be opened under the Area Development Agreement is three while the greater number will be determined on a case-by-case basis.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss availability of the disclosure in different formats, contact Franchise Sales at 700 Technology Way, Scarborough, ME 04074, and (207) 536-5818 or email: franchising@AROMAJOES.com.

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 Disclosure Document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you with your decision. More information on franchising such as "*A Consumer's Guide to Buying a Franchise*," can help you understand how to use this Disclosure Document and 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 agency listed in Exhibit D for more information.

Issuance Date: **March 3, 2026.**

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 Aroma Joe'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 an Aroma Joe's franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Maine. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Maine than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers, that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

ITEM	TABLE OF CONTENTS	PAGE
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2.	BUSINESS EXPERIENCE.....	3
3.	LITIGATION	5
4.	BANKRUPTCY	5
5.	INITIAL FEES.....	5
6.	OTHER FEES.....	7
7.	ESTIMATED INITIAL INVESTMENT	14
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	18
9.	FRANCHISEE'S OBLIGATIONS	22
10.	FINANCING	23
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	23
12.	TERRITORY.....	33
13.	TRADEMARKS	36
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	38
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS ...	39
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	40
17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	40
18.	PUBLIC FIGURES.....	46
19.	FINANCIAL PERFORMANCE REPRESENTATIONS.....	46
20.	OUTLETS AND FRANCHISE INFORMATION	48
21.	FINANCIAL STATEMENTS.....	51
22.	CONTRACTS.....	51
23.	RECEIPTS.....	51

EXHIBITS

A	Franchise Agreement
A-1	Franchise Disclosure Questionnaire
A-2	Landlord Lease Rider
A-3	Guaranty and Assumption Agreement
B	Audited Financial Statements for AJF for the Fiscal Years ended December 31, 2023, 2024, and 2025
C	Pre-Authorized Bank Form
D	State Agencies
E	Agents For Service of Process
F	Operations Manual – Table of Contents
F-1	Confidentiality Agreement for Disclosure of Operations Manual
G	AJF Franchisee Privacy Statement
H	General Release for Transfers
I	State Addendum
J	Area Development Agreement
J-1	Territory
J-2	Guarantee and Assumption Agreement
K	List of Franchisees
L	List of Former Franchisees
M	State Effective Dates
N	Receipt

Item 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this Disclosure Document, “we”, “us” or “AJF” means Aroma Joe’s Franchising, LLC., the franchisor. “You” means the person, or persons, who buy the franchise, including any guarantors. If the prospective franchisee is a corporation, partnership, limited liability company or other entity, “you” will mean the entity and the owners of the entity. If two (2) or more persons sign the Franchise Agreement, “you” refers to and includes each of the persons signing as franchise owners.

The Franchisor.

AJF is a Florida limited liability company, formed on May 17, 2013 and doing business as “AROMA JOE’S.” AJF has offered AROMA JOE’S ® franchises since its incorporation in 2013. AJF has never owned or conducted a business of the type offered to the franchisee. AJF was initially formed as a Delaware limited liability company and was converted to a Florida limited liability company as of April 1, 2018. The address of AJF is 700 Technology Way, Scarborough, ME 04074. AJF’s agents for service of process are disclosed in Exhibit E. As of December 31, 2025, there were 130 open AROMA JOE’S® coffee shops.

Affiliates.

None of the affiliates listed below have offered franchises in any line of business. Each of the affiliates has a principal business address at 700 Technology Way, Scarborough, ME 04074.

AJ Gift Company, Inc. (“AJ Gift”) is a Florida corporation, formed on November 7, 2018. AJ Gift is a gift card operating company that offers physical and electronic gift cards to AJF franchises.

AJ Holding Company, LLC, (“AJ Holdings”) is a Maine limited liability company formed on May 17, 2013. AJ Holding was initially formed as a Delaware limited liability company and was converted to a Florida limited liability company as of April 1, 2018. AJ Holdings is maintained primarily as a holding company for real estate and other property that may be used or occupied by AJF for various business purposes.

AJ IP Holder, LLC, (“AJ IP Holder”) is a Florida limited liability company formed on May 11, 2018. AJ IP Holder was initially formed as a Delaware limited liability company and was converted to a Florida limited liability company as of April 1, 2013. AJ IP Holder is also the owner and licensor of the AROMA JOE’S® system, which includes the trade name and service mark AROMA JOE’S®, recipes, formulas, food preparation procedures, business methods, business forms, and business policies (the “System”). AJ IP Holder licenses the System to us to develop AROMA JOE’S® coffee shops in the United States and its territories.

Aroma Joe’s Real Estate, LLC (“AJ Real Estate”) is a Florida limited liability company formed on September 25, 2013. AJ Real Estate was initially formed as a Delaware limited liability company and was converted to a Florida limited liability company as of April 1, 2018. AJ Real Estate historically assisted franchisees of AJF in negotiating real estate leases and subleases. AJ Real Estate no longer proactively participates in these activities with franchisees of AJF. AJ Real Estate has never offered franchises in any line of business.

Parent & Predecessor.

We have no predecessors required to be disclosed in this Disclosure Document. We do not have a parent.

Our Business. We offer franchises for the operation of AROMA JOE'S® quick service, drive-thru coffee shops, including coffee houses and drive-thru only models ("coffee shop") that sell coffee and espresso based beverages, tea, energy drinks, and other food and beverage options under our "traditional" AROMA JOE'S® coffee shop model. A "traditional" AROMA JOE'S® coffee shop may be classified as a single drive-thru, double drive-thru, or coffeehouse with a drive-thru. Any AROMA JOE'S® coffee shop that does not include a drive-thru and/or operates within another establishment, such as a convenience store, hospital, or grocery store, is considered "non-traditional." We do not currently offer or grant all franchisees the option to operate a non-traditional AROMA JOE'S® coffee shop, however, we reserve the right to do so at our sole discretion, now or in the future.

We are not engaged in any other line of business and have not offered franchises for any other line of business.

AROMA JOE'S® Coffee Shop Franchise.

The Franchise Agreement (the "Franchise Agreement"), which is attached as Exhibit A, gives you the right to operate a single coffee shop under the name and mark AROMA JOE'S® and other marks we designate. You must operate your coffee shop in accordance with the rules we establish, including those in the Operations Manual (the "Operations Manual"), which we may update during the term of your Franchise Agreement.

We also offer select, qualified candidates the right to develop multiple AROMA JOE'S® coffee shops under an Area Development Agreement, which is attached as Exhibit J, and grants you the right to establish and operate a specified number of AROMA JOE'S® coffee shops within a Development Area that we define. When you sign your Area Development Agreement, you must also execute our then-current Franchise Agreement for the first AROMA JOE'S® coffee shop you will open in your Development Area. For each future AROMA JOE'S® coffee shop opened under an Area Development Agreement, you will be required to sign the then-current Franchise Agreement, which may be different than the Franchise Agreement included in this Franchise Disclosure Document.

Our specifications require a distinctive appearance and standard methods of operation. Coffee shops are primarily located in shopping centers, downtown business and retailing districts, in high traffic areas, and highly concentrated business and residential demographic areas. The typical AROMA JOE'S® coffee house will require approximately 1,600 square feet of space. The typical AROMA JOE'S® drive-thru only coffee shop will require approximately 800 square feet of space, plus additional space for drive-thru lanes. Each AROMA JOE'S® coffee shop will be designed in accordance with plans developed by us and constructed in accordance with the guidelines and design plans that we provide as well as comply with all local laws and building requirements.

Regulations

In addition to business laws and regulations, your coffee shop is subject to federal, state, and local regulations and guidelines governing the food service industry, including those established by the Food and Drug Administration, the United States Department of Agriculture, the National Restaurant Association, and other food industry organizations. You must be familiar with these regulations, as well as federal, state, and local laws regarding health and consumer protection, food preparation, baking, handling, storage, "Truth in Menu" concerning menu item names and product labeling, nutritional claims, compliance with the federal Americans With Disabilities Act, and compliance with the federal Fair Labor Standards Act and other labor regulations. Local zoning rules may limit where you can locate a coffee shop and may affect design features, including the building facade and signs. You should be aware that federal, state, territorial and local environmental laws may affect the disposal of waste materials and packaging and may require that you have a permit as a water

provider. Local law may require your participation in a waste recycling or diversion program, for which you may have to register and make ongoing fee payments. The details of state, county, and local laws and regulations vary from place to place. You must research these matters.

We have a privacy statement for franchisees, attached as Exhibit G, which outlines the purpose for and use of personal information that we collect from individuals. There may be instances where we may share your Personal Information, as defined in the privacy statement, with our affiliates and third-party service providers that can assist you in your business or in relation to any transfer of your Franchise Agreement and coffee shop. There may also be instances where we require you to obtain and share personal information with us that you come in contact within the course of operating your Franchised Business. You are required to comply with all local, state and federal privacy related laws in obtaining personal information from individuals in the course of your Franchised Business, regardless of whether it is provided to us or used for your own benefit.

Market and Competition

The market for coffee and coffee drinks is well established and very competitive. It's highly likely you will encounter competition from national and regional coffee shop chains, operating under well-known and recognizable marks, as well as independent coffee shops and other businesses, which offer the same or similar products sold at AROMA JOE'S® coffee shops. You may also experience competition from other AROMA JOE'S® coffee shops within the same market as your AROMA JOE'S® coffee shop, or other venues selling AROMA JOE'S® products. Sales by AROMA JOE'S® coffee shops are typically not seasonal but remain relatively stable throughout the year.

Item 2 BUSINESS EXPERIENCE

Shareholders

Martin McKenna: Co-Owner of AJF, AJ IP Holder, AJ Real Estate, AJ Management, and AJ Holdings

Mr. McKenna served as Co-Manager of AJF, 700 Technology Way, Scarborough, ME 04074, from May 2013 until September 2018. He previously served as President, CEO, and Director of Sales of our predecessor, Caffeinated Cousins, 63 Broadway, Dover, NH 03820, from April 2000 until April 2018.

Tim McKenna: Co-Owner of AJ IP Holder, AJ Real Estate, AJ Management, AJ Holdings, and AJF

Mr. McKenna has been Director of Research and Development of our predecessor, Caffeinated Cousins, 63 Broadway, Dover, NH 03820, since April of 2000 until April 2018 and conducted product research and development for AJF, 700 Technology Way, Scarborough, ME 04074, until April 2019.

Michael Sillon: Co-Owner of AJF, AJ Gift, AJ IP Holder, AJ Real Estate, AJ Management, and AJ Holdings; Director of Finance of AJCNE

Mr. Sillon served as the Chief Financial Officer of AJF, 700 Technology Way, Scarborough ME 04074, and AJ IP Holder, 700 Technology Way, Scarborough, ME 04074, from November 2013 until December 2019. Mr. Sillon also served as the Chief Financial Officer of AJ Management, 700 Technology Way, Scarborough ME 04074, from November 2015 until December 2019. Currently Mr. Sillon serves as the Director of Finance of AJCNE, 63 Broadway, Dover, NH 03820, since April 2000. Mr. Sillon is located in Dover, NH.

Brian Sillon: Co-Owner of AJF, AJ IP Holder, AJ Real Estate, AJ Management, and AJ Holdings; Director of Training and Marketing Manager of AJCNE

Mr. Sillon served as the Chief Marketing Officer of AJF, 700 Technology Way, Scarborough, ME 04074, until September 2018. Mr. Sillon has served as Director of Training and Marketing of AJCNE, 63 Broadway, Dover, NH 03820, since April 2000. He has also served as Manager of Caffeinated Cousins, 63 Broadway, Dover, NH 03820, until April 2018. Mr. Sillon is located in Dover, NH.

Loren Goodridge: Co-Owner and/or Manager of AJF, AJ Gift, AJ Management, AJ IP Holder, AJ Real Estate, and AJ Holdings

Mr. Goodridge joined Aroma Joe's in 2012 as AJF's, LLC's Vice President and Secretary. In May 2013, Mr. Goodridge became the first franchisee for Aroma Joe's. Mr. Goodridge was the CEO of AJF, LLC from September 2018- April 2024. He has been Manager of AJF, 700 Technology Way, Scarborough ME, 04074, AJ IP Holder, 700 Technology Way, Scarborough ME, 04074, AJ Holdings, 700 Technology Way, Scarborough ME, 04074, and AJ Real Estate, 700 Technology Way, Scarborough ME, 04074, since May 2013. He has been Manager of AJ Management, 700 Technology Way, Scarborough ME, 04074, since November 2015. Mr. Goodridge has also been a Development Agent for the SUBWAY® franchise system since 2010 and has been a SUBWAY® franchisee since 1991. Mr. Goodridge is located at our headquarters in Scarborough, Maine.

Executive Team*

David Tucci: President

Mr. Tucci joined Aroma Joe's in January 2021 as the Director of Franchise Development and Operations. In January 2022, Mr. Tucci transitioned to Chief Operating Officer of AJF, LLC. In April 2024, Mr. Tucci transitioned to President of Aroma Joe's Franchising, LLC and AJ IP Holder, LLC. Prior to his time with Aroma Joe's, from 2010 to 2020, Mr. Tucci, served as the Area Representative for Firehouse Subs® in Rhode Island, Connecticut, Massachusetts, New York, New Hampshire, and Maine.

Courtney Cheever; Chief Operating Officer

Ms. Cheever joined Aroma Joe's in 2024 as Director of Operations. In July 2025 Ms. Cheever transitioned to Chief Operating Officer of Aroma Joe's Franchising, LLC. Prior to her time with Aroma Joe's, from 2006 to 2024, Ms. Cheever held various operational leadership roles at Starbucks across both company-operated and licensed business segments, including serving as Operations Consultation Manager supporting enterprise-wide operational initiatives.

Carolyn Gammon: Chief Financial Officer

Mrs. Gammon joined Aroma Joe's as a part-time Chief Financial Officer and became the full-time CFO in January 2023. Prior to her time at Aroma Joe's Mrs. Gammon was self-employed providing fractional CFO services to small businesses starting in April 2022 until January 2023. Prior to being self-employed, Mrs. Gammon was employed at Diversified Communications for 25 years and served as the Vice President of Finance from January 2015 through September 2020.

Caroline McAlesse Riley: Chief Marketing Officer

Ms. Riley joined Aroma Joe's in 2018 as the Director of Marketing. In January 2020, Ms. Riley transitioned to the Chief Marketing Officer of Aroma Joe's Franchising LLC. Prior to her time with

Aroma Joe's, Ms. Riley lead the Dunkin' Donuts® accounts at Garrand, located in Portland, ME, from 2009 until her departure in September 2018.

Erica Tarnowski: Franchise Development Director

Ms. Tarnowski joined Aroma Joe's in November 2023 as Franchise Development Director. Prior to her time with Aroma Joe's, Ms. Tarnowski worked for Far & Dotter from January 2023 to August 2023, as Senior Director of Franchise Development, and for Unity Road from June 2021 to January 2023. From January 2021 to June 2021, Ms. Tarnowski worked as the Business Development Director for 919 Marketing after holding a Senior Account Manager position from January 2020 to January 2021.

***All Executive Team members work out of our Headquarters at 700 Technology Way, Scarborough, Maine 04074.**

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

Franchise Fees.

You are required to pay us an initial franchise fee ("Initial Franchise Fee") of \$25,000 for the right to operate an AROMA JOE'S® Coffee Shop franchise, subject to the terms and conditions contained within the Franchise Agreement.

We offer a reduced franchise fee of \$12,500 to qualified honorably discharged veterans of the United States Armed Forces ("US Veterans") purchasing their first franchise. The reduced fee does not apply if a non-veteran is a party to the same franchise agreement, unless the party is a spouse of the veteran. We may modify or discontinue this program for US Veterans at any time.

We offer existing franchisees a reduced franchise fee of \$20,000.

You must pay us the Initial Franchise Fee (including any reduced fee) in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned upon payment and nonrefundable under any circumstances.

Additional Purchases

You must make the following additional purchases from us or our affiliates as outlined below, which will vary based on the model:

	Existing Building Conversion	Ground Up Build	Non-Traditional Shop*	When payment is due	To whom the fee is paid
Equipment Package	\$115,200 - \$156,400	\$117,200 - \$200,800	\$40,300-\$140,000	When order is placed	Us
Buffer Fee	\$17,300 – \$23,500	\$17,600 – \$30,100	\$6,100-\$21,000	When order is placed	Us
Signage	\$31,000 - \$36,200	\$65,300 – \$75,800	\$10,400-\$40,000	When order is placed	Us

*We opened 1 non-traditional location during 2025 but did not receive the requested cost information from the franchisee. The information presented in the table above therefore reflects data from non-traditional locations developed in 2024. The Buffer Fee is held to pay gross receipts tax, delivery charges, additional equipment costs or other charges. You will also be required to spend \$20,000 for new store marketing. None of these fees are refundable unless specifically noted in Item 7.

The Buffer Fee is held to pay gross receipts tax, delivery charges, additional equipment costs or other charges. You will also be required to spend \$20,000 for new store marketing. None of these fees are refundable unless specifically noted in Item 7.

Area Development

An Area Development Agreement is a coffee shop development agreement that sets out one or more geographic areas identified specifically for the development of new coffee shops. The Area Development Fee and related Franchise Fees may not be uniform due to the variable nature of negotiations, including, without limitation, the size of the Designated Development Area to be developed, the number of Franchised Businesses to be opened in the Designated Development Area, demographic data and trends and economic conditions. We reserve the right to charge different Area Development Fee(s) and related Franchise Fees at any time in our sole discretion. You may be required to pay all or a portion of the related Franchise Fees when you sign the Area Development Agreement. In all circumstances the Area Development Fee and related Franchise Fees are deemed fully earned and are nonrefundable once paid regardless of whether you ultimately open any of your Franchised Businesses.

Example of Development Fee for a 3-Pack:

The development fee for three locations is structured as follows:

- The standard fee for the first location is \$25,000.
- For subsequent locations, the fee is reduced to \$15,000 each.

The minimum number of shops required for an Area Development Agreement is three (3). There is no maximum number of Shops that we would allow in an Area Development Agreement, but we reserve the right to limit the number of Shops in any given Area Development Agreement based on market conditions, our strategic goals, and the financial and other attributes of the Developer, among other factors. Generally, our Area Development Agreements allow for the development of 3 to 10 shops.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of total gross sales	Payable weekly	See Note 1
Advertising	3.5% to 4.5% of total gross sales	Payable weekly	See Note 2
Additional Funds	Established by franchisees	Payable weekly	See Note 2
Local Advertising	Established by franchisees and DA	Payable weekly	See Note 2
New Store Marketing	\$20,000	When you place your equipment order	See Note 2
Audit	Overdue Amount	After billing	See Note 3
Fees for Unpaid Balances	Interest charge of Lesser of 12% or maximum rate allowed by law where your coffee shop is located per annum on amounts you owe, and \$50 administrative fee	Interest is due when payment is more than one week late, and the administrative fee is due upon failure to render timely payment	See Note 4
Payment Default	\$50	Upon default of payment	See Note 4
Insufficient Funds	\$35	Bounced check or pre-authorized draft	See Note 4
Collection Fees	Costs of collection, including lawyers' fees	When we or our affiliate incur the expense	See Note 4
Transfer of Controlling Interest	One half of the then current Initial Franchise Fee, which is currently equal to \$12,500	Upon transfer	See Note 5
Transfer of Non-Controlling Interest	One quarter of the then current Initial Franchise Fee, which is currently equal to \$6,250	When you and the Buyer send an application for transfer to us	See note 5
Add-On Fee	One half of the then current Initial Franchise Fee, which is currently equal to \$12,500	Upon addition to Franchise Agreement or corporate entity	See Note 6

Type of Fee	Amount	Due Date	Remarks
Add-On Fee for Existing Franchisees, FUS Graduate, Parent, Child, or Spouse	One-quarter of the then current Initial Franchise Fee, which is currently equal to \$6,250	Upon Addition to Franchise Agreement or corporate entity	See Note 6
Indemnification	All liability, damages and costs, including lawyers' fees, incurred	When incurred by us or other indemnified party	
Noncompete Violation	\$15,000 for each competing business plus 8% of its gross sales	Upon competition	See Note 7
Confidentiality Violation	Our damages	Upon demand	See Note 8
Trademark Violation	\$250 per day	Upon violation	See Note 9
Dispute Resolution	Half of arbitration fee, except you will pay the whole fee plus costs, including lawyers' fees, management preparation time, and travel expenses if you withhold money from us or an affiliate If you breach the provisions of the Franchise Agreement regarding mandatory arbitration, or restrictions on damages or against whom you can arbitrate, or the proper forum for an action, you will pay our expenses and the expenses of anyone you name improperly, including lawyers' fees; you will be liable for abuse of process Probationary Case Management Fee - \$500; Probationary Extension Fee - \$250 Interim Order Case Management Fee - \$250	Your share of the arbitration fee will be due upon invoicing from the third party You will pay our expenses or the expenses of a person you name improperly when we request when you violate the provisions of the Franchise Agreement Due upon your signing the probationary agreement or extension Due upon your signing the interim order	See Note 10

Type of Fee	Amount	Due Date	Remarks
	Litigation Expense Fee to permit sale of coffee shop – 5% of gross consideration received for sale of coffee shop, not to exceed \$5,000	Due upon sale of your coffee shop	
Technology Fee	\$350 per coffee shop	Monthly	We may withdraw these fees from your pre-authorized account on behalf of third party. See Note 11.
Other Technology and Digital Initiatives	Varies as we implement various new technology and digital initiatives. Usually paid to a third party. See Note 14.	Varies	See Note 12
Taxes and Other Fees	Varies by State	Payable when fee is due	See Note 14
Initial Training Fee	None; unless 1) you send your coffee shop manager to the Training Program and you cannot prove that the person is your employee, in which case you must pay us \$7,500, or 2) you send more than one coffee shop manager to training per year, in which case you must pay us \$750 per manager.	Payable only upon your failure to demonstrate that a coffee shop manager sent to the Training Program is your employee, or prior to attendance by any coffee shop manger beyond one per year.	Payable to us. See Note 14
Removal Fee	\$2,000 for removal of one or more natural persons from the franchise agreement.	Upon removal	Payable to us.

Note 1. *Royalty Fee.* “Gross Sales” includes all sales of every kind made from your coffee shop. Gross sales do not include any amounts you collect for state or local sales taxes, sales discounts, or amounts returned to customers. The Royalty is 8% for all persons currently acquiring a franchise, except Timothy McKenna, Martin McKenna, Brian Sillon, and Michael Sillon (together the “Founders”). The Royalty is payable to us. We pay up to one-third of collected royalties to third parties who assist with the development of our System, including Development Agents. The Royalty is payable weekly and is due within two days after the end of the business week (currently Sunday). You must submit signed forms to allow us to withdraw funds from your bank account for the full amount of the monthly accruals of Royalties, Advertising Fees, and other amounts you will owe us. The Twenty-

One (21) existing coffee shop locations currently operated by the Founders, are exempt from paying the Royalty for the term of their franchise agreements. The Founders also have the right to open an additional four (4) coffee shop locations which will also be exempt from paying the Royalty. If any of the twenty-five (25) coffee shops identified in this paragraph are sold or transferred to any third party unaffiliated with or unrelated to the current owners, the new owner will be obligated to pay all fees and costs, including but not limited to the Royalty, required under the then-current Franchise Agreement. Any coffee shops owned by our affiliate, AJ Management now or in the future will also be exempt from paying a Royalty. If AJ Management sells or transfers a coffee shop it owns to any third party unaffiliated with us, the new owner will be obligated to pay all fees and costs, including but not limited to the Royalty, required under the then-current Franchise Agreement. The Franchisor reserves the right to modify the Royalty, including the amount thereof and the party responsible for payment, upon written notice.

Note 2. *Advertising Fees.* You must pay us or our designee a weekly Advertising Fee of between 3.5% and up to 4.5% of Gross Sales. We reserve the right to waive all or a portion of the Advertising Fees for all franchisees on a temporary basis at any time in our sole discretion. Thereafter, we may elect to collect the full amount of the Advertising Fee at any time after providing you with 90 days' notice. The Advertising Fee is nonrefundable. At any time, franchisees may temporarily or permanently increase the advertising percentage for either the country or any market by a 2/3 vote on the basis of one vote for each operating franchise, company owned or affiliate-owned coffee shop. Any company or affiliate-owned coffee shops will pay Advertising Fees and have a vote on Advertising Fund matters. The Advertising Fee is the same for anyone currently buying a franchise. Any Advertising Fee voted by a local market, when they are established is uniform for all franchisees in that market. Advertising fees are due weekly at the same time as the Royalty. The current Advertising Fee is 3.5%.

You are required to spend \$20,000 on New Store Marketing activities prior to, during and within 120 days after opening your coffee shop. These funds will be collected when your equipment order is placed. Marketing activities can include social, digital, radio, broadcast, influencer, experiential or earned media activities. These activities must be done by using AJF designated creative and strategy and/or third-party agencies or by your own approved vendor. All marketing activities and related creative must be approved by the AJF Marketing department and funds spent will be reimbursed upon proof of payment of those marketing activities. This requirement applies to all new, transferred, and relocated coffee shops.

Note 3. *Audit Fees.* If we determine, after conducting an audit, that you under-reported Gross Sales by more than 2% of your reported sales, you will pay us the Royalty, advertising contributions and other charges due on the Gross Sales that were not reported, all costs provided in Subparagraph 11.e. of the Franchise Agreement, plus interest and the late fees (the "Overdue Amount"). This charge covers the damages we suffer for your under-reporting, which is injurious and prejudicial to the AROMA JOE'S® system, the trademarks, and the goodwill associated therewith. If you fail to submit all of your information to be audited, we may estimate your Gross Sales and charge you based upon the estimate. However, we will not impose this charge if you can show that you fully completed all of our control sheets in an accurate manner each week and that your under-reporting was due solely to employee theft that could not be detected with our control systems. We may also terminate your Franchise Agreement if you fail to properly report Gross Sales for any calendar year.

Note 4. *Late Payment Fees.* We may change or eliminate these fees in our sole discretion.

Note 5. *Transfer Fee.* If the buyer attends any portion of our Training Program and then we, you, or the buyer cancels the transfer, no portion of the transfer fee is refundable. Transfers are not permitted without prior written approval. If you choose to reactivate the transfer, you must pay a reactivation fee of \$1,000.

If we have not yet issued the Assignment and Assumption and you and the buyer cancel the transfer, we will refund the entire transfer fee. The transfer fee shall not be refunded if the Assignment and Assumption has already been issued, and (i) you and the buyer cancel the transfer, or (ii) we cancel the transfer because you and the buyer failed to complete the transfer within 60 days after you received the Assignment and Assumption. If you and the buyer want to reactivate a transfer cancelled under either of these circumstances, and we approve, the parties must repay the full transfer fee.

Transfer of Controlling Interest means transferring, assigning or otherwise disposing of, in one or more transactions, your Franchised Business, substantially or all of the assets of your Franchised Business, your Franchise Agreement or more than fifty percent (50%) or more of the equity interest of a corporate entity that owns your Franchised Business. If Transfer of Controlling Interest is made to a franchisee with an open and operating Aroma Joe's location, the transfer fee will be reduced to \$6,250.

Transfer of Non-Controlling Interest means transferring, assigning or otherwise disposing of, in one or more transactions, a portion of your Franchised Business, a portion of the assets of your Franchised Business, a portion of your Franchise Agreement or less than fifty percent (50%) of the equity interest of a corporate entity that owns your Franchised Business.

Note 6. *Add-On Fee.* If you are an existing franchisee and want to add an individual who is not already an AROMA JOE'S® franchisee to your Franchise Agreement or to your corporate entity that owns your Franchised Business, then you must pay us an add-on fee equal to one-half of the then existing Initial Franchise Fee, which is currently equal to \$12,500. If you are an existing franchisee and want to add an individual who is already an AROMA JOE'S® franchisee and has successfully completed one of our designated training programs, or if you are adding your parent, child, or spouse to your Franchise Agreement or to your corporate entity that owns your Franchised Business, then you must also pay an add-on fee equal to one-quarter of the then-existing Initial Franchise Fee, which is currently equal to \$6,250. We may change or eliminate these add-on fees in the future.

Note 7. *Noncompete Violation.* You cannot have any direct or indirect association with a competitive business, as defined in the Franchise Agreement, during the term of the Franchise Agreement and for 1 year after termination, expiration or transfer of the Franchise Agreement within a 3-mile radius of where an AROMA JOE'S® Coffee Shop operates or operated within the prior year. These fees are nonrefundable.

Note 8. *Confidentiality Violation.* You agree not to disclose our trade secrets and confidential information, including the contents of the Operations Manual and you must pay our damages in the event you do so.

Note 9. *Trademark Violation.* You agree to stop using the trademark AROMA JOE'S® and other marks and materials associated with an AROMA JOE'S® Coffee Shop, and to return whichever form of the Operations Manual you have in your possession when your Franchise Agreement terminates or expires and must pay us a fee in the event you fail to do so.

Note 10. *Dispute Resolution.* For fee information concerning arbitration, you can call your local office of the American Arbitration Association, American Dispute Resolution Center, or other arbitration agency (as applicable). You will also have to pay your own costs related to the proceeding, without limitation, including the costs of your own attorney or other advisors as well as travel expenses to Maine. You may also be liable to us for our collection costs, including attorneys' fees. You will also have to pay us in the event we are required to enforce our rights set forth in your lease rider, including attorneys' fees and legal costs.

Note 11. *Technology & Software Fees.* Each month you will pay a technology fee of approximately \$350 per coffee shop. This includes the right to use the approved POS software solutions for all forms of customer ordering, required for use in all coffee shops. This also includes the rights to use other approved third-party software associated with inventory and reporting. We reserve the right to approve and require the use of different POS software during the term of your franchise agreement. The software is licensed to us through a third-party software supplier. We will sublicense the software to you. The technology fee also includes the right to use our approved financial reporting and business intelligence service provider, Qvinci. We will withdraw the technology fees from your pre-authorized account one a month on behalf the software supplier. In the future, you may be required to pay the technology fee on an annual basis. These fees may increase or decrease in the future.

You may be required to use support software we designate unless you request and are granted a waiver. You must use software to allow us and your MSP to remotely access your POS system with your consent in order to maintain system security, perform routine system maintenance, provide technical support, increase operational efficiency, install updates to software programs and/or applications, and install or remove software programs and/or applications. LogMeIn is the required remote access software. If you receive a waiver, we or our affiliate may not be able to provide you with proper software support, and we or our affiliate may charge you additional fees.

Participation in and subscription to the “POS Software Support” or “Shop Managed Services” plan is optional. Participation in one of the support plans via one of the two approved MSPs will offer a few options for service level and thus different price points for said service. Additional services via the two MSPs are offered ala-carte and are billed directly.

Note 12. *Other Technology and Digital Initiatives.* You will be required to accept credit, debit, and gift card payments through a PCI PTS approved pin pad that is integrated to your POS system in all of your coffee shops. You must have a high-speed broadband connection that meets our standards and specifications to process credit card payments. The interchange fees for credit card payment processing referenced in this chart may be higher or lower depending upon the credit card brand and type of transaction.

You will be required to participate in the AROMA JOE’S® Card Program. The AROMA JOE’S® Card is similar to an electronic gift card. There may be additional costs for marketing, training materials, welcome kit and initial AROMA JOE’S® Card inventory. We estimate your total initial fees for the Card Program to be approximately \$150 (which includes the marketing, training materials, welcome kit, and an initial AROMA JOE’S® Card inventory). Each month, you will pay a settlement fee of \$4.95 for all gift card transactions to a third-party settlor and an additional \$14.95 each month for eGift card processing. We may withdraw this amount from your pre-authorized account on behalf of this third party. In the future, you may be required to pay a processing fee for each AROMA JOE’S® Card transaction.

To better manage business functions and control costs, you may also be required to invest in and implement new technology and digital initiatives at your own expense, which may include, but will not be limited to, acceptance of debit cards, LCD or plasma monitors, music, Internet, TV, Social Media applications, WIFI, next-generation firewalls, routers, switches, surveillance systems, remote ordering kiosks, PCs, hand held devices, and software applications. In some instances, an investment may be necessary for hardware or equipment purchases and software licenses. You may be required to purchase this hardware and equipment from a supplier we designate. Additionally, there may be service fees associated with some of these initiatives. We have not estimated the costs for all of the initiatives listed above as they are in the early stages of planning and costs cannot be estimated at this time.

We may withdraw fees from your pre-authorized account on behalf of us or a third party.

Note 13. *Taxes and Other Fees.* You will pay or reimburse us for payment of any Sales Tax or other tax imposed by law on the Initial Franchise Fee, Royalty, Advertising Fees, and any other amounts payable under your Franchise Agreement, whether assessed on you or on us. Taxes may be payable to your state, county, or town. We, or another entity to which you pay fees, will pass on to you the cost of any taxes we or the other recipient must pay directly to the taxing authority.

Note 14. *Training Fee.* There is no fee for the Training Program. However, if we determine that the Manager that you send to training is not your employee and is a prospective franchisee, you will be required to pay a training fee of \$7,500. If we determine that you have sent more than one Manager per year to training, regardless of their employment status, you will be required to pay a training fee of \$750.

Transfer fees are not uniformly imposed. All other fees, except those specified in Note 1, and where otherwise noted, are uniformly imposed and are nonrefundable.

We reserve the right to modify fees at our sole discretion.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Existing Building Conversion	Ground Up Build	Non-Traditional*	Method of Payment	When Payment is Due	To Whom Payment is Made
Initial Franchise Fee ⁽¹⁾	\$25,000	\$25,000	\$25,000	Lump Sum	When you sign the franchise agreement	Us
Real Property ⁽²⁾	\$3,000 - \$15,000	\$3,000 - \$15,000	\$3,400 - 7,600	Lump Sum	When you sign a lease or shortly thereafter	Landlord
Leasehold Improvements ⁽³⁾	\$130,300 - \$330,000	\$421,100 - \$925,300	\$34,600 - \$272,700	As Incurred	Pro rata during construction	Vendors
Equipment Package ⁽⁴⁾	\$115,200 - \$156,400	\$117,200 - \$200,800	\$40,300 - \$140,000	Lump Sum	Before equipment order is placed	Us
Small wares ⁽⁴⁾	\$4,000 - \$8500	\$4,000 - \$8500	\$4,000 - \$7,500	Lump Sum	As incurred	Vendor
Opening Inventory	\$18,000 - \$22,500	\$18,000 - \$22,500	\$18,000 - \$22,500	Lump Sum	Within 1 week of opening	Approved Suppliers
Insurance ⁽⁵⁾	\$1,000 - \$15,000	\$1,000 - \$15,000	\$2,000 - \$6,000	As Incurred	Before equipment order is placed	Vendor
Training Expenses (including travel & lodging) ⁽⁶⁾	\$2,500 - \$6,000	\$2,500 - \$6,000	\$2,500 - \$6,000	As Incurred	During training	Vendors
Site Planning, Engineering & Architectural Fees ⁽⁷⁾	\$0 - \$20,000	\$5,000 - \$89,000	\$0	Lump Sum	As incurred	Vendors
Sitework ⁽⁷⁾	\$50,000 - \$120,000	\$223,600 - \$628,800	\$0	Lump Sum	As incurred	Vendors
Professional Fees	\$1,500 - \$12,000	\$1,500 - \$12,000	\$1,500 - \$10,000	Lump Sum	Before Opening	Vendors
Optional Security System (not including monitoring)	\$1,000 - \$5,000	\$1,000 - \$5,000	\$1,000 - \$5,000	Lump Sum	When order is placed	Vendor
Outside signage	\$31,000 - \$36,200	\$65,300 - \$75,800	\$10,400 - \$40,000	Lump Sum	Before equipment order is placed	Vendor
Miscellaneous Expense ⁽⁸⁾	\$1,500 - \$10,000	\$1,500 - \$10,000	\$1,500 - \$10,000	As Incurred	As required	Vendors
Impact Fees ⁽⁸⁾	\$0 - \$50,000	\$0 - \$50,000	\$0	As Incurred	As incurred	Vendors
Additional Funds – three months. ⁽⁹⁾	\$10,000 - \$30,000	\$10,000 - \$30,000	\$10,000 - \$30,000	As Incurred	As required	Vendors or your employees
New Store Marketing ⁽¹⁰⁾	\$20,000	\$20,000	\$20,000	Lump Sum	When equipment order is placed	Us
15% Buffer Fee ⁽¹¹⁾	\$17,300 - \$23,500	\$17,600 - \$30,100	\$6,100 - \$21,000	Lump Sum	Before equipment order is placed	Us
TOTAL ⁽¹²⁾	\$431,300 - \$905,100	\$937,300 - \$2,168,800	\$180,300 - 623,300	-	-	-

*We opened 1 non-traditional location during 2025 but did not receive the requested cost information from the franchisee. The information presented in the table above therefore reflects data from non-traditional locations developed in 2024.

Note 1. *Initial Franchise Fee.* The Initial Franchise Fee is \$25,000 for new franchisees. We currently offer a discount of the Franchise Fee to existing franchisees and other qualified candidates. The fee is due in full

upon signing the Franchise Agreement, is non-refundable, and is paid directly to Aroma Joe's Franchising, LLC.

Note 2. *Real Property.* We estimate this amount represents a security deposit of one month's rent plus payment of one month's rent. You may pay a significantly higher security deposit depending on the location of your Aroma Joe's® coffee shop. You make direct payments to the landlord for anything due under the lease terms. Real estate costs vary widely. We estimate the typical monthly rent expense ranges from \$3,000 to \$15,000, but your costs may be higher. A typical drive thru and coffeehouse will require approximately 1,600 square feet of leased space, plus additional space for drive-thru lanes. A typical drive-thru only location will require approximately 790 square feet of leased space, plus additional space for drive-thru lanes. Ground up locations may involve a land lease rather than a building lease; costs will vary accordingly. If you elect to purchase real estate for development of your Aroma Joe's® coffee shop rather than lease it, your total investment will be significantly higher and will vary based on location and site conditions.

Note 3. *Leasehold Improvements.* Leasehold improvements include all interior construction, finish work, millwork, cabinetry, plumbing, electrical, HVAC, and related improvements necessary to prepare your coffee shop for operation. For existing building locations, leasehold improvements reflect the cost of converting an existing space to meet Aroma Joe's® standards. For ground up locations, leasehold improvements reflect the cost of constructing the exterior and interior of a newly built structure. Costs will vary significantly based on the condition of the space, local construction costs, contractor availability, and build type. Ground up construction costs will generally be higher than existing building conversions due to the scope of work required. Your local law may require installation of a grease trap, which may increase your leasehold improvement costs by \$8,000 to \$12,000 depending upon the location of the grease trap.

Note 4. *Equipment Package & Small Wares.* The full cost to purchase the equipment and furniture will range from \$115,220 to \$200,800, not including the 15% buffer fee. See Note 11 regarding the 15% equipment buffer fee. When you purchase your equipment items through us, you must request an ACH debit originating from us for the cost of the equipment package. You are responsible for the payment of any sales tax levied by any state or local taxing authority. You will be required to construct your coffee shop in a manner consistent with the layout, design, and appearance provided by us, and you will be required to purchase the equipment recommended by us for your coffee shop. You may opt to lease your equipment through a third party instead of purchasing the equipment outright.

You may also purchase all the equipment outright and have the right to finance the purchase with a lender of your choice. If you do, your costs may vary. If opting to purchase your equipment outright, when applicable, the following must be on file with AJF before any equipment is ordered: a signed lease agreement, a copy of your Certificate of Liability Insurance, and accurate ACH information to allow for the equipment debit to occur. Not having this on file may delay the timely purchase of your shop's equipment.

You must use the PC-based POS System and software in your coffee shops with specifications that we have approved. When deciding to lease or buy, you should consider that the average life cycle for computer-based POS systems is 3 to 5 years. We estimate the systems and software will cost between \$11,000 and \$15,000. The high end of this estimate considers that most coffee shops will need two separate POS systems. Small wares are included in footnote 4 as they are purchased alongside the equipment package.

Note 5. *Insurance.* You must obtain and maintain various types of insurance, which are described in Item 8. We estimate that the initial cost of this insurance will range from \$1,000 to \$15,000 per year, depending on factors like size, conditions, and location of your premises. This amount is paid to your insurance provider. We may require you to name Aroma Joe's Franchising, LLC as an additional insured.

Note 6. *Training Expenses.* We do not charge a training fee; however, you are responsible for all personal expenses related to training. These include transportation to Maine, lodging, meals, wages, and benefits for yourself and any of your employees. At our discretion, we may provide a shorter, localized training program for franchisees, but you will be responsible for any local travel costs incurred. If the Manager you send to training is not your employee and is deemed a prospective franchisee, a \$7,500 training fee will apply. Additionally, if you send more than one Manager to training in a single year, regardless of their employment status, a \$750 fee per additional manager will be charged.

Note 7. *Site Planning, Engineering & Architectural Fees and Sitework.* Site planning, engineering, and architectural fees include costs for site plan design, civil engineering, structural engineering, and architectural drawings required to obtain permits and approvals for your coffee shop. Sitework includes grading, excavation, utilities, paving, curbing, and other civil improvements required to prepare your site for construction. Costs for both categories will vary significantly based on site conditions, local regulatory requirements, municipality, and build type. Ground up locations will generally incur higher sitework and engineering costs than existing building conversions. We may permit you to construct your coffee shop on real estate owned by a third party. You will be responsible for all costs to develop, design, and engineer your coffee shop.

Note 8. *Miscellaneous Expenses & Impact Fees.* You must pay the cost of all permits, licenses, registrations, certifications, legal fees, or other consents required for leasing, constructing, or operating your coffee shop. These fees are nonrefundable.

Your municipality may assess impact fees on your coffee shop location. Impact fees are charges assessed by your municipality against new development projects in an attempt to recover the cost incurred by the municipality in providing public facilities required to serve the new development. Impact fees vary among municipalities, and we estimate these fees to be between \$0 and \$50,000. These fees are nonrefundable. Not all municipalities assess impact fees.

Note 9. *Additional Funds.* This is an estimate only of the range of initial start-up expenses for 3 months. These expenses include payroll costs but do not include Royalty, Advertising Fees, or any allowance for an owner's draw. This estimate is based on our experience with existing franchisees and may not reflect your actual experience. Your actual costs will depend on factors including revenue, staffing levels, and local market conditions.

Note 10. *New Store Marketing.* To ensure your location is well known in your area and to drive traffic to your coffee shop, all new, transferred, and relocated coffee shops must conduct a new shop marketing campaign designed to raise awareness in your area and to drive traffic to your coffee shop. You are required to spend \$20,000 on approved marketing activities prior to, during, and within 120 days after opening your coffee shop. We will collect this amount after you've signed your franchise agreement and before your equipment order is placed. We will hold the funds until you complete the approved marketing activities, at which point funds will be reimbursed to you for qualifying marketing expenses.

Note 11. *15% Buffer Fee.* When you purchase your equipment package through us, we collect and hold an additional 15% of the equipment cost as a buffer to cover gross receipts tax, delivery charges, additional equipment costs, or other incidental charges, and is not a permanent fee. We will return any unused portion of the buffer within 90 days after your location opens and is operating. If the buffer is insufficient to cover actual costs, you will be responsible for the difference upon demand.

Note 12. *Total.* These figures are estimates of the complete investment in setting up a coffee shop and operating it for 3 months. The above estimates are presented separately for Existing Building and Ground Up build types. A lower cost coffee shop is one that will require fewer leasehold improvements and fewer equipment purchases. Higher cost coffee shops may require construction, extensive interior renovations, and/or additional equipment. It may not be possible for you to construct your coffee shop at the location

you selected at the lower total investment cost listed above. Drive thru only locations may require brand new construction, which may increase your construction costs. Drive thru coffee shops with customer seating may require additional expenditures for furniture, fixtures, and equipment which is reflected in the Equipment Package and may incur additional construction expenses. To avoid excessive construction costs, we strongly recommend you choose contractors carefully by obtaining several competitive bids before construction begins. The above figures do not include extensive exterior renovations or “key money” to the master landlord. Actual costs will vary based on your specific location, build type, site conditions, and local market conditions.

These figures are based on 7 out of 11 locations that opened in 2025. One location has been excluded from the above estimates as its construction costs are not representative of the anticipated investment for a new Aroma Joe's® coffee shop due to the inclusion of costs attributable to a separate tenant space within the same development. Construction cost data was not available for 3 additional locations as franchisees did not provide the requested information. We believe the figures presented are representative of the anticipated investment required to open an Aroma Joe's® coffee shop.

We have relied on our experience since 2013 and the experience of our founders since 2000 to compile these estimates. You should review these figures carefully with a business advisor before deciding to purchase the franchise. All fees, except where noted, are nonrefundable.

AREA DEVELOPMENT AGREEMENT

Type of Expenditure	Estimated Amount¹	Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee	\$25,000-\$55,000 ²	Lump sum	When you sign the Area Development Agreement	Us
Estimated Initial Investment of Traditional Shop	\$401,609-\$2,404,934			
Total Estimated Initial Investment⁷	\$426,609-\$2,459,934			

NOTES:

(1) None of the fees payable to us are refundable. The table above only lists the expenses that you will incur for the establishment of your first AROMA JOE'S® coffee shop and the Area Development Fee. Some of the expenses you incur relating to your AROMA JOE'S® coffee shops will carry over and also cover the same or similar expenses with respect to your computer system, training expenses, insurance premiums, professional fees, utility deposits and working capital

(2) When you sign the Area Development Agreement, you must pay Franchisor an Area Development Fee. The Area Development Fee, or “Option Fee” (See Exhibit J, the Area Development Agreement), is negotiable and not uniform based on the variable nature of negotiations, including, without limitation, the size of the Designated Development Area to be developed, the number of Franchised Businesses to be opened in the Designated Development Area, demographic data and trends and economic conditions. We reserve the right to charge different Option Fee(s) and related Franchise Fees at any time in our sole discretion. You pay this fee when you sign the Area Development Agreement. In all circumstances the Area Development Fee and related Franchise Fees are deemed fully earned and are nonrefundable one paid regardless of whether you ultimately open any of your Franchised Businesses. The Estimated Amount of the Development Fee is based on the Area Development Fee paid for the right to open three or more Franchised Businesses at the time the Area Development Agreement is signed.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease coffee, tea, energy drinks, food products, packaging materials, construction materials, equipment, items bearing the AROMA JOE'S® trademark, and other products and materials required for the operation of your AROMA JOE'S® coffee shop in accordance with our specifications. Specifications are available upon request, after executing an NDA, and include minimum standards for quality, construction, economies of scale, name recognition, appearance, and function. We have written lists of approved items of coffee, tea, food products, packaging materials, cleaning products, construction materials, equipment, and AROMA JOE'S® logoed items. You must order through us all major items of equipment, coffee, tea, food, certain beverage products, signage, menu boards, advertising, promotional items, and certain operational items, which will be provided to you exclusively from a distribution center or another approved source, including us, an affiliate, or a third party, as we may designate. You may buy office supplies from any source as long as they meet our specifications. In some cases, we recommend manufacturers that you may choose to purchase from. We have also approved one or more suppliers (including manufacturers, distributors, distribution centers, and other sources) as the required supplier for certain items and you must buy these items only from them unless you request and subsequently receive approval from us to add another approved supplier for the item in accordance with our quality control procedures. The amount of time it takes to receive approval from us ranges from two months to one year, depending on the item. We may withhold approval for a substitute supplier for a legitimate business purpose, including identification of the system with one recognized brand, obtaining volume price benefits, or achieving uniform procedures or systems. We may change our specifications and supplier designations as a result of experience or changes in the marketplace or law. We issue these changes to all franchisees.

We may change our specifications and supplier designations as a result of experience, changes in the marketplace or law. We issue these changes to all franchisees. Except as described below, we, our parents, our affiliates, and predecessors do not derive revenue or profit from your purchases or leases. Other than the ownership interests stated in this Item 8, no officers of AJF have any ownership interest in any approved supplier that provides goods or services to AROMA JOE'S® franchisees with exception of any publicly traded shares of a supplier that may be purchased from time to time by a financial advisor on behalf of an AJF officer without the officer's knowledge. Any such ownership interest will constitute a minimal interest in the supplier's company.

AJ IP Holder may from time to time collect fees through our approved supplier. AJ IP Holder has entered into a licensing and distribution agreement with our approved supplier to act as the sole distributor for the energy drink. AJ IP Holder may derive revenue from your purchases of energy drink. Currently, AJ IP Holder receives a licensing fee of \$4.12 per case of canned RUSH energy drink and \$58.97 per 5-gallon box of concentrated RUSH energy drink syrup and \$35.38 per 3-gallon box of concentrated sugar free RUSH energy drink syrup. In 2025, AJ IP Holder earned \$2,341,115 from the above referenced licensing fees related to the RUSH energy drink.

We may charge a service and delivery fee for all orders. In addition to paying us for the costs of these items. In the future, you may be required to pay us an administrative ordering fee of up to 4% of the cost of the equipment we order, which will be purchased or leased by you. In the future, we may earn revenue for any service and delivery fees and administrative fees we collect. We act as an ordering and distribution agent and do not record the transaction as a sale by us to you and do not report revenue on the sale. You must pay or reimburse for payment for any applicable sales tax, gross receipts tax, or similar tax. We may collect these taxes from you.

We reserve the right to derive revenue on any purchases made or orders placed on your behalf, now or in the future.

Required Purchases

There is one approved supplier for your POS system hardware, which is the only supplier that can meet our POS standards for hardware.

There is one approved supplier for your POS system software, which is the only supplier that can meet our POS standards for software. We will sublicense this software to you. You will be required to pay AJF monthly software licensing fee.

In the future, you may be required to invest in and implement various new technology and digital initiatives and you may be required to purchase and/or rent materials for these initiatives from us, an affiliate, or an approved supplier we designate. Examples of such initiatives include, but are not limited to, the following: LCD or plasma monitors, music, internet, TV, Social Media applications, WIFI, next-generation firewalls, routers, switches, high speed broadband connection, surveillance system, remote ordering through kiosks, PCs, hand-held devices, e-learning, and software applications.

At present, we have three or less approved suppliers for each of the following items that you will buy frequently: AJS RUSH® energy drink cans, AJS RUSH® energy drink concentrated syrup; assorted AROMA JOE'S® merchandise; coffee; beverage toppings; Coffee Concentrate WONF; tea; iced tea bags; pastries; breakfast sandwiches; bagels; cream cheese; flavored smoothies; flavored syrups; juice; cider; soda; sugar/sweetener packets; whipped cream; honey; coffee bags; bleach; bottled water; butter; carbonated water; chai tea concentrate; chocolate milk (regular and low-fat); milk; almond milk; half and half; oat milk; clear cover lids; coffee filters; coffee pot cleaner; coffee trays; dish detergent; dog treats; donut boxes; floor cleaner; lube; insect spray and traps; glass and multi-surface cleaner; hand sanitizer; hand soap; napkins; paper hot cups/lids; paper towels; pastry bags; foil bags; pastry gloves; plastic cold cups/lids; plastic utensils; recycling bags; restroom cleaner; straws; steel wool pads; stirrer straws; "To Go" bags; toilet paper; trash bags; visa/mc rolls; wax tissues; and sample cups.

At present, we only have one approved supplier for each of the following items you will buy once or infrequently: bagel slicer; brewing equipment; cup dispensers; syrup dispensing pumps; drop-in ice bins; espresso brew pitcher; espresso machine (with black flush insert, cleaning powder and group head brush); freezers; grinder; coolers; ice machine; lid holder; menu boards; microwave; milk cooler; neon signs; paper/plastic plates; refrigerators; signage (indoor and outdoor); sinks; straw holder; tables and chairs; temperature gauge stickers (large and small); timer; tip bucket; toaster; stainless steel malt cups; containers. We estimate the purchase of these items from these sources will represent 72% to 85% of your total purchases for the establishment of your coffee shop, not including the shipping costs, sales tax, gross receipts tax or similar tax.

We designate one or more approved insurance brokers and their associated carrier(s). You must purchase your general liability insurance and Workers' Compensation and Employers' Liability from one of these brokers and their associated carrier(s) unless permitted otherwise. We estimate the cost of your insurance from a broker or carrier we designate will represent 1-2.6% of your total purchases to open your coffee shop, and less than 1% of your overall purchases to operate your coffee shop. Neither we nor our affiliates receive any income from placing insurance coverage or benefit plans with any insurance broker or carrier.

You must purchase the insurance we specify from a source we designate, unless we allow otherwise, which presently includes statutory Workers' Compensation and Employers' Liability any applicable local, state or federal law, and comprehensive liability insurance, including products liability and completed operations coverage in the minimum amount of \$2,000,000 per occurrence/\$4,000,000

general aggregate. You must purchase business vehicle coverage, including hired and non-owned vehicle liability insurance, in the minimum amount of \$1,000,000. If applicable, you must also purchase owned vehicle liability coverage in the minimum amount of \$1,000,000. General liability and auto liability coverage must be written on a per location basis. You must also purchase the insurance required by your lease and any applicable local, state and/or federal law. Your insurance coverage must be primary and non-contributory, and you must name us, our affiliates, the Development Agent, our agents, representatives, shareholders, directors, officers, employees, and those of our affiliates and the Development Agent, our leasing affiliate named in your lease, and your landlord as additional insureds unless otherwise directed. You must provide us with a copy of your Certificate of Insurance at the time you place your equipment order. Your insurance carrier must agree to give us prior written notice of termination, expiration, material modification, or cancellation of your policy, or cancellation of us or any of the other entities or individuals in the preceding sentence as an additional insured. We may change or increase your insurance requirements due to changes in experience, and you must comply with the new requirements. The estimated cost is for one year for property, casualty and general liability coverage, but does not include any Workers' Compensation, Employment Practices Liability Insurance, health insurance, or other benefits, or coverage for motor vehicles. Your insurance costs may be higher depending upon the geographic location and construction of your coffee shop. You must defend and indemnify us, our affiliates, the Development Agent, our agents, representatives, shareholders, directors, officers, employees, and those of our affiliates and the Development Agent against any claims that arise in or in connection with the operation of your coffee shop, regardless of cause or any fault or negligence. You must indemnify us and/or our affiliates against any claim for which we and/or our affiliates have to indemnify the Landlord under the primary lease for your coffee shop.

We have designated one or more approved insurance brokers and their associated carrier(s) from which you must buy your insurance. We have negotiated to provide an insurance package, including property and casualty, statutory workers compensation, general liability, business income, and additional forms of insurance coverage for AROMA JOE'S® franchisees. At the brokers' direction, the carriers will name all the additional insureds your Franchise Agreement and lease, if any, requires and will also provide insurance certificates to us and our real estate affiliate. You must make payments directly to your insurance carrier via EFT. You must make payments to your insurance carrier via EFT. Neither we, nor our affiliates, receive any income from placing insurance coverage or benefit plans with any insurance broker or carrier.

We estimate the purchase of the required purchases and leases will represent 21-46% of your total purchases to open your coffee shop, not including the shipping costs, sales tax, gross receipts, tax or similar tax, and 2-4% of your total ongoing purchases to operate your coffee shop.

Alternate Suppliers

We consider the manner in which we establish our standards and specifications, as well as our criteria for supplier approval, to be confidential, and have no established policy to provide this information to franchisees. In the future, we may develop a Gold Standard Program for certification of all food suppliers. A Gold Standard is a detailed listing of every specification associated with the product. The goal of the Gold Standard Program is to promote consistency across the AROMA JOE'S® system. All food product suppliers must successfully complete an application process, which may include payment of a nonrefundable administrative fee and submission of samples for examination and testing. Prospective equipment and supplies vendors must meet or exceed our specifications for the equipment or supplies. Gold Standard Certified food product suppliers will be subject to monitoring on a periodic or ongoing basis. We may develop a Gold Standard for certain supplies. Equipment and supplies vendors may have to pay an application fee and submit samples. Standards and specifications for non-food products include minimum requirements for weight, delivery, performance, warranties, design, and quality control.

If you want to purchase or lease equipment, packaging materials, supplies, or food products we have not approved, you must notify us first via a test waiver form. Suppliers must successfully complete our application process. We will advise you within a reasonable time whether the equipment, packaging materials, supplies, or food product is approved. The amount of time it takes to receive approval from us ranges from two months to one year, depending on the item. We may re-inspect and re-evaluate the facilities and products of any previously approved supplier and may revoke its approval if we find the supplier fails to meet any of our standards and specifications at any time.

There are no independent purchasing or distribution cooperatives established for AROMA JOE'S® franchisees at this time. AROMA JOE'S® in-house Purchasing and Supply Chain department is part of AJF. AROMA JOE'S® Purchasing Department was established in 2022 and is dedicated to ensuring a supply of quality goods to franchisees as well as drive value in the form of quality good, efficient delivery and aggregating economies of scale to identify areas to reduce costs.

We occasionally negotiate prices, discounts, and other purchase arrangements systemwide or nationally in the United States, for the benefit of AROMA JOE'S® franchisees, with approved suppliers of food products, packaging materials, construction materials, equipment, items bearing the AROMA JOE'S® trademark, and other products, services and materials required for the operation of your coffee shop. We are not currently an approved supplier of any goods or services you will be required to purchase or lease in connection with the operation of your coffee shop, but we reserve the right to become an approved supplier in the future. In 2025 AROMA JOE'S® purchasing department negotiated the above prices, discounts and other purchases and received approximately \$1,300,000, or approximately 9.35% of total consolidated revenue from our approved suppliers associated for the above services. It is anticipated that we may receive money from our approved suppliers associated with the above services in 2026.

We may collect nominal contributions for advertising, technology initiatives, freight expenses and other uses benefiting franchisees from purchases made by franchisees for approved products from systemwide or national suppliers, including manufacturers and distributors. We or an affiliate of ours may maintain these funds in a separate or general bank account, and the funds will be accounted for separately from our and our affiliates other funds. Funds collected from purchases made by franchisees from certain suppliers will be used by us and our affiliates for the benefit of franchisees. While we and our affiliates reserve the right to receive a profit from these funds, it is our present intention to return any excess funds to the franchisees after the conclusion of the fiscal year. This is our current practice; however, we reserve the right to modify this practice in the future.

We may negotiate agreements with suppliers that include marketing funds that are pooled and directed to a local or national advertising fund. All contributions are voluntary. These agreements allow the supplier to achieve a promotional goal of advertising its product in conjunction with the AROMA JOE'S® brand consistently throughout a market. Franchisees will not receive a rebate directly from the supplier. Any funds contributed in the future by a supplier will be used by us and our affiliates for the benefit of franchisees. We and our affiliates do not intend to receive a profit. We may direct that these funds be used for national advertising, local advertising, the purchase of equipment, research and development or other uses to benefit franchisees. The amount of the contributions may be determined as a specific amount of money per quantity of product purchased, or sometimes as a percentage of the supplier's dollar sales of the product. We do not provide material benefits (such as renewal or granting additional franchises) to you based on your purchase of particular products or services or use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise and other Agreements including the Area Development Agreement. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

<i>Obligation</i>	<i>Section in Agreement</i>	<i>Item in Franchise Disclosure Document</i>
a. Site selection and acquisition/lease	Franchise Agreement (FA) Paragraphs 1, 5.a, 11.o, 11.p Specific Location Rider (LR) Paragraph I	Items 1, 6, 7, 8, 11 and 12
b. Pre-opening purchases/leases	FA Paragraphs 5.a, 5.b, 5.c, 5.d LR Paragraph I	Items 7, 8 and 10
c. Site development and other pre- opening requirements	FA Paragraphs 5.a, 5.b, 5.c, 5.d, Area Development Agreement (ADA) Paragraph 5 LR Paragraph I	Items 6, 7, 8, 11 and 17
d. Initial and ongoing training	FA Paragraphs 4.a, 5.a.	Items 11 and 15
e. Opening	FA Paragraph 5	Items 7 and 11
f. Fees	FA Paragraphs 1, 2, 5, 8.d, 8.f, 9.c, 10.a, 10.e, 10.h, 11.e, 11.h, 11.i, 11.m, 19, 23, ADA paragraph 6 LR Paragraphs I	Items 5, 6, 7, 10 and 17
g. Compliance with standards and policies/Operations Manual	FA Paragraphs 5.b, 5.c, 5.f, 5.i	Items 8, 16 and 17
h. Trademarks and proprietary information	FA Paragraphs 3, 5.p, 5.q, 5.r 8.d, 8.g, 10.e, 11.f	Items 6, 13, 14 and 17
i. Restrictions on products/services offered	FA Paragraphs 5.b, 5.c	Items 8 and 16
j. Warranty and customer service requirements	FA Paragraphs 5.b, 5.c	Items 8 and 16
k. Territorial development and sales quotas	FA Paragraph 11.j, ADA Paragraphs 1, 5	Item 12
l. Ongoing product/service purchases	FA Paragraph 5.b	Item 8
m. Maintenance, appearance and remodeling requirements	FA Paragraphs 5.b, 5.c, 5.m, 6	Items 11 and 17

<i>Obligation</i>	<i>Section in Agreement</i>	<i>Item in Franchise Disclosure Document</i>
n. Insurance	FA Paragraph 5.f	Items 6, 7 and 8
o. Advertising	FA Paragraph 5.d, 5.l	Items 6, 7 and 11
p. Indemnification	FA Paragraph 5.c, 21, ADA Paragraph 10	Items 6 and 7
q. Owner's participation/ management/staffing	FA Recital Paragraph J FA Paragraphs 5.b, 9.c	Items 11, 15 and 19
r. Records and reports	FA Paragraphs 5.f, 5.i, 5.j, 5.k	Item 6
s. Inspections/audits	FA Paragraphs 5.b, 5.k, 11.l	Items 6 and 11
t. Transfer	FA Paragraph 9, ADA Paragraph 8	Items 6 and 17
u. Renewal	FA Paragraph 7	Item 17
v. Post-termination obligations	FA Paragraphs 8.d, 8.f, 8.g, 8.h, 8.i, 11.b, 11.o, 17 ADA Paragraph 7	Items 6 and 17
w. Non-competition covenants	FA Paragraphs 5.g, 8.f	Items 6, 15 and 17
x. Dispute resolution	FA Paragraphs 10, 13, 16, 17, 18, 21, 23 Also see FA Paragraphs 5.k, 8.b, 8.c, 8.d, 8.e, 8.i, 11.f, 11.g, ADA Paragraphs 12, 17, 18	Item 17

Item 10 FINANCING

We and our affiliates do not offer assistance or financing to you directly or indirectly.

Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, AJF is not required to provide you with any assistance.

Pre-Opening Obligations. Pre-opening obligations include assistance for the following:

1. Provision of initial training, at times and locations we designate (Franchise Agreement, Subparagraph 4.a)
2. Approval of the coffee shop location. Under the Franchise Agreement, you must operate your coffee shop only at a single site of which you and we both approve. You have sole responsibility for finding a location. We will not unreasonably withhold approval of a location you find. You must submit a location approval request describing the proposed location. We will accept or reject the location within a reasonable time, providing reasons if we reject the location. We have a site review procedure conducted at our sole option to address concerns regarding the positioning of coffee shops. Depending upon the results of the procedure, we may approve or disapprove a location or

suspend development. If we do not approve the location the Franchise Agreement may be terminated with forfeiture of the Initial Franchise Fee. We consider the potential customer base in the area when deciding whether to approve the location. Other factors we consider in site evaluation include traffic patterns, proximity to strong population back-ups, visibility, proximity to schools and universities, proximity to existing locations, age demographics, and parking. See Franchise Agreement, Subparagraph 5.a. We will approve the location of any future additional franchised locations pursuant to the Area Development Agreement, if applicable. Our then current standards for sites will apply. We will approve or disapprove each proposed location no later than 30 days after receipt of all relevant materials required by our site review procedures and process.

3. Approval of a lease with a third-party landlord and an accompanying Lease Rider. You must sign a lease with a third-party landlord and a contemporaneously executed Lease Rider with us for your coffee shop within 2 years after you sign the Franchise Agreement, or your Franchise Agreement will automatically terminate, unless you request an extension in writing, you pay an extension fee and sign a replacement Franchise Agreement. We may terminate your Franchise Agreement if you materially breach your lease rider with us. See Franchise Agreement, Subparagraph 5.a.

4. Standards and specifications for the layout, design, appearance, signage and equipment for your coffee shop. See Franchise Agreement, paragraph 5. The Operations Manual contains the standards and specifications. See Item 8 and Exhibit F. You will be required to construct your coffee shop in a manner consistent with the layout, design, and appearance provided by us, and you will be required to purchase the equipment recommended by us for your coffee shop.

5. A representative or Development Agent whom you may consult for advice and guidance concerning the operation of your business, during their normal business hours in our discretion. See Franchise Agreement, Subparagraph 4.b.

6. Use of the Operations Manual and other materials for the operation of your coffee shop. See Franchise Agreement, Subparagraph 3.a. The Operations Manual and other materials are strictly confidential, and their use is subject to Paragraph 8 of the Franchise Agreement.

7. Assistance with ordering equipment, signs, fixtures, opening inventory and supplies, compliant with the specifications in the Franchise Agreement and Operations Manual, from approved vendors who are responsible for the delivery of same.

The typical length of time between the time you sign the Franchise Agreement, and you open your business is 6 to 18 months. The factors that affect this time usually include, but are not limited to, obtaining a satisfactory site; ability to obtain a lease, financing, or building permits; conformance to zoning, building codes, and local ordinances; weather conditions; shortages; delivery and installation of equipment, fixtures, and signs; your timetable, and hiring/training employees, all of which are your sole responsibility. AJF is not obligated to assist you in establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services.

Obligations After Opening.

During the operation of the franchised business, we will provide:

1. A representative or Development Agent whom you may consult for advice and guidance during their normal business hours, in our discretion. See Franchise Agreement, Subparagraph 4.b.

2. A program of assistance, including: (a) periodic consultations with our representative or Development Agent in a location we designate and (b) written materials with new developments and techniques. See Franchise Agreement, Subparagraph 4.c.

Advertising Programs.

The Advertising Fee will be collected by us and placed into an advertising fund, whereby the monies collected are spent on Franchisor's chainwide national activities and related expenses for the benefit of franchisees (the "Advertising Fund"). Currently, we are collecting 3.5% of gross sales. We may elect to collect the full amount of the Advertising Fee upon providing you with 90 days' notice. We currently maintain and administer all the advertising contributions paid by franchisees into the Advertising Fund. We do not use a percentage of any advertising funds to solicit prospective franchisees. Any company or affiliate-owned coffee shops will pay Advertising Fees and have a vote on Advertising Fund matters.

The Advertising Fund has always been subject to an unaudited monthly reconciliation done in accordance with GAAP (Generally Accepted Accounting Principles) and it began being audited annually at the end of calendar year 2020, which is the Franchisor's intended plan on a going forward basis, but it reserves the right to discontinue.

All advertising contributions we retain will be spent solely on advertising and related expenses for the benefit of AROMA JOE'S® franchisees. You must also conduct New Store Marketing and ongoing local store marketing to further promote your local coffee shop.

At any time, franchisees may temporarily or permanently increase the Advertising Fee percentage collected by a 2/3 vote on the basis of one vote for each operating coffee shop. Advertising Fees will be payable weekly together with the Royalty Fees and must be paid by electronic funds transfer. Advertising fund contributions are non-refundable. The monies we allocate for each region and market for chainwide advertising may vary and will depend upon the conditions of each region and market.

We may use advertising fund contributions to purchase advertising on radio, in newspapers, social media, digital channels, direct mail, free standing inserts, and other advertising and promotional vehicles, on the chainwide and local level. We may also use it on experiential, influencer or partnership programs. Various promotions may be conducted, and you must participate in these promotions, including national, regional and local pricing promotions. A portion of the contributions can be used for regional promotions. We have discretion over the creative concepts, materials and endorsements used, and the geographic, market, and media placement and allocation. We will make the decision on what medium to use. We may hire various agencies to assist us with providing these services. We are not obligated to advertise in the area where you locate your franchise.

We may allocate advertising contributions we collect from franchisees toward activities associated with the administration, maintenance, and creation of the advertising fund.

In any fiscal year, we may spend an amount greater or less than the total contributions of all AROMA JOE'S® coffee shops to advertising fund in that year. If any money remains in the Advertising Fund at the end of any fiscal year, it will be used in the next fiscal year.

We are not required to spend any particular amount on advertising in the area in which your coffee shop is located. If the Advertising Fund has any income, it will be used solely for the collective advertising and promotional benefit of the AROMA JOE'S® franchises and no part will benefit solely us or any individual franchisee. You may obtain a non-audited accounting of advertising expenditures by submitting a written request to us.

We may provide you with copies of prepared advertising, marketing and promotional formats, and materials that are suitable for use at your individual AROMA JOE'S® Coffee Shops. Costs for these

materials will be paid for through your advertising contribution. You may develop advertising materials for your own use, at your own cost. Any advertising materials you develop, including coupons and billboards, must be approved by the AJF Marketing Department before distribution, as provided in the Operations Manual. You must submit to us in writing for our approval all press releases, policy statements and samples of all local advertising, marketing and related materials not prepared or previously approved by us. Our approval will not be unreasonably withheld. Pamphlets, brochures, cards or other promotional materials offering free or discounted AROMA JOE'S® services may only be used if approved in advance. If written approval is not given within 15 days from the date of receipt of the materials, it will be deemed that approval was not granted. At our request, all local advertising materials must include certain language, such as "Franchises Available" and our website address and telephone number. You will not establish a local domain name for a website or social channel using the words "AROMA JOE'S" without our prior written authorization, which we do not have to provide. You are strictly prohibited from promoting your coffee shop or using our proprietary marks in any manner on social or networking websites, such as Facebook, LinkedIn, Snapchat, TikTok and X, without our prior written consent.

Presently, we work in conjunction with a chainwide advertising advisory council – Aroma Joe's Advertising Advisor Council (AAAC) - comprised of elected franchisees to determine the allocation of advertising fund contributions in each respective market and throughout our current or future footprint. To be eligible for election to any chainwide advisory council we establish, you must: 1) have a coffee shop open for at least 6 months; 2) be up to date with your Advertising Fund contributions and Royalty payments or must have a payment plan approved by us and must have been current in making payments to that plan for 60 days; and 3) not accrue any new debt obligations with respect to royalty and Advertising Fees. Voting for council members will be on the basis of one vote for each operating coffee shop. The AAAC will not develop local policy. The activities of the AAAC governed by the *Policy and Procedure Manual* established by us. In the future, we may work in conjunction with local advertising advisory councils comprised of elected franchisees, respectively, throughout our current or future footprint and within each region.

If local markets are established, we may require local market areas with up to nine coffee shops to appoint an Advertising Representative ("Ad Rep") from among the franchisees in the local market. Ad Reps will serve for a one-year term. To qualify as an Ad Rep or to vote in any future election for an Ad Rep you must 1) have a coffee shop open for at least 6 months; 2) be up to date with your advertising fund contributions and Royalty payments or must have a payment plan approved by us and must have been current in making payments to that plan for 60 days; and 3) not accrue any new debt obligations with respect to Royalty and Advertising Fees. Each open coffee shop will have one vote and at least 2/3 of the coffee shops in the local market must vote. The local market's Ad Rep will place advertising for the market area and be responsible for communication with us. If a market hires a local advertising agency to place their media, the Ad Rep will be responsible for communications and coordination with the advertising agency. The Ad Rep should communicate regularly with the market's franchisees and develop advertising programs that cover all of the coffee shops within the market.

If local markets are established, we may require local market areas with 10 or more open coffee shops to elect a local council instead of an Ad Rep. A local advertising advisory council will consist of six elected franchisees. The term limit for three of the elected board members will be one year. Two of the elected board members will serve for two-year terms on an alternating basis. To qualify for any future election to the local council, you must have a coffee shop open for a minimum of six months and you must be current with your payments to us. The local board members will be responsible for developing an advertising program to meet the needs of the coffee shops in the market, administering advertising funds monies in a responsible way, and following the *Policy and Procedure Manual* when it is established.

If local markets have been established, each local market will have the option of hiring a local advertising agency to place the media for that market. In addition, local markets have the option of handling media placements themselves. We must approve all local advertising agencies, plans and creative. Local advertising agencies may be required to sign an advertising agency agreement and adhere to our standards and criteria.

The AAAC, local advisory council members and Ad Reps will not develop local policy. The activities of local markets will be governed by the *Policy and Procedure Manual* when it is established. All requirements, qualifications, and responsibilities with respect to chainwide board members, local board members and Ad Reps will be contained in the *Policy and Procedure Manual*. Once they are established, they may be subject to change and may be amended at any time.

During the last fiscal year ending December 31, 2025, we spent approximately 11.9% of advertising fund expenses on creative; 53% for media placements; 27% on administrative expenses; 5% on website maintenance and support, and 4.5% on the production and maintenance of a mobile application. The budget for the chainwide advertising fund in 2026 assumes we will spend 11.6% of advertising fund expenses on creative; 51% for media placement and experiential; 30% for administrative expenses; 6% on website maintenance and support, and 4.7% on the production and maintenance of a mobile application. Advertising fund contributions not spent in the fiscal year in which they are contributed will be spent in the next fiscal period. The advertising advisory council receives a periodic accounting of how Advertising Fees are spent.

There are no existing cooperatives at this time. We may approve of their formation. At the present time, their formation is not required.

New Shop Marketing Contribution.

Upon placing an order for your equipment package, you will be required to pay us \$20,000, which will be refunded to you upon confirmation that you have spent at least \$20,000 on your approved New Shop Marketing activities prior to, during and within 120 days after opening your coffee shop in order to ensure your location is well known in your area and to drive traffic to your coffee shop. The New Shop Marketing Contribution is not kept in a separate account but rather is held in our general bank account. Marketing activities can include social, digital, radio, broadcast, influencer, experiential or earned media activities. This requirement applies to all new, transferred, and relocated coffee shops. We will collect this amount when you sign a franchise agreement and hold the funds until your grand opening date, which we recommend occur after the date of your initial opening. These activities can be done by using AJF designated creative and strategy and/or third-party agencies or by your own approved vendor. All marketing activities and related creative must be approved by the AJF Marketing department and proof of payment of those marketing activities shall be provided to AJF upon request.

Computer and Cash Register Systems.

You must use a PC-based POS system in all your coffee shops, with the required POS software. The cost of purchasing the required system is between \$9,000 and \$15,000 which has an average life cycle of three to five years. The PC-based POS system you use must meet our POS standards for hardware, software and data transmission. You must use and maintain an email address to send and receive electronic mail and attachments on the Internet, an additional email address for the use with Line of Business applications may be required. Email access and general web browsing is currently prohibited on any POS device.

Future software standards must be met within six months of publication. Future hardware standards must be met on the compliance date we impose.

You have a contractual obligation to upgrade or update your PC-based POS system to maintain full operational efficiency and to keep pace with changing technology and updates to our requirements. The average life cycle for PC-based POS systems is three to five years. Your POS software must be upgraded each time we modify the control sheets and other required paperwork provided in the Operations Manual. Typically, we modify this paperwork once or twice a year.

You must report sales and specified business information to us electronically at weekly or other intervals we direct for all of the franchises that you own. You must also use our control systems to manage your business. In the future, we may have independent access to your sales information.

You may be required to (i) connect your coffee shop to the Internet through a high-speed broadband connection that meets our standards and specifications and (ii) report all transactions of your coffee shop to us electronically in real time. We also require you to accept reward/loyalty mechanisms or instruments for customer payments.

Approved PC-based POS System Hardware and Software. Approved POS hardware may be acquired through one of our two approved Managed Service Providers (“MSP”), Blue Mantis and Bit by Bit (“BitxBit”). There are presently two approved hardware platforms you can purchase to satisfy our requirements for the PC-based POS system. We reserve the right to update, add or remove platforms as we test and approve for use. Franchises are not permitted to use unapproved platforms.

The primary PC-based POS system is the HP Engage One retail platform, manufactured by HP Inc. It is all black and presently comes with Windows 10 or 11 64-bit Operating System, 14-inch diagonal display panel (wide-aspect ratio); FHD1920 x 1080 resolution Projected Capacitive Touch Screen, ENS Genesis Tilt/Swivel Stand, 16GB RAM, 256GB Solid State Drive (SSD), 32 GB Internal SD Card, Integrated Customer Display, 7 USB ports (3 powered), Fingerprint Reader, HP Standard Cash Drawer (with till insert and cable), Epson receipt printer, battery backup, UPS Battery Backup, USB Wired Keyboard and Mouse, and an Intel® Core™ i5-7300U CPU @ 2.60GHz – 2.71 GHz x64-based processor. As of December 31, 2024, assuming a usage of the minimum two required point of sale systems the cost will be approximately \$11,000-\$15,000 plus taxes and shipping. You will be required to purchase the Select Electronic Kitchen Display System, which is also available through our approved MSPs, Blue Mantis or BitxBit, for approximately \$839 plus taxes and shipping, with a minimum of three displays per location. We may act as collection agent for Blue Mantis and/or BitxBit and collect fees you owe through your pre-authorized account. Optional items may be available at an additional cost.

The specifications of the HP PC-based POS system will change as manufacturers upgrade their products. All PC-based POS systems by HP have an available 5-year warranty on the POS terminal, 3-year warranty on the cash drawer and Epson report printer, and 1-year warranty on the battery backup.

A Microsoft Surface Pro tablet may be also acquired through our approved MSPs, Blue Mantis or BitxBit, for the purposes of taking orders outside of the building (“Line busting”) or for temporary offsite events. Line busting POS systems comes with a Windows 10 or 11 Operating System, and either an Intel® Core™ i5 or i7 Processor, 16GB RAM, 256GB Solid State Drive (SSD), 12.3” Touchscreen PixelSense™ (2736 x 1824) Display, Surface Pro Type Cover (Keyboard), Surface Pen, 256GB MicroSD Card and Protective Case with Stand and Hand Strap. We estimate that this system will cost approximately \$1800 plus taxes and shipping. The Surface Pro has a 2-year warranty for defects and 3-year warranty for accidental damage. Optional items may be available at an additional cost.

You are required to obtain anti-virus software we approve, and you must use the software on each of your POS systems.

You are required to accept credit and debit cards payments through an approved card reader that is integrated to your POS system in all of your coffee shops. You must have a high-speed broadband connection that meets our standards and specifications to process credit card payments. You must use our only approved credit card processor for credit card payments, you will pay the processor a fee of approximately \$.0189 per transaction. You will also pay the customer's bank an interchange fee, which varies but is estimated to cost 2.5% of the transaction amount. The interchange fees may be higher or lower depending upon the credit card brand and type of transaction. Credit card payment processing fees will be charged to catering orders placed with the call center and catering website. Visa Inc. will charge you a Fixed Acquirer Network Fee. This fee will be based upon your gross sales volume of all Visa-branded credit card purchases and will be collected by your credit card processor on behalf of Visa, Inc. In the future, you may be required to pay to the software supplier a monthly processing fee of \$15 for all credit and debit card purchases. You are also be required to pay the Gateway fees, which include a one-time set up cost per lane of \$50 and a monthly fee of \$25 per lane per month.

We reserve the right to have independent access to information stored on your POS system.

Approved PC-based POS System Support. Currently, we provide basic support during normal business hours from 8:30 AM-5:00 PM, Monday through Friday. Support is limited to an initial diagnosis of the issue and basic support; at which time you will be referred to your contracted Managed Service Provider, Blue Mantis or BitxBit. The initial diagnosis of the issue is provided free of charge. Please do not contact HP Inc. or Microsoft directly for hardware support issues until you have been instructed to do so by us the Support Center. Costs for Technical Support will vary depending upon the issue.

Currently, software support for the required POS software is provided either on a monthly fee or a per use basis payable to our POS third-party vendor. Both Blue Mantis and BitxBit offer support packages that provides for annual maintenance and support calls. The cost of support package ranges from \$150-\$550 per month, depending on MSP and support plan selected. We or our affiliate may act as a collection agent for the software supplier and collect fees you owe to them through your pre-authorized account.

Confidential Operations Manual.

We will provide you with the confidential Operations Manual electronically within three months after signing a lease for your coffee shop, or as a paper copy upon request. Updated versions will be issued periodically in either format.

We may unilaterally update the Operations Manual to address competition, protect intellectual property, or enhance quality, provided changes apply to all franchisees. Policies tied to specific programs will apply only to participating franchisees. Amendments will not alter fundamental rights or obligations under the Franchisee Agreement or this Disclosure Document.

Training Programs.

Before opening your coffee shop, all individuals listed as Franchisees on the Franchise Agreement must complete our two-week Training Program to our satisfaction. We recommend scheduling training as close to your store opening as possible.

For transfers, you must have our approval before registering for training and must complete training before the transfer closes unless otherwise permitted. If you sign a Specific Location Rider, a lease for the specific location must be signed before attending the Training Program.

The Training Program is provided at no additional charge. However, you are responsible for all personal expenses, including lodging, meals, and transportation to and from the classroom and training sites. A cancellation fee will apply if you miss your scheduled training or cancel with less than 10 business days' notice.

You are exempt from the Training Program if: 1.) You are a current franchisee purchasing an additional AROMA JOE'S® Coffee Shop and have previously passed training, or 2.) You are purchasing your first shop, have completed the Training Program within the last two years, and have served as a team leader or certified trainer.

You may request permission for your store manager to attend the Training Program. Managers who attend will receive a certificate as a non-owner. If we determine the manager you send is a prospective franchisee and not your employee, a \$7,500 fee will apply. If more than one manager is sent per year, a \$750 fee will apply, regardless of employment status.

We strongly recommend working at an existing coffee shop for at least 40 hours after purchasing your franchise and before attending our training program. Approval from our representative, your Development Agent, and the current franchisee is required.

In the future, we may offer optional training courses on management, paperwork, advertising systems, and multi-unit ownership.

To successfully complete the Training program, you must:

1. Maintain perfect attendance.
2. Score at least 80% on the in-store component.
3. Achieve an 80% average on in-classroom quizzes.

If you fail the final exam, retakes may be allowed at our discretions. Failure to complete any section requires you to contact us within five (5) business days to discuss completion options. If you fail to do so, you must repeat the entire program.

The Code of Business Conduct (CBC) will be included in the Training Handbook emailed to you upon registration and must be signed. The CBC requires professional behavior at all times during the training program including on our property, in training stores, at area hotels, and during AROMA JOE'S® events.

Failure to adhere to the CBC may result in dismissal from the Training Program and termination of your Franchise Agreement, with no refund of the franchise fee.

The classroom portion of our Training Program is available at our Scarborough, Maine headquarters or via virtual video conference. On-the-job training takes place at an AROMA JOE'S® Coffee Shop near the training center or another designated location. You are responsible for transportation to and from both locations.

The franchisee program is offered up to 12 times per year, with approximately 31 hours of classroom training, 40 hours of on-the-job training, and 2 to 3 hours of nightly homework. Before attending, you may be required to work 40 hours at a nearby coffee shop. You are responsible for all personal expenses.

Upon completion, you may need to pass a test. The curriculum, including any dates, will be outlined in the Operations Manual and may be subject to change. The training uses the Operations Manual, a workbook and other materials.

The Training Program is led by our Operations Department, which has managed training since 2006. It is facilitated by Courtney Cheever, Chief Operating Officer, who has been with the brand for 2 year and brings 26 years of overall operations experience; Jessica Sargent, Area Operations Manager, who has been with the brand for 11.5 years and has 12 years of experience in operations; and Ashley Smith, Operations Manager, has been with the brand for 12.5 years and has 13 years of experience as an operator. Refresher training sessions are provided at no cost. Facilitators must have at least 12 months of internal AROMA JOE'S® experience or 5 years of relevant external operational experience.

The Training Program includes instruction in the following subjects:

Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Culture	1		Scarborough, ME or Virtually
AROMA JOE'S® Tools & Resources AJU and FranConnect	1.45		Scarborough, ME or Virtually
Menu Breakdown	0.5		Scarborough, ME or Virtually
Customer Engagement	2.5		Scarborough, ME or Virtually
Food Safety & Cross Contamination	0.5		Scarborough, ME or Virtually
POS Basics – Clerk Tasks	1		Scarborough, ME or Virtually
Intro to Paperwork and Controls	0.5		Scarborough, ME or Virtually
Control Sheet Mechanics	2.5		Scarborough, ME or Virtually
Distribution	1		Scarborough, ME or Virtually
Scheduling and Payroll	1		Scarborough, ME or Virtually
Successful Team Building	0.5		Scarborough, ME or Virtually

Employee Safety & Surveillance	0.5		Scarborough, ME or Virtually
Mystery Shopper Program	0.5		Scarborough, ME or Virtually
POS: Manager Tasks	2		Scarborough, ME or Virtually
Leasing	0.5		Scarborough, ME or Virtually
Construction & Equipment	0.5		Scarborough, ME or Virtually
Control Sheet Analysis	0.5		Scarborough, ME or Virtually
WISR Introduction & Mechanics	2		Scarborough, ME or Virtually
Break Even & Profitability Analysis	2		Scarborough, ME or Virtually
Accounting Best Practices	0.5		Scarborough, ME or Virtually
Professionalism and Management Style	0.5		Scarborough, ME or Virtually
Quality Control and Compliance Evaluations	1		Scarborough, ME or Virtually
New Store Opening	0.5		Scarborough, ME or Virtually
Marketing: Overview & Local Store Marketing	2		Scarborough, ME or Virtually
Life as a Franchisee	1		Scarborough, ME or Virtually
Financial Literacy	0.5		Scarborough, ME or Virtually
R&D	1		Scarborough, ME or Virtually
Barista Training		40	Approved location to be determined

			at time of training
Final Exam Review	0.15		Scarborough, ME or Virtually
Final Exam	2.5		Scarborough, ME or Virtually
TOTAL	31	40	

Note 1. On-the-job training in a local AROMA JOE'S® Coffee Shops consists of approximately 40 hours of instruction. On-the-job training allows you to gain first-hand experience in product preparation, store maintenance and coffee shop operations. There is no specific time allocation by subject because this varies with the needs of each training group.

After purchasing your coffee shop and completing training, you and your staff may need to take additional courses in the future. You will be notified by us or your Development Agent when these courses are required.

If we determine that your coffee shop is not meeting the standards in the Operations Manual, you must send your manager to Manager Training within 30 days of notification. You are responsible for all personal expenses including transportation, lodging, and other costs for your employees attending the Training Program.

Item 12 TERRITORY

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

We may in our sole discretion enter into Development Agent Agreements which provide the rights to develop a certain territory to an individual. The Development Agent Agreement does not preclude a franchisee from the opportunity to open a franchise location in the respective territory. We may, in our sole discretion, enter into an Area Development Agreement. The Area Development Agreement gives a particular franchisee the right to develop a specified number of shops in a pre-determined territory. The Area Developer may preclude, in the Area Developer's discretion, the development of coffee shops by third parties in their territory.

If we grant you an Area Development Agreement, we will limit the number of people who can compete with you in your Development Area. You do not have any other rights to pursue special distribution opportunities.

At our sole discretion, development of the coffee shop will be subject to our site review procedures. We also reserve the right to develop certain special locations and opportunities directly or through others. These special locations and opportunities include schools, hospitals, entertainment or sporting complexes, toll road or limited access highway food facilities, gas stations, convenience stores, mobile trailers and other methods of distribution, such as selling AROMA JOE'S® products and merchandise at wholesale or retail.

Your franchise agreement entitles you to operate only at and from one location you select, and we approve. In limited circumstances, due to difficulties in negotiating a lease with the landlord, the location you select may not be available to us or you and, therefore, we will not provide approval for

the location. In such an event, we may in our discretion approve the landlord to operate at that location.

Your Franchise Agreement does not entitle you to an option, right of first refusal, or other similar right to acquire additional franchises.

We do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises. We, or your Development Agent, may decide in our business judgment that you should not own additional coffee shops, even if you are in full compliance with your existing Franchise Agreement(s) and the Operations Manual.

You may only relocate your coffee shop with our prior written consent pursuant to Paragraph 6 of the Franchise Agreement. In such case, you will have one year to relocate and reopen your coffee shop. All your accounts with us and our affiliates for each coffee shop you operate must be current and the lease for the former location of your coffee shop must be terminated and settled prior to reopening. You will pay all expenses and liabilities to terminate the lease for the former location and any relocation expenses. In finding a relocation site, you must consider the accessibility requirements of the Americans with Disabilities Act. If a proposed site is not accessible, you must provide plans to make the site accessible, or we may request that you identify an alternative accessible location. Under Subparagraph 11.o. of the Franchise Agreement, if the landlord terminates the lease for the premises and an arbitrator or court determines you did not breach the lease or the accompanying lease rider, but it was our fault or our affiliate's fault the landlord terminated the lease, then our obligation to you will be limited to the cost of your leasehold improvements less depreciation using a five-year life under the straight-line method. We will pay you this amount after you relocate and reopen your coffee shop. If the landlord terminates the lease and an arbitrator or court determines you breached the lease or the accompanying lease rider, or it was not our fault or our affiliate's fault, then we will not have any obligation to you relating to termination of the lease. The selection and construction of any new location will be subject to our requirements in the Operations Manual in effect at that time.

We or our affiliates may establish other franchises or company-owned outlets or another channel of distribution selling or leasing similar products or services under a different trademark. We may establish units as separate franchises not located within an AROMA JOE'S® Coffee Shop. We retain the exclusive, unrestricted right to produce, distribute, and sell food products, beverages, and other products under the AROMA JOE'S® name or other mark, directly and indirectly, through our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, at any location or by any method of distribution, without restriction by any right you may have, and without regard to the location of other AROMA JOE'S® coffee shops. You will not receive any compensation from us in connection with any such production, distribution or sales. We may use methods of distribution other than through an AROMA JOE'S® coffee shops, including, but not limited to, the Internet, catalog sales, telemarketing and other direct marketing. We and our affiliates have unlimited rights to compete with you and to license others to compete with you. You do not have any right to exclude, control, or impose conditions on the location or development of any AROMA JOE'S® coffee shop, other coffee shop, store or other method of distribution, under the AROMA JOE'S® mark or any other mark.

You may solicit and accept orders for approved products offered in your coffee shop which may compete with other AROMA JOE'S® coffee shops. However, we reserve the right to assign franchise agreements to specific territories with associated territorial protections. You may use Internet couponing, billboards and point of purchase advertising materials as a method of direct marketing, but only with our written approval prior to distribution.

We may establish franchises in other location opportunities, including non-traditional locations. We and our affiliates may establish franchises or company stores, or affiliate owned stores that sell goods or services similar to those you offer in your coffee shop. These stores, whether company or affiliate owned or franchised, may be located near your coffee shop.

In the future, we will divide the country into market areas to plan the development of our coffee shop system. We may define these market areas as one or more entire states and/or portions of one or more states. Since the future development of each market is uncertain, we begin with a general guideline; one coffee shop per a specific number of residents in the market. We then modify our development goals for the specific market based upon variable characteristics of the market. The sales for your coffee shop may be negatively impacted if we increase our development goals and establish a high store density in your market. Characteristics which may lead us to increase the development goal include the number of locations in the area established by competitors, a concentration of people who tend to visit coffee shops more frequently than average, including college and military base areas, a growing population and the overall volume of people in the market, including people who do not live in the market area, but who work in, travel through, or visit the area. Our decision to increase development goals and to establish a high store density is for the benefit of the whole AROMA JOE'S® franchise system as we believe it will increase name recognition, enhance our position against competitors and provide better services within a given market.

The opening and success of additional coffee shops depends upon factors, including but not limited to, recognition and availability of suitable locations, hiring of qualified employees, economic conditions, and ability to negotiate appropriate lease terms.

You should realize there may be some market areas where it may take more time for you to find a suitable location and where you personally may need to spend more time managing your coffee shop. You may also need to spend more money on advertising in some market areas to increase the name recognition of your franchise. Additionally, due to changes in demographic patterns and economic conditions, we cannot guarantee that the location you choose will always be a suitable location. If conditions diminish in the neighborhood where your coffee shop is located, you may suffer a decrease in sales.

The option for you to relocate your coffee shop requires our prior written consent under Paragraph 6 of the Franchise Agreement. You will have one year to relocate your coffee shop. You must pay all expenses for the relocation, including lease termination expenses and all moving expenses. The selection and construction of any new location will be subject to our requirements in the Operations Manual in effect at that time.

Area Development Agreement (“ADA”)

An ADA is a coffee shop development agreement that sets out one or more geographic areas identified specifically for the development of new coffee shops. If we grant you an ADA, we will limit the number of people who can compete with you in your effort to find qualified sites for development of new coffee shops within your coffee shop development area during its term. This does not mean that you have any exclusive right to any potential customer base for your coffee shop(s). You do not have any other rights to pursue special distribution opportunities.

Typically, Area Development Agreement territories are relatively limited in size and scope. The Area Development Agreement territory's size and development requirements may reflect other factors, including the ADA's term, the number of coffee shops to be developed, length of time to develop coffee shops in the area, retail shopping facilities, major employment centers, transportation centers (train stations, bus terminals, etc.), key traffic intersections, interstate highway ramps, and population. As part of your review of a particular trade area or territory, we may (but are not required to) provide

you with certain information such as (a) maps indicating existing coffee shops and/or competitor locations, and may highlight potential areas of interest to us, and (b) demographic reports (including population and median household income) generated by third parties. It is important you validate the information we provide to you. We do not draw any inferences regarding coffee shop performance from the map or demographic information we share with you, and you may not draw any inferences from them either. We also do not represent or guarantee that the existence of a certain level of demographics, maps or trade area characteristics will translate to a certain level of financial performance, and you may not draw any such inferences based upon any of the information we provide to you. The information is not provided for that purpose.

If you sign an ADA, you will be responsible for developing the minimum number of coffee shops set forth in the ADA. We determine the size of the territory, the number of coffee shops, the duration of the ADA and the development schedule across the ADA. Each location must be approved by us in writing and meet our design standards. If you do not continue to meet our then-current guidelines for multi-coffee shop development and ownership, our approval of your development or opening of scheduled coffee shops may be withheld. You are granted limited rights of development exclusivity during the term of the ADA. We may modify or cancel this program at any time.

Item 13 TRADEMARKS

On June 7, 2013, all rights, title, and interest in the marks were sold to our affiliate, AJ IP Holder, through an asset purchase agreement. On June 7, 2013, AJ IP Holder entered into a license agreement with us to offer franchises under the AROMA JOE'S® trademark. Under the Franchise Agreement, we grant you the right and license to use the name and mark AROMA JOE'S® owned by our affiliate AJ IP Holder and other marks we designate. The term "marks" means trade names, trademarks, service marks, and logos used to identify your coffee shop or the goods or services you offer. You may only use marks we designate for use with your coffee shop, and you may use them only in the manner we authorize and permit. The following is a list of the primary marks we may authorize you to use. Our affiliate AJ IP Holder owns all of the marks listed below. We may add or subtract from this list, at our sole discretion. These marks were originally registered with the United States Patent and Trademark Office on the Principal Register by the prior owner of the AROMA JOE'S® system. All required affidavits and renewals were filed.

<u>TRADEMARKS AND/OR SERVICE MARKS</u>	<u>NUMBER</u>	<u>INTERNATIONAL CLASS</u>	<u>DATE</u>
AROMA JOE'S ® Contour Logo	3,866,206	030, 035	11/03/2020*
AROMA JOE'S Coffee® Contour Logo	3,866,207	030,035	01/02/2020*
AROMA JOE'S® Contour Logo	4,454,531	043	12/24/2013
AROMA JOE'S Coffee® Contour Logo	4,461,719	043	01/07/2014
AJS RUSH®	4,454,483	032	12/24/2013
AROMA JOES®	4,454,540	030, 035, 043	12/24/2013
FROJOE®	4,839,800	030, 043	10/27/2015
JUGGA JOE®	4,839,804	030	10/27/2015
ROCK-IT POP®	4,844,361	032	11/03/2015
AROMA LATTE®	4,867,828	030	12/29/2015
AROMA MOCHA®	4,879,610	030	01/05/2016
BLACK JACK®	4,907,301	032	03/01/2016
STOOSH Symbol	5,172,549	030, 035, 043	03/28/2017

AROMA JOE'S®	5,539,378	030, 035, 043	08/14/2018
CHILLIN' WITH AROMA JOE'S®	5,961,188	030, 032, 035, 043	01/14/2020
AROMA JOE'S ENERGY HEADQUARTERS®	5,961,177	030, 032, 035, 043	01/14/2020
ENERGY HEADQUARTERS®	5,961,186	030, 032, 035, 043	01/14/2020
RED, SPARKLE & BLUE®	6,028,851	032	04/07/2020
AROMA JOE'S®	7,630,632	032	12/31/2024
AROMA JOE'S®	7,549,575	032	10/29/2024
AROMA JOE'S RUSH	7,923,009	032	08/26/2025
AROMA JOE'S RUSH	99,371,653	032	
STOOSH Symbol®	7,630,635	032	12/31/2024
FIND YOUR FUEL	8,094,135	035, 043	01/06/2026
FIND YOUR FUEL	8,094,146	030	01/06/2026

*Renewal Date

If you offer approved additional menu items, you will have the right and license under the Franchise Agreement to use any trademarks and service marks we may designate for the menu items and product lines. The right and license to use any additional trademarks and service marks will terminate if we discontinue your right to offer additional items or we discontinue or modify the marks. We may require a separate license for the marks in the future, which will terminate if we discontinue or modify the marks.

There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court in the United States or its territories concerning the marks. There is no pending infringement, opposition, or cancellation action in the United States or its territories. There is no pending material litigation involving the marks in the United States or its territories. There are no agreements currently in effect which significantly limit our right to use or license the use of any mark in a manner material to the franchise.

We do not entitle you, at any time, either by implication or otherwise, to the AROMA JOE'S® marks or any other marks associated with the system. You will not establish title by use, registration, or other means to similar or related names and marks, including those you and all other franchisees generate while conducting business under the AROMA JOE'S® name. You will not assist any third party or organization to register any AROMA JOE'S® marks, or any marks associated with the system. You have limited and temporary rights and you agree you will not, after expiration or termination of your Franchise Agreement, use the marks we licensed to you, directly or indirectly, for any purpose. If you violate this provision, you may be liable to us for \$250 per day. See Item 6. You will not contest the validity or ownership of any marks associated with the system, and you may not register them. You must display the following notice in a prominent place in your coffee shop: "The AROMA JOE'S® trademarks are owned by AJ IP Holder and the independent franchise operator of this coffee shop is a licensed user of these trademarks."

You may not use the word "AROMA JOE'S" as part of your business entity's name, including in any name for your operating entity. You may not establish an Internet domain name or Social Media site using the words "AROMA JOE'S" or representing the AROMA JOE'S® brand. You will be required to cancel or assign to us registration of any domain name or Social Media site you create using the words "AROMA JOE'S" or representing the AROMA JOE'S® brand. See Subparagraph 5.p of the Franchise Agreement. "Social Media" as used in this Disclosure Document means Internet-based applications which allow for the creation and exchange of user-generated content including, but not limited to blogs, micro blogs, social networks, and photo and video sharing sites. At our request, you must have any information we deem inappropriate and not to be in the best interest of the System removed

from any website or Social Media site. You may not dilute the marks in any way by engaging in advertising, partnerships or improper behavior that may lessen the AROMA JOE'S® system's reputation. You will not use the marks in a manner that degrades, diminishes, or detracts from the goodwill associated with the marks nor will you use the marks in a manner which is scandalous, immoral, or satirical or does not adhere to our brand standards in the operations manual. You agree to promptly change the manner of such use upon our request. We will have the right to physically remove any signage from your coffee shop if we believe its removal is necessary to protect the goodwill associated with the marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of any mark. We will take the action we think is appropriate. While we do not have to defend you against a claim arising because of your use of the marks, we will reimburse you for your liability if you used the marks in compliance with the Franchise Agreement. To receive reimbursement, you must notify us of the proceeding promptly after you learn about it, cooperate with us to defend the proceeding, and allow us to control the defense of the proceeding.

You must modify or discontinue the use of a mark if we modify or discontinue it. If we modify or discontinue the use of a mark in response to a third party's claim of infringement, our only obligation will be to reimburse you for your tangible costs to comply, including your costs to replace signs and paper goods.

We do not know of any infringing uses that could materially affect your use of the marks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do claim rights under copyright laws for various works, including printed matter, artwork, menu boards, advertising and promotional materials, instructional operating manuals, and the like, but we generally have not filed applications for copyright registration of any of these works. At this time, there are no pending patent applications.

AJ IP Holder owns proprietary rights to information related to the AROMA JOE'S® franchise system and the operation of a coffee shop. We license the Operations Manual from AJ IP Holder. We will provide you, on loan, one copy of the confidential Operations Manual in either electronic or paper form. AJ IP Holder has not filed an application for registration of copyright in the Operations Manual but does claim a copyright in its own works and we and our affiliates treat the information in the Operations Manual as proprietary and confidential trade secrets. The Operations Manual contains the components, requirements, duties, standards, procedures, policies, and specifications pertaining to the AROMA JOE'S® franchise system and the operation of a coffee shop. You must operate your coffee shop in accordance with the Operations Manual as it is revised. You must treat the Operations Manual and the information in it, as well as other information we make available to you, as highly confidential, in accordance with Subparagraph 5.q and 8.a of the Franchise Agreement. We make this information available to you only because of the franchisor-franchisee relationship.

You agree that all materials conceived, created, or developed by you or on your behalf including but not limited to any and all ideas, slogans, trademarks, marketing plans, advertising material, concepts, drawings, techniques, inventions (including any resulting patent rights), innovations, trade secrets, copyrights, works of authorship, and any other protectable or proprietary interest in any similar intangible asset, relating to an AROMA JOE'S® coffee shop (the "Created Materials") are owned by AJ IP Holder or its assigns. You will promptly tell us about all Created Materials. You hereby irrevocably transfer and assign to AJ IP Holder or its assigns all of your right, title, and interest in and to the Created Materials. This assignment includes, but is not limited to, any intellectual property that is the subject of or claimed in any letters patent or applications for letters patent, whether foreign or

domestic, all rights of copyright in the Created Materials and in all derivative works, your interest in any titles, trademarks and good will associated with the Created Materials, the right to make future conveyances of the Created Materials, including the right to sub-license the Created Materials, and to any and all causes of action accrued or accruing for infringement or alleged infringement of the Created Materials, including the right to enforce ownership and sue for all claims, benefits and damages based upon past, current, or future infringement of the Created Materials, and to retain all gross proceeds therefrom. We may make any changes to the Created Materials that we, in our sole discretion, may consider necessary, with or without attribution to you. You waive any and all moral rights you may have in the Created Materials. You further agree to cooperate fully with AJ IP Holder or its assigns in the securing of intellectual property protection or registration of the United States of America and any foreign countries with respect to the Created Materials.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you signed your Franchise Agreement as an individual, then you are required to personally supervise your coffee shop, and you must attend and satisfactorily complete our training program. You may bring a manager with you to the training program upon our written approval. Your coffee shop must be under your direct and on-site supervision and control subject to delegating responsibilities to managers who have successfully completed our training program. Your day-to-day tasks could include supervising employees, checking inventories, reviewing sales and food costs, bookkeeping, and making reasonable efforts to ensure smooth and efficient operations. You must keep your coffee shop open within the hours specified in the Operations Manual, subject to local regulations, unless we approve different hours in writing.

If you signed your Franchise Agreement as a partnership, corporation, limited liability company or some other form of entity, then you shall appoint, subject to Aroma Joe's approval, a Designated Manager who shall attend and complete our training program. Your Designated Manager shall all times devote his or her full time and attention to managing, supervising, and operation of your coffee shop. You must keep your coffee shop open within the hours specified in the Operations Manual, subject to local regulations, unless we approve different hours in writing.

In the event the Designated Manager fails to complete the initial training program to our reasonable satisfaction, then you may select a substitute manager, and such substitute manager must complete our training program to our reasonable satisfaction, prior to opening your coffee shop. You shall pay our current cost of training, if any, for such substitute manager.

If, during the term of your Franchise Agreement, the Designated Manager is not able to continue to serve in the capacity of Designated Manager, then you shall promptly notify us and designate a replacement within thirty (30) days after the Designated Manager ceases to serve, such replacement being subject to the same qualifications and restrictions listed above. You shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Such replacement must complete the training program described above within ninety (90) days after the Designated Manager ceases to serve as the Designated Manager. Any failure to comply with the requirements of this subsection shall be deemed a material event of default under your Franchise Agreement.

From time-to-time Aroma Joe's may provide and, if it does, may require that you and/or your Designated Manager to attend and successfully complete ongoing training programs including refresher training, seminars, classes, and/or meetings. Attendance at ongoing training programs shall be at your sole expense including, without limitation, travel costs, room, and board expenses

and employee salaries. Attendance for ongoing training shall not be required more than one (1) session and shall not exceed forty (40) hours over one (1) week in any calendar year.

If you signed your Franchise Agreement as an individual, then you are personally liable for the obligations of the franchisee under the Franchise Agreement. If more than one individual signs the Franchise Agreement, “you” refers to each individual. You are each personally jointly and severally liable for all of the obligations to us. To qualify to sign the Franchise Agreement, an individual must pass our standardized test (if not already an AROMA JOE’S® franchisee).

If you signed your Franchise Agreement as a partnership, corporation, limited liability company or some other form of entity, then any person with an ownership interest in your operating entity must also sign a personal guarantee and assumption agreement, which requires all such individuals to be personally liable for the obligations of the franchisee under the Franchise Agreement. Your obligations as a guarantor include your agreement not to disclose our confidential or proprietary information during or after the term of the Franchise Agreement; and not to have any direct or indirect association with a competitive business, as defined in the Franchise Agreement, during the term of the Franchise Agreement and for 1-year after termination, expiration or transfer of the Franchise Agreement within a 3-mile radius of where an AROMA JOE’S® coffee shop operates or operated within the prior year. The reference to a geographic area does not give you any territorial or other exclusive rights.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your coffee shop in strict compliance with the AROMA JOE’S® system as outlined in the Operations Manual and other materials we provide. The premises may only be used for operating an AROMA JOE’S® Coffee Shop, you cannot operate any other business without our prior written consent. Only approved goods and services may be offered and sold.

You must offer all required good and services as specified in the Operations Manual, including the basic AROMA JOE’S® menu. Additional menu items must be approved by us. We may test new products or methods at company or franchise locations, and based on test results, may update the menu. We reserve the right to add, modify, or withdraw goods at any time, and you must comply with the new requirements. If new menu items are tested, you may have to sign a test agreement to offer our additional menu items that are under test. We do not have to permit all franchisees to offer the additional menu items that are under test. Optional programs are available for qualified franchisees, but you must comply with your Franchise Agreement, the Operations Manual, and any additional requirements, including licensing, training, marketing, and insurance.

We do not restrict your access to customers, but you may not sell goods or services to another vendor for resale or from any location other than your approved one without prior written consent.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. The provisions of the Franchise Agreement (“FA”) (Exhibit A) apply for any location, except as modified by the Landlord Lease Rider (“LLR or lease rider”) (Exhibit A-3).

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	FA Paragraph 7 and Paragraphs 1.c, 5.a LR Paragraph I DLR Paragraphs I, II	Term is 10 years, but you must sign a lease (as applicable) and an accompanying lease rider within 2 years of franchise purchase, or your franchise terminates. We may grant you an extension. Term is 10 years, but you must sign a lease and an accompanying lease rider for the specific location within 30 days after we approve your lease, or your Franchise Agreement expires with no right to any extension. You have 6 months from the date of the franchise agreement to lease/purchase the specific location property; obtain financing for the specific location property; and obtain local approval to operate an Aroma Joe's coffee shop at the specific location property. If during that 6-month period of time, you are unable to: purchase the specific location property; obtain financing for the specific location property; or obtain local approval to operate an Aroma Joe's coffee shop at the specific location property, then upon written request, we will agree to refund your franchise fee and terminate this Agreement. In order to be effective, a refund request must be sent to us in writing within 8 months of the date of this Agreement, detail the reason for the request and provide confirming documentation of the basis for the request. You agree and understand that we reserve the right to disapprove the specific location property within 6 months of the date of this Agreement. If we elect to exercise said right, then your Specific Notification Rider will automatically terminate; you will have no further rights to the specific location property; your franchise will be deemed a standard franchise; and Subparagraph 5.a of the Franchise Agreement will replace this Subparagraph 5a in its entirety. Your term is 10 years, but you must open for business and commence operation of the coffee shop within 2 years after signing the Franchise Agreement or franchise terminates. We may grant you an extension. We may terminate the Franchise Agreement and refund your franchise fee if we do not grant final approval for the location within 90 days after you sign the Franchise Agreement.
b. Renewal or extension of the term	FA Paragraph 7	Your franchise will automatically renew for additional 10-year periods unless either party chooses not to renew and sends written notice to the other at least 6 months prior to expiration of the Franchise Agreement. We have the right to refuse to renew if you are not in full compliance. If you dispute our notice of intent not to renew, you must request to arbitrate the decision. Refer to Item 17.t-u. for arbitration procedures.
c. Requirements for franchisee to renew or extend	FA Paragraphs 7	Written notice; full compliance with Franchise Agreement and all other agreements with us and our affiliates; compliance with Franchisor's qualifications and training requirements; signing of the current Franchise Agreement; no notice of any federal, state or local law, regulation or rule that may have an adverse effect on our franchising activities; your ability to secure continue approved facilities; sign general release. Upon renewal, you may continue under the terms of your existing Franchise Agreement and your Royalty rate will increase to 10% or you

		may sign our current Franchise Agreement that may contain differing terms before the 10-year period ends and your Royalty rate will remain at 8%. If you seek to renew our franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	None	
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA Paragraphs 8, 10.g	We can terminate if you default. See g-h. below. A provision in the Franchise Agreement that terminates your franchise upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C., Sections 101 and following).
g. "Cause" defined- curable defaults	FA Paragraphs 8.a, 8.b	Violation of health, safety or sanitation laws after 72 hours' notice; 10 days for failure to pay amounts owed and arising from the misuse of the marks; 60 days for all other curable defaults.
h. "Cause" defined- non-curable defaults	FA Paragraphs 8.c, 10.b.	We may, at our option and without prejudice to any of our other rights or remedies provided under this Agreement, terminate this Agreement without an opportunity to remedy the default unless prohibited by law in the following events: Material misrepresentation or omission in application; abandonment; unauthorized disclosure of the operations manual; deceptive practices; felony conviction; unsatisfied judgment or foreclosure; default of material agreements including your lease or accompanying lease rider; unauthorized assignment or transfer; unauthorized use of Confidential Information; failure to pay taxes; assignment for benefit of creditors; bankruptcy; insolvency; repeated violations; failure to pay us or our affiliates. Your Franchise Agreement will automatically terminate if you do not sign a lease (as applicable) and accompanying lease rider or open for business (as applicable) within the time allowed. See Item 17.a. above. The arbitration clause in the Franchise Agreement does not apply to defaults under your lease or accompanying lease rider. See Exhibit A.
i. Franchisee's obligations on termination/ non-renewal	FA Paragraphs 8.d, 8.e, 8.f, 8.g, 8.h, 8.i, 11.b, 17	Obligations include de-identification (unless instructed otherwise), return of Operations Manual, automatic assignment of telephone numbers, and cancellation of Social Media accounts, domain names, internet addresses, permits, registrations, certifications or other consents. Also see Item 17.r, Item 6, Note 2 and Item 15. Your franchise rights revert to us if you abandon or if we revoke your franchise agreement.
j. Assignment of contract by franchisor	FA Paragraph 9.a	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	FA Paragraph 9	Includes transfer of contract, assets, or any ownership change.
l. Franchisor approval of transfer by franchisee	FA Paragraphs 9.a, 9.b, 9.c	We have the right to approve all transfers. We will not unreasonably withhold our consent to a transfer.

m. Conditions for franchisor approval of transfer	FA Paragraphs 9.a, 9.b, 9.c	New franchisee qualifies, passes our standardized test (if not already our franchisee, see Item 5), you pay transfer fee (see Item 6), the purchase agreement meets our standards and requirements, new franchisee signs current agreement and assumes the lease and accompanying lease rider, new franchisee successfully completes training before the completion of the sale (unless we permit otherwise), you pay all money due in full for all your coffee shops, you are not in default, you and the new franchisee sign a general release, you transfer the Operations Manual for the coffee shop to the new franchisee on the date of transfer, and you bring the coffee shop into full compliance with the Operations Manual at or prior to transfer.
n. Franchisor's right of first refusal to purchase your franchised business	FA Paragraph 9.c	We can match any offer for your franchised business within 30 days of your written notification to us of a bona fide offer to purchase your franchised business.
o. Franchisor's option to purchase your franchised business	None	None
p. Death or disability of franchisee	Paragraphs 9.e	Your rights may pass to your next of kin or legatees, or if the Franchise Agreement is signed by multiple natural persons your interest may pass to the remaining parties to the Franchise Agreement. In the event your rights pass to your next of kin or legatee, they must assume your obligations under the Franchise Agreement, the lease and accompanying lease rider, pass our standardized test (if not already our franchisee, see Item 5), agree to attend the next training session, have a satisfactory credit rating, be of good moral character, and successfully complete training. We do not have an established disability policy, but will permit you to sell the franchise, or keep it if you operate it with trained personnel. Your rights must be transferred within 6 months.
q. Non-competition covenants during the term of the franchise	FA Paragraphs 5.g, 8.f, 8.gi, 10.e	No direct or indirect association with a Competitive Business anywhere; if you breach you must pay \$15,000 for each business and 8% of gross sales and we may seek termination of your Franchise Agreement, an injunction and/or damages. You may not disclose any confidential or proprietary information to any unauthorized person, or we may seek an injunction, damages or both.
r. Non-competition covenants after the franchise is terminated or expires	FA Paragraphs 8.f, 8.g, 10.e	No direct or indirect association with a Competitive Business for 1 year after termination, expiration or transfer of the Franchise Agreement within a 3-mile radius of where an AROMA JOE'S® Coffee Shop operates or operated within the prior year; if you breach you must pay \$15,000 for each business and 8% of gross sales and we may seek an injunction and/or damages. You may not disclose any confidential or proprietary information to any unauthorized person, or we may seek an injunction and/or damages.
s. Modification of the agreement	FA Paragraphs 5.b, 13, 14, 22	No modifications generally after Franchise Agreement signed, but the Operations Manual is subject to change. We may negotiate changes to the Franchise Agreement with large institutional-type franchisees only. The Franchise Agreement may be modified if you sign a new franchise agreement with terms that are different from those in your current Franchise Agreement.
t. Integration / merger clause	FA Paragraphs 13, 14, 15	Only the terms of the Franchise Agreement are binding (subject to state law), however, nothing in the Franchise Agreement is intended to disclaim

		or waive any representations in this Disclosure Document. Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	FA Paragraphs 8, 10, 13, 14, 15, 16, 17, 18, 20, 23 Also see FA Paragraphs 5.f, 5.k, LR Paragraph III	Except for certain claims we may bring, you must arbitrate in the forum noted in v. below, all disputes under the Franchise Agreement. Your claims are limited under Paragraph 17. The Franchise Agreement contains other important provisions concerning dispute resolution.
v. Choice of forum	FA Paragraphs 10, 13, 17, 18	Arbitration and any litigation will be held in Maine, subject to state law. The Franchise Agreement allows us to bring an action for injunctive relief in any court having jurisdiction if you breach the provisions of the Franchise Agreement concerning use of the trademarks, or confidentiality, or the covenants not to compete. You may not bring litigation in court under the Franchise Agreement.
w. Choice of law	FA Paragraphs 10.b, 13	Maine law applies, except the United States Arbitration Act governs the arbitration provisions, subject to state law.

ADDITIONAL PROVISIONS FOR AREA DEVELOPERS

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the Franchise Term	Section 4	Development term is ten (10) years.
b. Renewal or Extension of Term.	Not Applicable	Not Applicable
c. Requirements for You to Renew or Extend.	Not Applicable	Not Applicable
d. Termination by You.	Not Applicable	Not Applicable
e. Termination by Aroma Joe's Without Cause.	Not Applicable	Not Applicable
f. Termination by Aroma Joe's With Cause.	Section 7	We may terminate if you commit any one of several violations.
g. "Cause" defined - defaults which can be cured.	Section 7	Failure to perform under the Agreement, cease to be Franchisee, or failure to comply with any Franchise Agreement.
h. "Cause" defined - non-curable defaults	Section 7	Defaults include failure to comply with the Development Schedule. If you default under the Area Development Agreement, we may terminate any or all other Franchise Agreements granted to Developer, in our sole discretion.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
i. Your obligations on termination /nonrenewal.	Not applicable	Not Applicable
j. Assignment of contract by Aroma Joe's.	Section 8a	No restriction on Aroma Joe's right to assign or transfer.
k. "Transfer" by you - definition.	Section 8b	Agreement not entered for the purpose of transferring the development and option rights.
l. Aroma Joe's approval of transfer by franchisee.	Sections 8c	You may assign or transfer to a third party in accord with the terms and conditions of that franchises franchise agreement and Aroma Joe's then current transfer policies and procedures.
m. Conditions of Aroma Joe's approval of transfer.	Section 8c	Transfer must adhere to the terms of the franchise agreement and current transfer policies and procedures.
n. Aroma Joe's right of first refusal to acquire your business.	Not Applicable	Not Applicable
o. Aroma Joe's option to purchase your business.	Not Applicable	Not Applicable
p. Your death or disability.	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise.	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires.	Not Applicable	Not Applicable
s. Modification of the agreement.	Sections 15 & 20	The Agreement can be modified only be written agreement between you and us.
t. Integration /merger clause.	Section 20	Only the terms of the Agreement are binding (subject to state law.) Any representations or promises outside of the disclosure document and area development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	Section 12a	All disputes arising out of or relating to the Agreement must be settled by arbitration in Portland, Maine.
v. Choice of forum.	Section 12b	Litigation must be in the State of Maine, unless inconsistent with any specific state law having jurisdiction. (See State Addendum).
w. Choice of Law.	Section 14	Maine State law applies unless inconsistent with any specific state law having jurisdiction (See State Addendum).

Item 18

PUBLIC FIGURES

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

You do not have the right to use the name of a public figure in your promotional efforts or advertising without prior written approval from us.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Other than the information provided in this Item 19, we do not furnish or provide prospective franchisees any oral or written information concerning the actual or potential sales, costs, income or profits of a franchised business.

Item 19 is separated into two sections. Each section includes data from traditional and non-traditional shops that had twelve (12) months of consecutive sales as of December 31, 2025.

Of the 130 franchises existing as of December 31, 2025, 119 had twelve (12) months of consecutive sales as of that date, as detailed in the following table:

Shop Type	Franchises				
	2025	2024	2023	2022	2021
Coffeehouse & Drive Thru	35	34	29	24	22
Single Drive Thru	52	49	41	36	33
Double Drive Thru	13	13	13	13	13
Total Traditional Franchises	100	96	83	73	68
Non-Traditional	19	16	12	9	5
Total Franchises	119	112	95	82	73

A. STATEMENT OF AVERAGE GROSS SALES BY SHOP TYPE

This statement includes annual gross sales by shop type for all our AROMA JOE'S® Traditional Coffee Shops. It also includes AROMA JOE'S® Non-Traditional coffee Shops, however, as previously noted, we do not actively market the sale of non-traditional shops.

By the end of 2025, we had a total of 130 shops open and operating and 119 shops open and operating with twelve (12) months of consecutive weekly sales. Of the 130 total shops, the following shops were open and operating by State:

New Hampshire	51
Maine	53
Massachusetts	13

Pennsylvania	4
Florida	3
Connecticut	4
New York	1
Rhode Island	1

The tables below show the 2021 through 2025 historical annual sales data, including the High, Low, Average and Median, by shop type. We have also included the number and the percentage of shops that met or exceeded the average for that shop type, by year.

Coffeehouse & Drive Thru	2025	2024	2023	2022	2021
High	\$1,884,020	\$1,986,981	\$2,032,638	\$1,779,478	\$1,529,592
Low	\$250,595	\$231,069	\$430,257	\$626,051	\$542,352
Avg	\$1,013,239	\$979,971	\$1,067,252	\$1,063,797	\$982,864
Median	\$979,653	\$899,121	\$956,288	\$959,254	\$913,080
# of Shops	35	34	29	24	22
# Attained or Exceeded Average	17	16	14	9	9
% Attained or Exceeded Average	49%	47%	48%	38%	41%

Double Drive Thru	2025	2024	2023	2022	2021
High	\$1,773,631	\$1,926,013	\$2,006,389	\$1,885,253	\$1,817,745
Low	\$574,544	\$567,883	\$591,905	\$540,689	\$497,425
Avg	\$1,010,558	\$1,015,056	\$1,028,594	\$967,876	\$910,019
Median	\$981,912	\$1,053,105	\$1,058,330	\$1,023,317	\$969,919
# of Shops	13	13	13	13	13
# Attained or Exceeded Average	6	7	7	7	7
% Attained or Exceeded Average	46%	54%	54%	54%	54%

Single Drive Thru	2025	2024	2023	2022	2021
High	\$1,628,845	\$1,498,955	\$1,451,187	\$1,460,080	\$1,459,199
Low	\$339,026	\$441,367	\$479,497	\$557,533	\$601,430
Avg	\$972,217	\$947,675	\$954,054	\$897,650	\$856,456
Median	\$953,019	\$925,593	\$930,200	\$874,165	\$854,948
# of Shops	52	49	41	36	33
# Attained or Exceeded Average	25	24	17	17	16
% Attained or Exceeded Average	48%	49%	41%	47%	48%

Non Traditionals	2025	2024	2023	2022	2021
High	\$1,157,312	\$1,202,143	\$1,250,117	\$1,113,902	\$1,087,314
Low	\$198,205	\$130,931	\$380,169	\$389,189	\$495,478
Avg	\$606,021	\$640,767	\$689,640	\$631,887	\$662,086
Median	\$536,498	\$599,864	\$617,641	\$636,950	\$579,584
# of Shops	19	16	12	9	5
# Attained or Exceeded Average	9	6	4	5	3
% Attained or Exceeded Average	47%	38%	33%	56%	60%

Assumptions

Most of the 119 shops are located in densely populated suburban areas. The market in which you operate your coffee shop or kiosk may be in a smaller urban or suburban area.

General Comments Regarding Financial Performance Representations

The representations above are historic financial performance representations about existing outlets in the Aroma Joe's system.

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

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

Item 20 OUTLETS and FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary for years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
U.S. Franchised	2023	95	112	+17
	2024	112	120	+8
	2025	120	130	+10
Company Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
U.S. Total Outlets	2023	95	112	+17
	2024	112	120	+8
	2025	120	130	+10

Table No. 2

Transfer of Outlets from Franchisees to New Owners (other than the Franchisor) from 2023 to 2025.

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Connecticut	2023	0
	2024	0
	2025	0
Maine	2023	0
	2024	0
	2025	4
New Hampshire	2023	3
	2024	3
	2025	2
Massachusetts	2023	0
	2024	4

	2025	0
Pennsylvania	2023	0
	2024	0
	2025	0
Florida	2023	0
	2024	1
	2025	1
TOTAL	2023	3
	2024	5
	2025	7

Table No. 3
Status of Franchised Outlets For years 2023 to 2025

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
Connecticut	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	2	0	0	0	0	4
Maine	2023	38	6	0	0	0	0	44
	2024	44	3	0	0	0	0	47
	2025	47	6	0	0	0	0	53
New Hampshire	2023	40	5	0	0	0	0	45
	2024	45	3	0	0	0	0	48
	2025	48	3	0	0	0	0	51
New York	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Massachusetts	2023	10	3	0	0	0	0	13
	2024	13	0	0	0	0	0	13
	2025	13	0	0	0	0	0	13
Pennsylvania	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Florida	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	0	0	0	0	1	3
Rhode Island	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
TOTAL	2023	95	17	0	0	0	0	112
	2024	112	8	0	0	0	0	120
	2025	120	11	0	0	0	1	130

*Signed a Franchise Agreement, but never opened a location.

Table No. 4
Status of Company-Owned Outlets
For years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of 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
Maine	2023	1	0	0	0	1	0
	2024	0	0	0	0	1	0
	2025	0	0	0	0	0	0
New Hampshire	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Massachusetts	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Pennsylvania	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
TOTAL	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
Connecticut	0	0	0
Maine	11	6	0
Massachusetts	8	1	0
New Hampshire	13	1	0
Rhode Island	1	0	0
Pennsylvania	0	0	0
Florida	3	2	0
TOTAL	36	10	0

Exhibit K lists the name of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2025.

Exhibit L lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last four fiscal years, we have not signed any confidentiality clauses with current or former AROMA JOE’S® coffee shops owners which would restrict them from speaking openly with you about their experience with us. In the future, there may be some instances where a current and former franchisee may sign a provision restricting their ability to speak openly about their experience with the AROMA JOE’S® franchise system. 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.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with the AROMA JOE’S® franchise system.

Item 21
FINANCIAL STATEMENTS

Attached as Exhibit B to this Disclosure Document are the audited Financial Statements for AJF for the fiscal years ended December 31, 2025, 2024, and 2023.

Item 22
CONTRACTS

The following contracts are attached to this Disclosure Document:

Franchise Agreement.....	Exhibit A
Franchise Disclosure Questionnaire	Exhibit A-1
Landlord Lease Rider	Exhibit A-2
Guaranty and Assumption Agreement.....	Exhibit A-3
Pre-Authorized Bank Form	Exhibit C
Confidentiality Agreement for Disclosure of Operations Manual	Exhibit F-1
Privacy Policy.....	Exhibit G
General Release.....	Exhibit H
Area Development Agreement	Exhibit J
Guarantee and Assumption Agreement.....	Exhibit J-2

Item 23
RECEIPTS

Attached as the last page to this Disclosure Document is a detachable Receipt for you to sign and give to us acknowledging you received this Disclosure Document. You should keep the other copy of the Receipt.

EXHIBIT A

FRANCHISE _____

DATE EXECUTED _____

FRANCHISE AGREEMENT

AROMA JOE'S FRANCHISING, LLC

with

Operating Company: _____

FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made on this _____ by and between Aroma Joe's Franchising, LLC, a Florida Limited Liability Company with a principal office located at 700 Technology Way, Scarborough, ME 04074 ("we," "us," or "Franchisor"); and whose principal address is _____, an individual/partnership/corporation/limited liability company established in the state of _____ (hereinafter referred to as "you" or "Franchisee"), for one (1) AROMA JOE'S® coffee shop (the "Coffee Shop") in the State of _____. (Franchisor and Franchisee may collectively hereinafter be referred to as "Parties".)

RECITALS:

- A. AJ IP Holder, LLC (the "Licensor") is the owner of certain intellectual property including the trademark AROMA JOE'S®, other trademarks, trade names, service marks, commercial announcements (slogans) and related insignia and logos (the "Marks"). On May 17, 2013, the Licensor entered into a licensing agreement with the Franchisor and granted a sublicense to the Franchisor to operate and franchise others to operate AROMA JOE'S® coffee shops using the System, including the Marks.
- B. Franchisor is engaged in the business of developing, licensing, and franchising a proprietary system for establishing and operating coffee shops featuring a variety of flavored coffee, espresso, tea, and other beverages, pastries, and other baked goods under the trade name and service mark AROMA JOE'S®. The System includes the trademark AROMA JOE'S®, other trademarks, trade names, service marks, commercial announcements (slogans) and related insignia and logos (the "Marks"). The System also includes goodwill associated with the Marks, copyrights, trade dress, recipes, formulas, food and beverage preparation procedures, business methods, marketing forms, policies, trade secrets, knowledge, and techniques (the "System").
- C. You desire to obtain the right to operate a single AROMA JOE'S® Coffee Shop in accordance with and subject to the terms and conditions set forth or described herein, which terms and conditions are necessary to maintain Franchisor's uniform high standards of quality and service and to protect the goodwill and enhance the public image of the System and the Marks.
- D. We will grant you access to the System. We may also enter into agreements, which may include terms that are materially different than the terms of this Agreement, for the purpose of granting access to the System to others so they may establish and operate AROMA JOE'S® coffee shops. We may operate AROMA JOE'S® coffee shops as well. We plan to open multiple outlets in any and all markets that we choose to develop in our sole discretion. This Agreement does not grant you the right to own additional AROMA JOE'S® coffee shops and we are under no obligation to sell you additional franchises or consent to your purchase of existing franchises.
- E. The only consideration we receive from you for granting you the license to use the System consists of the Franchise Fee, the Royalty, and performance of your other promises under this Agreement.
- F. You acknowledge that you received our most current Franchise Disclosure Document and its exhibits, including this Agreement (the "Disclosure Document"), at least fourteen (14) calendar days or ten (10) business days (whichever is later) before you signed this Agreement or made a payment to us or our Affiliate in connection with the franchise sale. An "Affiliate" is any business entity effectively controlling or controlled by another or associated with others under common ownership or control. You carefully reviewed the Disclosure Document and had enough time, if you wanted, to consult with a lawyer, accountant, or other professional advisor. You had full opportunity to ask us and our employees, development agents, agents, or

representatives all appropriate questions and those questions have been answered to your satisfaction, except questions on the subject of potential earnings, discussed in Recital I. below. If you did not use a professional advisor, you represent you are satisfied relying on your own education, experience, and skill to evaluate the Disclosure Document and this Agreement.

- G. You represent any individual signing this Agreement has reached the age of majority, is a citizen or permanent resident of the United States and has the legal capacity to enter into this Agreement and operate a coffee shop business.
- H. You have read and understand the Franchisor's Privacy Statement (contained in an exhibit to the Disclosure Document), which addresses how we use and share your personal information. You acknowledge that we have informed you that our Affiliates who provide services to AROMA JOE'S® franchisees are required to have privacy statements, which are in a form substantially similar to the Franchisor's Privacy Statement. You understand that if you do not wish to share your personal information then you must advise our Privacy Officer in writing.
- I. You represent that no employee, agent, or representative of ours, our Affiliate, our predecessor, or our development agents made any oral, written or visual representation or projection to you of actual or potential sales, earnings, or net or gross profits other than any actual sales that may be disclosed as Item 19 of our most current Disclosure Document.
- J. You represent you understand the risks of owning an AROMA JOE'S® coffee shop and you are able to accept such risks. You understand the success of the Coffee Shop will depend substantially on the location you choose, strong local store marketing, your own efforts and abilities and those of your employees. Other factors beyond our, our Affiliates' or your control will affect the Coffee Shop's success, including but not limited to competition, demographic patterns, consumer trends, interest rates, economic and market conditions, government policies, weather, local state and federal laws, rules and regulations, legal claims, inflation, labor costs, lease terms, and other factors which may be difficult to anticipate, assess, or even identify. You recognize that your AROMA JOE'S® coffee shop may fail. You acknowledge our approval of the location for the Coffee Shop does not guarantee the Coffee Shop's success at that location and the Coffee Shop may lose money or fail.
- K. You acknowledge that during the term of this Franchise Agreement you will not engage in any conduct, whether in connection with the operation of the Franchise or otherwise, that is, in the reasonable opinion of Franchisor, possible to damage the reputation or goodwill of the Franchisor and Franchisor's System. Such conduct includes, but is not limited to, any act or omission that is unlawful, unethical, or that could reasonably be viewed as exposing the Franchisor and Franchisor's System into disrepute, contempt, or ridicule. If Franchisee is indicted or convicted of a felony or crime involving moral turpitude or engages in any conduct that, in the reasonable opinion of Franchisor, violates this clause, Franchisor shall have the right, upon written notice, to terminate this Agreement, and Franchisee shall have no further right to operate under this Agreement.
- L. YOU UNDERSTAND ALL DISPUTES OR CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, EXCEPT FOR CERTAIN CLAIMS OF OURS DESCRIBED IN THIS AGREEMENT, WILL BE ARBITRATED IN MAINE, UNDER SECTION 10 BELOW, IF NOT OTHERWISE RESOLVED.
- M. YOU UNDERSTAND THAT WE ARE RELYING ON YOUR REPRESENTATIONS IN THESE RECITALS.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and the covenants and consideration herein set forth, we and you (the "parties") acknowledge and agree to each of the Recitals above and further agree to the following:

- 1. FRANCHISE FEES.** When you sign this Agreement, you will pay us the fee checked below (the "Franchise Fee"), which we will not refund except as specifically stated otherwise in this Agreement or any addendum thereto. For convenience only, a summary of certain fees is set forth on Exhibit A-4 (Fee Schedule). If there is any conflict between Exhibit A-4 and this Agreement, this Agreement will control. [*Check one*]:

_____ **a. Standard Fee.** \$25,000. Fee for your first franchised coffee shop.

_____ **b. Reduced Fee.** \$20,000. You are a current Franchisee of Aroma Joe's Franchising, LLC.

_____ **c. Reduced Fee.** \$12,500. You are a current member or honorably discharged veteran of the United States Armed Forces.

_____ **d. Extension Fee.** \$1,000. You purchased an AROMA JOE'S® franchise but did not sign a lease and accompanying lease rider, as defined in Subsection 5.a., within two (2) years of signing your Franchise Agreement. Your original Franchise Agreement is replaced by this Agreement, and you agree to sign a lease and accompanying lease rider within two (2) years of signing this Agreement. You will have no right to any further extension under Subsection 5.a. of this Agreement.

_____ **e. Add-On Fee.** \$6,250 - \$12,500. You agree to pay us one-quarter of the existing initial Franchise Fee (which is currently \$6,250) to add individuals who are existing AROMA JOE'S® franchisees and have successfully completed our franchisee training program, to your Franchise Agreement or to a corporate entity that owns your Coffee Shop. You agree to pay us one-quarter of the existing Initial Franchise Fee (which is currently \$6,250) to add a FUS Graduate, your parent, child, or spouse to your Franchise Agreement or to a corporate entity that owns your Coffee Shop. If you want to add an individual who is not already an AROMA JOE'S® franchisee to your Franchise Agreement or to your corporate entity that owns your Franchised Business, then you must pay us an add-on fee equal to one-half of the existing Initial Franchise Fee (which is currently \$12,500). We reserve the right to change or eliminate these add-on fees in the future. Each existing AROMA JOE'S® franchisee represents that their AROMA JOE'S® coffee shops are in substantial compliance with the Operations Manual and there are no material defaults of any of their AROMA JOE'S® franchise agreements. If the representations of any existing franchisee are not true when the Coffee Shop opens (based upon the most recent store evaluation), you agree to pay us an additional \$6,250. You acknowledge that the signing of this Agreement does not extend the term of your original franchise agreement, and that Section 7 of this Agreement shall be amended to make the effective date of this Agreement the date you signed your original franchise agreement.

_____ **f. Removal Fee.** \$2,000. You purchased an AROMA JOE'S® franchise with more than one natural person signing the franchise agreement, and you desire to remove one or more natural persons from the franchise agreement. You represent that all parties to the franchise agreement and this Agreement have consented to the removal of one or more individuals. Your original franchise agreement is replaced by this Agreement, and you agree to pay us \$2,000 for the removal of the individuals. You acknowledge that the signing of this Agreement does not extend the term of your original franchise agreement, and that Section 7 of this Agreement shall be amended to make the effective date of this Agreement the date you signed your original franchise agreement.

_____ **g. Transfer.** \$0. Franchise No. _____ owned by _____ (“Seller”) was transferred to you. You acknowledge that the Seller paid a transfer fee in accord with the terms of the seller’s franchise agreement. The Seller’s franchise agreement is replaced by this Agreement.

_____ **h. Renewal.** \$0. This Agreement replaces and/or renews the franchise agreement dated _____.

_____ **i. Amendment.** \$0. The franchise agreement dated _____ under Franchise No. _____ is hereby terminated and replaced in its entirety by this Agreement.

2. ROYALTY PAYMENTS. You will pay us weekly an amount equal to eight percent (8%) of the Gross Sales from the Coffee Shop (“Royalty”) and each coffee shop you operate throughout the term of this Agreement. “Gross Sales” means all sales or revenues, including catering and delivery, from your business exclusive of sales or use tax, goods and services tax, gross receipts tax, excise tax or other similar tax (“Sales Tax”).

3. PERMITTED ACCESS TO THE SYSTEM AND MARKS. During the term of this Agreement, we grant you:

- a. Continued access to the System, including the loan of a copy of the Operations Manual and/or access to the electronic version of the Operations Manual on our website when it is available online.
- b. Continued access to information pertaining to new developments, improvements, techniques and processes in the System.
- c. A limited, non-exclusive license to use the Marks in connection with the operation of the Coffee Shop at one (1) location at a site we and you approved.

4. OUR OBLIGATIONS. During the term of this Agreement, we will provide you:

- a. A training program for establishing, marketing, and operating a coffee shop using the System. The program will take place at a location we choose and may include web-based courses. You will pay all transportation, lodging and other expenses to attend the training program.
- b. A representative or development agent of ours to call on during their normal business hours for consultation concerning the operation and marketing of the Coffee Shop.
- c. A program of assistance, including periodic phone consultations with our representative or development agent and access during their normal business hours to specified office personnel you may call for consultations concerning the operation and marketing of the Coffee Shop.

5. YOUR OBLIGATIONS. You agree to do the following:

- a. In regard to the lease for the Coffee Shop:
 - i. You will sign a lease with a third-party landlord and simultaneously execute a lease rider with Franchisor, within two (2) years after signing this Agreement. If you do not, this Agreement will automatically expire unless you: 1) request and are granted an extension, 2) pay the Extension Fee, and 3) sign our then-current franchise agreement.

- ii. You shall be required to complete our training program; or if you are a partnership, corporation, limited liability company or some other form of entity, then you shall appoint, subject to Aroma Joe's approval, a Designated Manager who shall complete our training program. In the event the Designated Manager fails to complete our training program to our reasonable satisfaction, then a substitute manager may be selected by you and such substitute manager must complete the initial training to our reasonable satisfaction, prior to opening of your coffee shop. You shall pay us the then current cost of training, if any, for such substitute manager.

From time to time, we may provide and require that you and/or your Designated Manager attend and successfully complete ongoing training programs including refresher training, seminars, classes, and/or meetings. Attendance at ongoing training programs shall be at your sole expense including, without limitation, travel costs, room, and board expenses and employee salaries. Attendance for ongoing training shall not be required more than one (1) session and shall not exceed forty (40) hours over one (1) week in any calendar year.

- iii. The Coffee Shop will be at a location you find and we approve with consideration given to the requirements of the Americans with Disabilities Act ("ADA"). We or an Affiliate we designate may lease the premises and sublet the premises to you. We or our designee will attempt to secure a fair rent for the premises, but we cannot represent it will be the best available rent in your area. If you materially breach this Agreement or the lease or accompanying lease rider, then we or our designee may terminate this Agreement.
- iv. After you sign the lease and accompanying lease rider, you will construct, equip, and open the Coffee Shop to the specifications contained in the Operations Manual. You will use all reasonable efforts to construct, equip, and open the Coffee Shop within one (1) year of the date a Lease Agreement is signed for your Coffee Shop, or (if applicable) the date you purchase property for the purpose of operating an AROMA JOE'S® Coffee Shop.
- v. If you own the property upon which the Coffee Shop will be located, and we approve the location, you will sign a lease, as landlord and tenant for the property, granting a lease rider to us or an Affiliate under the terms and conditions we designate.

b. In regard to applicable laws and the Operations Manual:

- i. You will operate your business, at your sole expense, in compliance with all existing and future applicable local, state and federal laws and governmental regulations, including, but not limited to, those concerning labor, taxes, disability, health, and safety. You agree to obtain and keep in force, at your sole expense, any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the Coffee Shop. Upon request, you will forward to us copies of any documentation relating to these items. You understand and acknowledge that any failure to maintain necessary state, federal, or local licensure or permitting related to the operations of the Coffee Shop shall constitute a breach of this Agreement and may be subject to termination under section 8.a. of this Agreement.
- ii. You will operate the Coffee Shop in accordance with our Operations Manual, which contains mandatory and suggested specifications, standards and operating procedures and may be updated as a result of experience or changes in the law or marketplace (the "Operations Manual"). You will be provided with reasonable notice of any material updates or changes to the Operations Manual. At your sole expense, you will make any changes to the Coffee Shop

necessary to conform to the Operations Manual within reasonable time periods we establish, including but not limited to any necessary repairs, upgrades, and remodels. You will adhere to quality control standards in the Operations Manual or elsewhere with respect to the character or quality of the products you sell or the services you perform in association with the Marks. You will not conduct any business or sell any products at the Coffee Shop that we have not approved. You will purchase all required food, equipment and other products or services typically used in an AROMA JOE'S® coffee shop exclusively from an approved distribution center or another approved source, including us, our affiliate, or predecessor, or an approved third-party supplier, as we may designate. You acknowledge that these requirements are reasonable and necessary to preserve the identity, reputation, value and goodwill of the System. The Operations Manual, as amended, is intended to further the purposes of this Agreement and is specifically incorporated into this Agreement. The Operations Manual constitutes a confidential trade secret and will remain our property. You may not and you may not allow others to reproduce, download or photocopy the Operations Manual, in whole or in part, without our written consent.

- c. You will be solely responsible for all costs of building and operating the Coffee Shop, including, but not limited to, construction costs and permits, equipment, furniture, fixtures, signs, advertising, insurance, food products, labor, utilities, rent, fees, customs, stamp duty, other duties, governmental registrations, Sales Tax and other taxes. Subject to the terms of any lease for the Coffee Shop, you are responsible for any repairs to the building and or contents of the Coffee Shop. You understand and acknowledge that any failure to repair any item related to the building or the operation of the Coffee Shop shall constitute a breach of this Agreement and may be subject to termination under section 8.b. of this Agreement.
- d. New Store Marketing. You are required to spend \$20,000 on New Store Marketing activities prior to, during and within 120 days after opening your coffee shop in order to ensure your location is well known in your area and to drive traffic to your coffee shop, Marketing activities can include social, digital, radio, broadcast, influencer, experiential or earned media activities. These activities can be done by using AJF designated creative and strategy and/or third-party agencies or by your own approved vendor. All marketing activities and related creative must be approved by the AJF Marketing department and proof of payment of those marketing activities shall be provided to AJF upon request. We will collect this amount when you place your equipment order, after you sign a franchise agreement, and hold the funds until your grand opening date, which we recommend occur after the date of your initial opening.
- e. You must register to collect and pay Sales Taxes before you open the Coffee Shop, and you must maintain these registrations during the term of this Agreement. You will reimburse us for any such costs that we must pay in connection with your operation of the Coffee Shop. You will recruit, hire, train, terminate, and supervise all Coffee Shop employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. You understand and acknowledge that any failure to maintain pay federal, state, or local Sales Tax related to the operations of the Coffee Shop shall constitute a material breach of this Agreement and may be subject to termination under section 8.a. of this Agreement.
- f. You must purchase your business insurance from a source we designate, unless we allow otherwise. Your insurance policy must meet our requirements, including coverage limits and specified additional insureds, as set forth in the Operations Manual. You must also purchase the insurance required by state law. You acknowledge we may modify or increase the insurance requirements during the term of this Agreement due to changes in experience, and you agree to

comply with the new requirements. You must provide us with a copy of your Certificate of Insurance prior to placing an equipment order for the Coffee Shop. You will keep all insurance policies in force for the mutual benefit of the parties. Your insurance company must agree to give us prior written notice of termination, expiration, material modification, or cancellation of your policy. You agree to defend, indemnify, and save harmless all required additional insureds from and against all liability, injury, loss, cost, damages and expense of any type (including any attorneys' fees and court costs) that arise in or in connection with your operation of the Coffee Shop, by the additional insureds. This indemnification will not be relieved by any insurance you carry. If you fail to meet our insurance requirements in violation of this Agreement, you will reimburse us for the reasonable costs we incur to enforce this obligation, notwithstanding the provisions of Subsection 10.a. These costs include, but are not limited to, mediation and arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses incurred by us or our agents or representatives.

- g. You will not have any direct or indirect Association with a Competitive Business during the term of this Agreement, in accordance with the definitions below. For each Competitive Business location, we may terminate this Agreement in accordance with Subsections 8.a. and 8.b. and you agree to pay us \$15,000 plus eight percent (8%) of its gross sales, as a reasonable pre-estimate of the damages we will suffer. For each Competitive Business location for which we are unable to verify gross sales in a timely manner, you will pay us \$100,000 as a good faith estimate of our damages.

“Competitive Business” means any business that primarily sells coffee, espresso beverages, energy drinks, and/or tea. Examples of such businesses specifically include but are not limited to: Dunkin Donuts, Starbucks, Gloria Jean's, Biggby Coffee, Maui Wowi Hawaiian Coffee and Smoothies, Coffee Beanery, Scooter's Coffee, Dutch Bros. Coffee, Dunn Brothers Coffee, The Human Bean, Tim Horton's, The Coffee Bean and Tealeaf, Argo Tea, Teavana, Tea Leaf, and Tazo Tea.

“Association with a Competitive Business” means: 1) having any ownership interest in or serving as director, officer, employee or other representative of a Competitive Business; or 2) advising or providing services, on a fee or no fee basis, any individual or entity engaging in a Competitive Business in a manner which imparts your knowledge of the AROMA JOE'S® franchise system; or 3) loaning or otherwise providing money, inventory, equipment or supplies to any individual or entity operating a Competitive Business.

- h. All amounts you owe under this Agreement or any other Franchise Agreement you have with us must be paid through electronic funds transfer, in the manner we designate, unless we specify otherwise. These amounts include Royalty, advertising contributions, interest, late fees, equipment charges, and other charges that you owe. Before the Coffee Shop opens, you will sign and deliver to us appropriate electronic funds transfer preauthorized draft forms (or forms serving the same purpose) for the Coffee Shop's checking account (the “Pre-authorized Account”). Upon signing these forms, you authorize us to withdraw money you owe from the account on a timely basis. In certain circumstances, you will also authorize us to withdraw money for fees or payments that we paid to a third party, including your landlord or licensor, on your behalf in connection with the Coffee Shop. You agree to adequately fund your Pre-Authorized Account for such fees or payments when due. You understand and acknowledge that any failure to render payments which you owe to us related to the Coffee Shop shall constitute a material breach of this Agreement and may be subject to termination under section 8.a. of this Agreement.
- i. You will use a computer-based point-of-sale system (“POS System”), including software that we specify and hardware compatible with our requirements, to record and report all sales and other designated business information to us. You agree to install any upgrade or change we require to update the POS System. You will be responsible for all maintenance costs associated with the POS

System. If required to do so you, at your sole cost, will subscribe to an electronic network connection service to facilitate communication between the Franchisor and the Franchisee and/or among all AROMA JOE'S® franchisees. Also, you will use our control systems each week to manage your business. We reserve the right to require you, upon 30 days' notice, to purchase, install and implement such computer software and hardware as we may designate, including but not limited to updates and revisions to the POS System, a new POS System, or new financial-reporting software.

You agree that within two (2) days after the end of the business week (currently Sunday) you must report your gross sales and submit designated control system data to the location we designate. We may retrieve information from your POS System at any time. If you fail to report your gross sales on time we may estimate them, charge you based on the estimate, and will adjust the estimated charges after we determine actual sales. If we estimate your weekly gross sales as a result of your failure to report your sales you agree to pay us a one hundred dollar (\$100) fee for the first occurrence and \$250 for each occurrence after that (your first 3 tardy submission in a calendar year will be tracked and we will begin charging this fee on the 4th tardy occurrence) as a reasonable estimate of the costs incurred in estimating your sales.

- j. You will keep, and make available to us upon our written request, complete business records exclusively for the Coffee Shop for the current year and for the immediate past three (3) years, including cash register tapes, control sheets, weekly inventory and sales report sheets, deposit slips, business and personal bank statements, canceled checks, sales and purchase records, business and personal tax returns, Schedule K-1 forms, cash receipts journals, cash disbursements journals, payroll registers, general ledgers, financial statements, and any other similar records and information we may request. These records must be separate from the records kept for any other business in which you have an interest. At your sole costs, you will use any financial analysis tools, programs, and/or services that we may require in our sole discretion, and you will grant us access to any required financial analysis tools, programs, and/or services.
- k. You agree that we will have the right to examine your books, records and any electronic data necessary to perform an audit or other analysis without prior notice. You also grant us permission to examine, without prior notice to you, all records of your purchases from a supplier, and you authorize such suppliers to release your purchase records to us at such times and places as we request. You will allow our representatives, our development agents, and their representatives to conduct an audit or to review your business operations and records, including POS reports, without prior notice during regular business hours. Upon our written request, you will make photocopies of all documentation we request and forward them to us or our representatives as we designate. We will reimburse you for the reasonable cost of photocopying these documents. If we notified you in writing of an audit at least five (5) days in advance and you fail to produce your books and records at the time of the audit, you will be responsible for all costs we incur.

If we determine, after conducting an audit, that you under-reported gross sales by more than two percent (2%) of your reported sales, you will pay us the Royalty, advertising contributions and other charges due on the gross sales that were not reported, all costs provided in Subsection 11.l. plus interest and the late fee provided in Subsection 11.e. (the "Overdue Amount"). If you fail to submit all of your information to be audited, we may estimate your sales and charge the Overdue Amount based upon the estimate. We will not impose the Overdue Amount if you can show that you fully completed all of our control sheets in an accurate manner each week, and that your under-reporting was due solely to employee theft that could not be detected with our control systems. We may, in addition to or in lieu of charging the Overdue Amount, require you to complete our loss prevention program.

- l. You will pay us four and one-half percent (4 ½%) of gross sales of the Coffee Shop on a weekly basis, a portion of which we may elect to temporarily waive. If we waive a portion of your Advertising Fee, we may elect to collect the full amount, at any time, upon providing you with 90 days' notice. We will deposit that money into the chain wide advertising fund administered by us. At any time, franchisees may temporarily or permanently increase the advertising percentage for either the country or any market by a two-thirds (2/3) vote on the basis of one (1) vote for each operating coffee shop. You acknowledge advertising contributions may not benefit franchisees in any area in proportion to the amounts they paid. We and our designee may negotiate programs and advertising contributions with suppliers and specify that these advertising contributions be placed into a fund to be spent on advertising and related expenses for the benefit of franchisees.
- m. You will not place "For Sale" or similar signs at or in the general vicinity of the Coffee Shop or use any words in any advertising that identify the business offered for sale as an AROMA JOE'S® coffee shop, nor will you allow any vendor or agent of yours to do so. You will obtain the consent and approval of us for any sale, transfer, and change in ownership of your franchise business.
- n. You will make prompt payment of all charges you owe to us, our Affiliates, your vendors, and the landlord of the premises under this Agreement and any other Franchise Agreement you have with us, in addition to Royalty and advertising contributions, and pay all Sales Tax, other taxes, and debts of the Coffee Shop and any other AROMA JOE'S® coffee shops you operate as they become due.
- o. You will always indicate your status as an independent franchise operator to others and on any document or information released by you in connection with the Coffee Shop. You will display the following notice in a prominent place at the Coffee Shop: ***"The AROMA JOE'S® trademarks are owned by AJ IP Holder, LLC and the independent franchise operator of this coffee shop is a licensed user of such trademarks."***
- p. In regard to your use of the Marks:
 - i. You will use the Marks in connection with the Coffee Shop only as we permit and as provided in this Agreement or in the Operations Manual. You will not use the Marks in a manner that degrades, diminishes, or detracts from the goodwill associated with the Marks, nor will you use the Marks in a manner which, in our sole opinion, is scandalous, immoral, or satirical. You will promptly change the manner of such use upon our request. You do not have, and you will not acquire any ownership rights in the Marks, and you will not register or attempt to register any of the Marks. You agree to assign and transfer to us or the Licensor your rights in or registrations of the Marks or copyrights. You agree not to contest the validity or ownership of any of the Marks, or to assist another person to do so. All present or future goodwill associated with the Marks belongs to us and the Licensor. References to the Marks in this Agreement include any additional or replacement Marks associated with the System that we or the Licensor authorize you to use.
 - ii. You will operate and promote the Coffee Shop under the name AROMA JOE'S® or another name we direct without prefix or suffix added to the name. You will not use the word "AROMA JOE'S" as part of a corporate or other business name. Any sign face bearing the name AROMA JOE'S® will remain the property of the Licensor or us even though you may have paid a third party to make the sign face. We have the right to physically remove any such sign face from the Coffee Shop premises if we believe it is necessary to protect the goodwill associated with the Marks.

- iii. You will not register an internet domain name that contains the word “AROMA JOE’S”, unless we grant you express written permission, and the domain name, and its contents, complies with our Domain Name Policy as set forth in the Operations Manual. You will not establish a Social Media site unless we grant you express written permission, and the social media site’s content complies with our Social Media Guidelines. “Social Media” means internet-based applications which allow for the creation and exchange of user-generated content including, but not limited to blogs, microblogs, social networks, and photo and video sharing sites. At our request, you must remove any information we deem inappropriate and not to be in the best interest of the System. You will be required to cancel, or assign to us, the registration of your domain name or Social Media site if: a) you violate this Subsection; or b) we later determine that your domain name or Social Media site creates consumer confusion regarding the Marks or the AROMA JOE’S® brand.
- q. You acknowledge the System includes confidential and proprietary information, including but not limited to customer lists, vendor lists, products, recipes, formulas, specifications, food and beverage preparation procedures, devices, techniques, plans, business methods and strategies, organizational structure, financial information, marketing and development plans and strategies, advertising programs, creative materials, media schedules, business forms, drawings, blueprints, reproductions, data, trade dress, Franchise Agreements, business information related to franchisees, pricing policies, trademarks, copyrights, published materials including the mark AROMA JOE’S® and variations thereof, documents, letters or other paperwork, trade secrets, know-how, information contained in the Operations Manual, any AROMA JOE’S® publication we produce, and all information we or our Affiliates designate as confidential (“Confidential Information”). Confidential Information may be provided to you by us, our Affiliates, development agents, service providers, or franchisees, or from agents of us or our Affiliates. Confidential Information will remain our property or our Affiliate’s property.

During the term of this Agreement, you will not disclose or publish any Confidential Information to any person or entity or use any Confidential Information (directly or indirectly) other than for our benefit. You agree that you will only disclose Confidential Information to those employees who need it in the course of their duties and in conjunction with a confidentiality agreement you have had them sign with us. Upon our request, you will promptly return all tangible Confidential Information, including any reproductions and copies. In the event that you are requested or required to disclose any part of Confidential Information in connection with a legal proceeding, investigation or other similar process, you shall provide us with prompt written notice of any such request or requirement so that we may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Subsection. If, in the absence of a protective order or other remedy or waiver, you are legally compelled to disclose Confidential Information to any tribunal, you may disclose to such tribunal only that portion of Confidential Information which your legal counsel advises that you are legally required to disclose without any liability under this Subsection. You acknowledge that if you violate this Subsection, substantial injury could result to us, our Affiliates, you, and other AROMA JOE’S® franchisees, and you will be liable to us for our damages.

- r. You agree that all materials conceived, created, or developed by you or on your behalf including but not limited to any and all ideas, slogans, trademarks, marketing plans, advertising material, concepts, drawings, techniques, inventions (including any resulting patent rights), innovations, trade secrets, copyrights, works of authorship, and any other protectable or proprietary interest in any similar intangible asset, relating to an AROMA JOE’S® coffee shop (the “Created Materials”) are owned by the Licensor or its assigns. You will promptly tell us about all Created Materials. You hereby irrevocably transfer and assign to the Licensor all of your right, title, and interest in and to the Created Materials. This assignment includes, but is not limited to, any intellectual property that is the subject of or

claimed in any letters patent or applications for letters patent, whether foreign or domestic, all rights of copyright in the Created Materials and in all derivative works, your interest in any titles, trademarks and good will associated with the Created Materials, the right to make future conveyances of the Created Materials, including the right to sub-license the Created Materials, and to any and all causes of action accrued or accruing for infringement or alleged infringement of the Created Materials, including the right to enforce ownership and sue for all claims, benefits and damages based upon past, current, or future infringement of the Created Materials, and to retain all gross proceeds therefrom. To the extent that any rights are retained by you, you hereby exclusively and irrevocably license rights in the Creative Materials to the Licensor and its assigns. We may make any changes to the Created Materials that we or the Licensor, may consider necessary, with or without attribution to you. You waive any and all moral rights you may have in the Created Materials or if such waiver is not allowable under applicable local law, you agree not to enforce such rights against the Licensor or its assigns. You further agree to cooperate fully with us and the Licensor in the securing of intellectual property protection or registration in the United States of America and any foreign countries with respect to the Created Materials.

- s. You must provide us with a business email address and cellular phone number that you will use to receive electronic communications and calls from us or our Affiliates. You acknowledge that it your responsibility to update us of any change to your business email address and cellular phone number, and you acknowledge that any communication sent from us to the business email address you provide will be deemed sufficient to satisfy all delivery requirements for sending any notices. You must also accept credit and debit card payments. To maintain a competitive advantage in the quick service restaurant industry, you may be required to invest in and implement new technology initiatives at your own expense, which may include, but will not be limited to, a loyalty or rewards program, contactless and mobile device payments, WIFI-related technology and software applications.

From time to time, we, our Affiliate, or our representative, may request a mandatory meeting with you, or your designated manager, at a time and place designated by us. You shall be required to attend such meeting. The Franchisor shall give you at least 15 days' prior written notice of any meeting that is deemed mandatory. For all mandatory meetings, the Franchisee will be responsible for all traveling and living expenses, which are associated with attendance at the same. You acknowledge that any failure to attend a mandatory meeting shall constitute a breach of this Agreement and shall be subject to termination under section 8.b. of this Agreement.

6. **RELOCATION OF THE COFFEE SHOP.** You will have one (1) year to relocate and reopen the Coffee Shop provided you have our prior written approval. All of your accounts with us or our Affiliates for each AROMA JOE'S® coffee shop you operate must be current. You must give consideration to the accessibility requirements of the ADA when you relocate. If a proposed site is not accessible, you must provide plans to make the site accessible, or we may request that you identify an alternative accessible location. Any relocation of your Coffee Shop will occur at your sole expense, including but not limited to any expenses incurred in the design, construction, operation, and closing of your original and related to any relocated Coffee Shop.
7. **TERM OF AGREEMENT.** The term of this Agreement is ten (10) years from the date of this Agreement and will automatically renew for additional ten (10) year periods unless either party chooses not to renew and sends written notice to the other at least six (6) months before the expiration of any ten (10) year period. Upon renewal, you will operate the Coffee Shop under the terms of this Agreement, except that your Royalty rate will increase to ten percent (10%). However, if you choose to sign our then-current Franchise

Agreement (which may contain terms or conditions that differ from this Agreement) before the ten (10) year period ends, your Royalty rate will remain at eight percent (8%). There will be no renewal fee.

8. TERMINATION AND EXPIRATION PROVISIONS.

- a. Termination by Franchisor - Effective Upon Notice, we may terminate this Agreement as permitted by the terms of this Agreement and applicable law. To the extent that applicable law states alternative grounds and/or differing notice periods for termination than those set forth in this Agreement, the grounds and notice periods established by such law shall control, notwithstanding anything to the contrary herein. Subject to the foregoing, we shall have the right, at our option, to terminate this Agreement and all rights granted to you hereunder, without affording you any opportunity to cure any default, effective upon your receipt of notice, addressed as provided in Section 11, upon the occurrence of any of the following events:
 - i. Unauthorized Disclosure. If you or any person under your control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents of or any part of the Franchisor's Operations Manual or any other trade secrets or confidential information of the Franchisor;
 - ii. Abandonment. If you cease to operate the Coffee Shop or otherwise abandon the Coffee Shop for a period of five consecutive days, or any shorter period that indicates an intent by you to discontinue operation of the Coffee Shop, unless and only to the extent that full operation of the Coffee Shop is suspended or terminated due to fire, flood, earthquake pandemic epidemic, civil unrest, or other similar casualty beyond your control;
 - iii. Insolvency; Assignments. If you or your operating company becomes insolvent or is adjudicated as bankrupt; or any action is taken by you, or by others against you under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors, or a receiver is appointed by you;
 - iv. Unsatisfied Judgments; Levy; Foreclosure. If any material judgment (or several judgments which in the aggregate are material) is obtained against you and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against your business or any of the property used in the operation of the Coffee Shop and is not discharged within five days; or if the real or personal property of your business shall be sold after levy thereupon by any sheriff, marshal or constable;
 - v. Criminal Conviction. If you are convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in our sole opinion, to materially and unfavorably affect the System, Marks, and the associated goodwill and reputation thereof, including but not limited to any intentional or negligent conduct that results in physical harm or the threat of physical harm to an employee or representative of the Franchisor, its Affiliates, vendors and suppliers, or a development agent and/or any representative of an Affiliate, vendor and supplier, or a development agent;
 - vi. Failure to Make Payments. If you fail to pay any amounts due the Franchisor, our Affiliates, or any vendor or supplier of the Coffee Shop within 10 days after receiving notice that such fees or amounts are overdue;

- vii. **Misuse of Marks.** If you misuse or fail to follow our directions and guidelines concerning use of the Marks and fail to correct the misuse or failure within 10 days after notification from the Franchisor;
- viii. **Noncompliance with Federal Regulations.** If we are prohibited from doing business with you under any anti-terrorism law enacted by the US Government, including but not limited to the USA PATRIOT Act or Executive Order 13224, or you engage in conduct which would constitute an offense under applicable Anti-Corruption Law (as defined in Subsection 11.m. of this Agreement) in relation to your operation of the Coffee Shop;
- ix. **Unauthorized Transfer.** If you sell, transfer or otherwise assign all or part of the franchise, an interest in your Coffee Shop or the corporate entity that owns your Coffee Shop, this Agreement, the Coffee Shop, or all or substantially all of the assets of your Coffee Shop without complying with the provisions of Section 9;
- x. **Health or Safety Violations.** If you are found to be in violation of any applicable health, safety, sanitation or handicapped access laws, regulations or codes, by any governmental official, and fail to cure any such violation within 72 hours after receiving notice thereof;
- xi. **Deceptive Practices.** If you engage in any unauthorized business or practices or sell any unauthorized products or services under the Marks or under a name or mark which is confusingly similar to the Marks;
- xii. **Failure to Pay Taxes.** If you fail to pay any taxes in accordance with Section 5.e. of this Agreement;
- xiii. **Misrepresentations; Omissions.** If your application to become an AROMA JOE'S® franchisee or any document that you were required to submit to us or our Affiliates pursuant to this Agreement contains any untrue statement of material fact or fails to state any material fact necessary to make the statements contained therein not misleading;
- xiv. **Default of Other Material Agreements.** If you (i) lose the right to occupy the Coffee Shop's premises because of a default under the lease for the premises, (ii) default under any other agreement related to use or operation of the Coffee Shop, or (iii) default under the terms of any other Franchise Agreement or other agreement between us and you and fail to cure such default under any applicable cure period;
- xv. **Failure to Complete Initial Training Program.** If you fail to complete the initial training program to our satisfaction in accordance with Section 5.a. of this Agreement;
- xvi. **Failure to report to Franchisor.** If you fail to properly report gross sales as provided in Subsection 5.i. or you intentionally under-report gross sales, falsify financial data, make a material misrepresentation to us or otherwise commit an act of fraud;
- xvii. **Failure to obtain approvals.** If you fail to obtain from us or the Development Agent approval to open the Coffee Shop or to re-open the Coffee Shop after a relocation; or
- xviii. **Multiple Defaults.** If you receive two (2) notices of default for any reason under the terms of this Agreement within any twelve (12) month period any subsequent default during that twelve (12) month period shall constitute a material breach and this Agreement shall be

terminated upon notice from the Franchisor regardless of whether or not any of the defaults have been cured.

- b. If we give you ninety (90) days' written notice, we may, at our option and without prejudice to any of our other rights or remedies provided under this Agreement, terminate this Agreement if: (i) you do not substantially perform all of the terms and conditions of this Agreement not otherwise covered in Subsection 8.a.; (ii) you lose possession of the premises where the Coffee Shop is located for any reason other than discussed in subsection 8.a.; or (iii) you fail to comply with your duties under this Agreement or the Operations Manual. The notice will specify the default and provide you sixty (60) days to remedy the default from the date of delivery of the notice. If you cure the default within sixty (60) days, the notice will be void.
- c. Our waiver of any of your defaults will not constitute a waiver of any other default and will not prevent us from requiring you to strictly comply with this Agreement.
- d. Upon termination or expiration of this Agreement, all of your rights under this Agreement will terminate. You must change the appearance of the Coffee Shop, unless we instruct you otherwise, so it will no longer be identified as an AROMA JOE'S® coffee shop. You must stop using the System, including the Marks, signs, colors, structures, POS system software systems developed for AROMA JOE'S® coffee shops, printed goods and forms of advertising indicative of an AROMA JOE'S® business and return all copies you have of the Operations Manual to us. You are required to cancel any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the Coffee Shop. If you fail to do so within a reasonable time, we are authorized to cancel them for you. If you breach this provision, you will pay us \$250 per day for each day you are in default, as a reasonable pre-estimate of the damages.
- e. To the extent that this Agreement provides for grounds of termination or periods of notice not allowed by applicable law, such grounds and notice periods shall not be effective, and we shall comply with the grounds and notice periods established by applicable law.
- f. You will not have any direct or indirect Association with a Competitive Business located within three (3) miles of any location where an AROMA JOE'S® coffee shop operates or operated in the prior year for one (1) year after the termination, expiration or transfer of this Agreement in accordance with the definitions in Subsection 5.d. You agree to pay us \$15,000 for each Competitive Business location plus eight percent (8%) of its gross sales during the one (1) year period, as being a reasonable pre-estimate of our damages. For each Competitive Business location for which we are unable to verify gross sales in a timely manner, you will pay us \$100,000 as a good faith estimate of our damages.
- g. Upon termination, expiration or transfer of this Agreement for any reason, you agree to remain bound by the provisions of confidentiality and non-disclosure under Subsection 5.q. of this Agreement. You will not at any time after termination, expiration or transfer of this Agreement, without our prior written consent, disclose to any unauthorized person or entity, or use for the benefit of any unauthorized person or entity, any Confidential Information.
- h. Upon termination or expiration of this Agreement, all telephone listings, telephone numbers, internet addresses, domain names and Social Media accounts used by the public to communicate with the Coffee Shop (the "Communication Methods") will automatically become our property if permitted by state law. You agree not to use any Communication Methods after the termination or expiration of this Agreement.

- i. Upon termination or expiration of this Agreement, you are responsible for obtaining a termination and mutual release of the lease from the landlord of the premises on which the Coffee Shop is located for us or our Affiliate(s). You are responsible for all costs associated with obtaining the termination and mutual release, including but not limited to any amount owed to the landlord.

9. TRANSFER AND ASSIGNMENT OF THE COFFEE SHOP.

- a. By Franchisor: This Agreement may be assigned and transferred, without your consent, by us and will benefit our successors and assigns. Any such assignment or transfer will require the assignee to fulfill Franchisor's obligations under this Agreement.
- b. You may not transfer or assign all or part of your rights to this Agreement, to operate the Coffee Shop or any interest in the corporate entity that owns your Coffee Shop, without our written consent, which may not be unreasonably withheld and subject to our right of first refusal to purchase your Coffee Shop as set forth in Section 9.c. Any such transfer or assignment will not relieve you of any liability under this Agreement.
- c. Conditions to Other Transfer or Assignment: You (and you partners and equity holders in the corporate entity that owns the Coffee Shop, if any) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your Coffee Shop business, all or substantially all of the assets of your Coffee Shop, this Agreement or any controlling interest in the corporate entity that owns your Coffee Shop without Franchisor's prior written consent, except to trusts established for the benefit of immediate family members. We will not unreasonably withhold our consent to a transfer, subject to any or all of the following conditions described below which we may, in our judgment, deem necessary:
 - i. all of your accrued monetary obligations to us will have been satisfied, and you are not in default under this Agreement;
 - ii. you first offer, in writing, to sell the Coffee Shop to us on the same terms and conditions offered by a bona fide third-party purchaser, we fail to accept the offer within thirty (30) days, and your purchase agreement meets our requirements;
 - iii. each transferee-franchisee is approved by us and demonstrates to our satisfaction that he/she/it meets our managerial, financial, and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and has been otherwise approved by us to own a franchise;
 - iv. each purchaser passed our standardized test (if not already an AROMA JOE'S® franchisee);
 - v. each purchaser successfully completed our training program before the completion of the sale, unless we permit otherwise;
 - vi. each purchaser receives the required disclosure document, signs the then current form of Franchise Agreement which will amend and replace this Agreement and may contain terms, including financial terms, that are materially different from this Agreement, and assumes the lease and accompanying lease rider for the Coffee Shop;
 - vii. you execute our then current form of Release and Consent to Transfer Agreement in favor of us, the DA and our Affiliates, and agents, representatives, shareholders, partners, directors,

officers, and employees of ours, of the DA and of our Affiliates, signed by you and each purchaser;

- viii. at or prior to the time of the transfer you bring the Coffee Shop into full compliance with our then-current standards set forth in the Operations Manual;
- ix. The Franchisee assigns to the transferee-franchisee the lease and accompanying lease rider for the Shop premises; and
- x. Payment by You (and you partners and equity holders in the corporate entity that owns the Coffee Shop), the Transfer Fee, which shall be equal to: (i) one-half of the then existing Initial Franchise Fee for transfer of the Controlling Interest in your Coffee Shop business, all or substantially all of the assets of your Coffee Shop, this Agreement or any controlling interest in the corporate entity that owns your Coffee Shop; or (ii) one-quarter of the then existing Initial Franchise Fee for transfer of the Non-Controlling Interest in your Coffee Shop business, all or substantially all of the assets of your Coffee Shop, this Agreement or any controlling interest in the corporate entity that owns your Coffee Shop;

Transfer of Controlling Interest means transferring, assigning or otherwise disposing of, in one or more transactions, your Franchised Business, substantially or or substantially all or all of the assets of your Franchised Business, your Franchise Agreement or more than fifty percent (50%) or more of the equity interest of a corporate entity that owns your Franchised Business.

Transfer of Non-Controlling Interest means transferring, assigning or otherwise disposing of, in one or more transactions, a portion of your Franchised Business, a portion of the assets of your Franchised Business, a portion of your Franchise Agreement or less than fifty percent (50%) of the equity interest of a corporate entity that owns your Franchised Business.

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 9 and may do so in the Operations Manual or otherwise in writing.

- d. As used in this Agreement, the term “transfer” includes the Franchisee’s voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (1) this Agreement; (2) the ownership of the corporate entity that owns the Coffee Shop; (3) the Aroma Joe’s® Coffee Shop governed by this Agreement; or (4) any assets of the Coffee Shop. A transfer is the sale or other conveyance of any portion of your rights under this Agreement to another party, including the addition or removal of an individual from this Agreement or to the corporate entity that owns the Coffee Shop. You may not sell more than one coffee shop in the same sale contract, unless we grant you written permission. You agree that the terms of sale will not include any real estate. You acknowledge that we shall have no liability for any gain (or loss) from the sale or attempted sale of real estate related to the Coffee Shop. All transfer documents will be in English in a form satisfactory to us. We will not unreasonably withhold our consent to a transfer.

Upon the death or incapacity of any Franchisee to this Agreement, or the owner of a controlling interest of Franchisee if Franchisee is not a natural person(s), the executor, administrator, conservator, or other personal representative of such Franchisee shall transfer his or her interest within a reasonable time, not to exceed six (6) months from the date of death or incapacity, to a third party approved by the Franchisor, or, if any, to the remaining parties that signed this Agreement. Such transfers, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to all the terms and conditions for

transfers contained in this Agreement; provided, however, the transfer fee described in this Section 9 of the Agreement shall be waived by the Franchisor. Failure to so dispose of such interest within the period of time stated above shall constitute a breach of this Agreement. For purposes of this Agreement, the Franchisee or the owner of a controlling interest of Franchisee shall be deemed to be incapacitated if he or she is unable, for any reason, to engage in the usual, active operation of the Shop as contemplated in this Agreement for a continuous period of four (4) months.

10. ARBITRATION OF DISPUTES.

- a. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach thereof will be settled by arbitration to be administered by either the American Arbitration Association ("AAA") or its successor or the American Dispute Resolution Center or its successor ("ADRC") at the discretion of the party first filing a demand for arbitration. AAA will administer the arbitration in accordance with its administrative rules (including, as applicable, the Commercial Rules of the AAA and the Expedited Procedures of such rules). ADRC will administer the arbitration in accordance with its administrative rules (including, as applicable, the Rules of Commercial Arbitration or under the Rules for Expedited Commercial Arbitration). If both AAA and ADRC are no longer in business, then the parties will mutually agree upon an alternative administrative arbitration agency. If the parties cannot mutually agree, then the parties agree to take the matter to a court of competent jurisdiction to select the agency. Judgment rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs of the arbitration will be shared equally by the parties, except as otherwise provided in this Agreement. The parties also agree that neither party will pursue class claims. The parties further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in which you and we are the sole parties. The parties will honor validly served subpoenas, warrants and court orders.

The parties further agree that only depositions for the sole purpose of preserving testimony may be conducted and that any documents exchanged between the parties as part of the discovery process must be returned or destroyed (with proof of destruction) within thirty (30) days of final judgment or dismissal of the arbitration.

- b. The parties agree that Portland, Maine will be the site for all arbitration hearings, and the arbitration will be held before a single arbitrator, not a panel.
- c. **YOU MAY ONLY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY ARBITRABLE CLAIM AGAINST US OR OUR SUCCESSORS OR ASSIGNS. YOU AGREE INTENDED BENEFICIARIES OF THE ARBITRATION CLAUSE INCLUDING OUR AFFILIATES, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES, AND THEIR AFFILIATES, WILL BE NEITHER LIABLE NOR NAMED AS A PARTY IN ANY ARBITRATION OR LITIGATION PROCEEDING COMMENCED BY YOU WHERE THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT. IF YOU NAME A PARTY IN ANY ARBITRATION OR LITIGATION PROCEEDING IN VIOLATION OF THIS SUBSECTION 10.C, YOU WILL REIMBURSE US FOR REASONABLE COSTS INCURRED, INCLUDING BUT NOT LIMITED TO, ARBITRATION FEES, COURT COSTS, LAWYERS' FEES, MANAGEMENT PREPARATION TIME, WITNESS FEES, AND TRAVEL EXPENSES INCURRED BY US OR THE PARTY.**
- d. You understand that your default under this Agreement concerning infringement of intellectual property rights in the Marks or in copyrighted items or disclosure of Confidential Information may cause irreparable harm to us, our Affiliates and the System as a whole. Notwithstanding the

arbitration clause in Subsection 10.a., we or an Affiliate may bring an action in connection with such a default for damages, injunctive relief, or both in any court having jurisdiction.

- e. Any disputes concerning the enforceability or scope of the arbitration clause will be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq. ("FAA"), and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of the arbitration clause in this Agreement. The parties agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.
- f. A party will be in default of this Agreement if either party i) commences an action in any court in violation of this Section 10 prior to an arbitrator's final decision (except as otherwise allowed by this Agreement, including to compel arbitration), or ii) commences litigation proceeding in any forum other than Portland, Maine except where otherwise permitted by this Section 10. The defaulting party must commence arbitration or litigation, (as applicable and only if permitted) in compliance with this Section 10 prior to any award or final judgment. The defaulting party will also be responsible for the expenses incurred by the non-defaulting party to enforce Subsection 10.a., including but not limited to filing fees, court costs, attorneys' fees and travel expenses. However, if a court of competent jurisdiction deems the arbitration clause unenforceable after all appeals have been exhausted, the defaulting party will not be responsible for such costs.
- g. Subject to federal or state law, if a party defaults under any other provision of this Section 10, Section 17 or Section 18, including, but not limited to, making a claim for special, incidental, consequential, punitive, or multiple damages, or damages in excess of the amount permitted, or you name a person or entity in any arbitration or legal proceeding other than us, the defaulting party must correct its claim and will be responsible for all expenses incurred by the other party, or the improperly named persons or entities, including lawyers' fees, and will be liable for abuse of process.
- h. The parties agree that all statutes of limitations provided for in the governing law that is applied to the arbitration shall have full force and effect.

11. OBLIGATIONS OF THE PARTIES. The parties also agree as follows:

- a. Nothing herein shall be construed to create a joint venture or partnership between the parties hereto or an employer/employee or agency relationship. Neither party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other party or to bind the other party to any contract, agreement, or undertaking with any third party. You are, and will at all times be identified as, a natural person and an independent contractor pursuant to this Agreement. Furthermore, we are not responsible, jointly or severally, for any encumbrances undertaken by you in relation to the franchise business.
- b. All or any part of your rights and privileges under this Agreement will return to us if for any reason you abandon, surrender, or suffer revocation of your rights and privileges.
- c. No previous course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement.
- d. All notices to a party shall be in writing and shall be made either via electronic mail, certified mail, or by a mail service which uses a tracking system, such as United Parcel Service or Federal Express. Notices to us must be sent to the attention of the Legal Department at the below physical or e-mail

address. Notices to you may be sent either to the Coffee Shop's physical address, or to the physical or e-mail address provided by you contained in the records of the Franchisor.

Notice by certified mail or other permitted mail service shall be deemed received and effective five (5) days after dispatch. Notice by confirmed e-mail shall be deemed received and effective upon sending, provided that the sender does not receive notice that delivery has failed. If we send Legal Notice to you at the Coffee Shop, service of such notice will be deemed proper if accepted by you or any of your employees. You may designate by written notice to us that Legal Notices be sent to a different physical or e-mail address. You must notify us of any address changes, including changes to your e-mail address over the course of this Agreement and for one (1) year after its expiration or termination. Unless we designate a different address by written notice to you, you will address notices to us at:

Aroma Joe's Franchising, LLC
Attn: Legal Department
700 Technology Way
Scarborough, ME 04074E-mail: Legal@aromajoes.com

- e. If your payment is more than one (1) week late, you will pay us interest at the lesser of a rate of twelve percent (12%), or the maximum rate allowed by the law where the Coffee Shop is located per annum on any Royalty, advertising contributions, or other charges you will owe us under this Agreement. Immediately upon your failure to render payment, and if permitted by local law, we may also charge you a late fee of Fifty Dollars (\$50) for administrative expenses incurred in collecting any late payment.
- f. You must immediately notify us of any infringement of or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. We will indemnify you for all damages for which you are held liable in any proceeding arising out of the use of any of the Marks in compliance with this Agreement, provided you notify us promptly, cooperate in the defense of the claim, and allow us to control the defense of the action. If a third-party challenges any of the Marks claiming infringement of alleged prior or superior rights in the Mark, we will have the option and right to modify or discontinue use of the Mark and adopt substitute Marks in your geographical business areas and in other areas we select. Our liability to you under such circumstances will be limited to your cost to replace signs and advertising materials. You acknowledge and agree we have the exclusive right to pursue any trademark infringement claims against third parties.
- g. If you believe that we are in default under this Agreement, you must give us written notice per section 11.d., within ninety (90) days of the start of the default. The notice must clearly state each act or omission constituting the default. If we do not cure the default to your satisfaction within sixty (60) days after we receive your notice, you may give us notice that an arbitrable dispute exists.
- h. You will pay or reimburse us for payment of any Sales Tax or other tax imposed by law on the Franchise Fee, Royalty, Advertising Fees, and any other amounts payable under this Agreement, whether assessed on you or on us.
- i. You will pay us any applicable Sales Tax or other tax imposed by the local taxing authority at the same time and in the same manner you pay for the taxable goods or services, whether or not the requirement is specifically stated in this Agreement.
- j. You understand and acknowledge this Agreement does not grant you any territorial rights and there are no radius restrictions or minimum or maximum population requirements which limit where we

can license or open another AROMA JOE'S® coffee shop, unless provided under applicable state law. We and our Affiliates have unlimited rights to compete with you and to license others to compete with you. You understand and acknowledge we and our Affiliates retain the exclusive unrestricted right to produce, distribute, and sell food products, beverages, and other products, under the AROMA JOE'S® mark or any other mark, directly and indirectly, through employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, at any location, without restriction by any right you may have, and without regard to the location of any AROMA JOE'S® coffee shops, and these other stores or methods of distribution may compete with the Coffee Shop and may adversely affect your sales. You do not have any right to exclude, control, or impose conditions on the location or development of any AROMA JOE'S® coffee shop, other coffee shop, store or other method of distribution, under the AROMA JOE'S® mark or any other mark.

- k. You acknowledge it is our intent to comply with all anti-terrorism laws enacted by the U.S. Government, including but not limited to the USA PATRIOT Act or Executive Order 13324. You acknowledge that you are not now, nor have you ever been a suspected terrorist or otherwise associated directly or indirectly with terrorist activity.
- l. At any time during the term of this Agreement, you authorize us to conduct credit checks or investigative background searches on you which may reveal information about your business experience, educational background, criminal record, civil judgments, property ownership, liens, associations with other individuals, creditworthiness, and job performance.
- m. We and our Affiliates, and you and your Affiliates, will not withhold any money due to each other under this Agreement or any other agreement. The party or Affiliate that violates this provision will reimburse the other party or Affiliate for the reasonable costs incurred to collect the withheld money. Notwithstanding the provisions of Subsection 10.a., these costs include, but are not limited to, mediation and arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses.
- n. You understand that it is our intent to comply with all domestic and foreign laws and regulations related to anti-bribery and anti-corruption, including but not limited to the U.S. Foreign Corrupt Practices Act ("Anti-Corruption Law"). We have adopted an anti-corruption policy to facilitate our compliance, which is available upon request.
- o. If the landlord terminates the lease for the Coffee Shop and an arbitrator or court determines you did not breach the lease and it was our or our Affiliate's fault the landlord terminated the lease, our obligation to you will be limited to the original cost of your leasehold improvements, less depreciation based on a five (5) year life under the straight-line method. We will pay you when you reopen the Coffee Shop in a new location. If the arbitrator or court determines you breached the lease or it was not our or our Affiliate's fault the landlord terminated the lease, we and our Affiliate will have no obligation to you for termination of the lease.
- p. Regardless of whether you personally, or an entity controlled by you, signs the lease, you agree to be bound by the terms of your lease and the accompany lease rider in your individual capacity. You and any entity signing the lease will be jointly and severally liable for the terms, conditions, rights, and duties of the lease and the accompanying lease rider , and, except as discussed in subsection 11(o) above you agree to defend, indemnify and save harmless, us, our affiliates, agents, representatives, shareholders, partners, directors, officers and employees and the agents, representatives, shareholders, partners, directors, officers and employees of our affiliates from any claims, suits,

judgments, losses, damages and costs, including any attorneys' fees and court costs, arising out of or resulting from or in connection with the lease and/or the accompanying lease rider .

12. TERMS, REFERENCES AND HEADINGS. All terms and words in this Agreement will be deemed to include the correct number, singular or plural, and the correct gender, masculine, feminine, or neuter, as the context or sense of this Agreement may require. Each individual, any entity, and each individual member of any entity (regardless of the ownership percentage of each member of any entity) signing this Agreement as the franchisee will be jointly and severally liable. References to "you" will include all such individuals, any entity, and each individual member of any entity (regardless of the ownership percentage of each member of any entity) jointly and severally. References to dollars (\$) in this Agreement refer to the lawful currency of the United States of America. The section headings do not form part of this Agreement and shall not be taken into account in its construction or interpretation.

13. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Maine, without reference to its conflicts of law, except as may otherwise be provided in this Agreement. The parties acknowledge that in order to achieve consistency in the interpretation and enforcement of this Agreement throughout the United States, Maine law will govern the Franchise Agreement, unless the law of the State where the Coffee Shop is located requires the application of local law. The parties agree that any franchise law or business opportunity law of the State of Maine now in effect or adopted or amended after the date of this Agreement will not apply to franchises located outside of Maine. This Agreement, including the Recitals and all exhibits, contains the entire understanding of the parties and supersedes any prior written or oral understandings or agreements of the parties relating to the subject matter of this Agreement, provided that nothing in this Agreement is intended to disclaim or waive any representations made to you in the Disclosure Document. Any amendment to this Agreement must be made only by a written agreement, except we may amend the Operations Manual from time to time as provided in this Agreement. The provisions of this Agreement which by their terms are intended to and will survive the termination or expiration of this Agreement, include, but are not limited to, Subsections 5.c., 5.e., 5.g., 5.h., 5.j., 5.k., 5.p., 5.q., 8.c., 8.d., 8.e., 8.f., 8.g., 8.h., 8.i., 9.b., 9.c., 11.b., 11.h., 11.i. and 11.o., and Sections 10, 14, 15, 16, 17, 18, 19, 20, 21, and 22.

14. SEVERABILITY. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a determination that any term or provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement to affect the original intent of the parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible. In the event that the parties are unable to negotiate an agreeable modification, an arbitrator or court may modify this Agreement to affect the original intent of the parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible. If any court, agency, or tribunal decides a covenant not to compete in this Agreement is too broad as to scope, time, or geographic area the parties authorize the court, agency, or tribunal to modify the covenant to the greatest extent allowed by law.

15. NO OTHER REPRESENTATIONS. You acknowledge no employee, agent, or representative of ours, our Affiliates, or the DA has made any representations to you, and you have not relied on any representations except for those contained in this Agreement, the Disclosure Document, and our advertising materials.

16. NO PRIOR CLAIMS AND GENERAL RELEASE. You represent that as of the date of this Agreement, you have no claims of any type against us, our Affiliates, the DA, or our agents, representatives, shareholders, directors, officers, and employees, or those of our Affiliates and the DA.

You release us, our Affiliates, the DA, or our agents, representatives, shareholders, directors, officers, and employees, or those of our Affiliates and the DA from all claims accruing, beginning to accrue, or otherwise occurring prior to the execution of this Agreement. You acknowledge and understand that this general release will include any alleged breaches of franchise or other laws, and any alleged breach of agreement, relating not only to this Agreement, but also to any agreements or dealings you may have or had at any time with us or any and all of us, our Affiliates, the DA, or our agents, representatives, shareholders, directors, officers, and employees, or those of our Affiliates and the DA.

17. LIMITATIONS ON DAMAGES.

- a. EACH PARTY WAIVES, WITHOUT LIMITATION, ANY RIGHT IT MIGHT OTHERWISE HAVE TO ASSERT A CLAIM FOR AND/OR TO RECOVER LOST PROFITS AND ANY OTHER FORMS OF CONSEQUENTIAL, INCIDENTAL, CONTINGENT, PUNITIVE, AND/OR EXEMPLARY DAMAGES FROM THE OTHER EXCEPT AS PROVIDED HEREIN. EACH PARTY'S LIABILITY WILL BE SOLELY LIMITED TO ACTUAL COMPENSATORY DAMAGES. EACH PARTY ACKNOWLEDGES THAT IT HAS HAD FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL, AND NOT AS THE RESULT OF UNEQUAL BARGAINING POWER.**
- b. ACTUAL COMPENSATORY DAMAGES REFERENCED IN THE PRECEDING SUB-PARAGRAPH SHALL NOT EXCEED THE LESSER OF (1) \$100,000.00, OR (2) ALL AMOUNTS PAID TO US FOR FRANCHISE FEES AND ROYALTIES UNDER THIS AGREEMENT FOR UP TO THREE YEARS PRECEDING THE DATE OF ANY AWARD HEREIN. AT YOUR REQUEST, WE MAY ALSO REPURCHASE YOUR EQUIPMENT, PURCHASED FROM OR THROUGH US, AT DEPRECIATED VALUE USING THE FIVE-YEAR STRAIGHT-LINE METHOD OF CALCULATION.**

18. WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) EACH PARTY HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY CONCERNING THIS WAIVER AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND INTENTIONALLY, AND (D) EACH PARTY HAS NOT BEEN INDUCED TO ENTER INTO THIS AGREEMENT AS A RESULT OF UNEQUAL BARGAINING POWER. EACH PARTY AGREES THAT ANY SUCH TRIAL SHALL TAKE PLACE IN A COURT OF COMPETENT JURISDICTION IN MAINE.

19. PAYMENTS TO THIRD PARTIES. We shall have no liability for your obligations to pay any third parties, including without limitation, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon you, the your property, the Coffee Shop or upon us in connection with the sales made or business conducted by you (except any taxes we are required by law to collect from you with respect to purchases from us).

20. REPRESENTATIONS. Each signatory to this Agreement who signs on behalf of an entity expressly represents and warrants that he or she has the authority to sign on behalf of that entity. You represent that natural persons signing this Agreement as Franchisees jointly maintain full and complete ownership of the

Operating Company. You represent that no natural person or entity other than those signing as Franchisee to this Agreement have any ownership interest in the Operating Company. You acknowledge and agree that the sale of the franchise business or any stake in the Operating Company shall constitute a transfer under Section 9 of this Agreement and will be subject to the terms and conditions set forth therein. You understand and acknowledge that we are materially relying on your representations made in this Section 20 and that any misrepresentation made under this Section 20 shall constitute a breach of this Agreement and may be subject to termination under section 8.a. of this Agreement.

21. INDEMNIFICATION. You shall indemnify, defend and hold harmless us, our subsidiaries and Affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees, (the "Indemnified Parties") against, and to reimburse for all claims, obligations and damages described in this section, any and all third party obligations described in this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of the Coffee Shop in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert-witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. We shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

22. AMENDMENT OF PRIOR AGREEMENTS. The parties desire to encourage advertising cooperation, franchisee compliance, provide for amicable, timely, and cost-effective resolution of disputes with limitations on liability, keep current with technological advances in the industry, and clarify certain provisions of existing franchise agreements. To achieve these goals, this Agreement has revised the following provisions with the aforementioned subject matter: Subsection 5.b. (Compliance with applicable laws and operations manual), Subsection 5.c. (payments to third parties), Subsection 5.f. (Covenant to obtain insurance), Subsection 5.g. (Covenant not to compete), Subsection 5.h. (Payment of sales tax), Subsection 5.i. (Reporting information electronically by POS System), Subsection 5.j. (Record Keeping), Subsection 5.k. (Under-reporting), Subsection 5.l. (Advertising Contributions), Subsection 5.n. (Prompt Payment of Charges Owed), Subsection 5.p. Domain Names and social Media), Subsection 5.q. (Confidentiality), Subsection 5.r. (Created Materials), Subsection 5.s. (Acceptance of Debit, Credit, Loyalty Rewards Program and other technological advances), Section 6 (Relocation), Section 8 (Defaults and Termination), Section 9 (Transfer and Assignments), Section 10 (Dispute Resolution), Section 11.e. (Interest and Fees), Section 13 (Governing Law), Section 17 (Limitation of Liability), Section 19 (Payments to Third Parties), and Section 21 (Indemnification). You agree that all of your existing franchise agreements with us are amended to include the above referenced provisions set forth in this Agreement. You understand that the provision references above may not be the same for all your existing franchise agreements with us, and that the subject matter of the provision prevails over the provision reference. **EACH OF YOU SIGNING THIS AGREEMENT AS A FRANCHISEE ACKNOWLEDGES AND UNDERSTANDS THAT THIS SECTION 22 AMENDS ALL YOUR EXISTING FRANCHISE AGREEMENTS WITH US, AND ANY SUCH AMENDMENT WILL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.** This Section 22 amends any existing franchise agreement you have if every individual who signed the existing franchise agreement as franchisee signs this Agreement or another franchise agreement containing the provisions of this Section 22.

23. ATTORNEYS FEES. Except as otherwise stated in this Agreement, in the event that any party institutes any legal suit, action, or proceeding, including arbitration, against the other party arising out of or relating to this Agreement, each party agrees to bear its own costs including attorneys' fees and expenses and court costs.

24. CONSENT TO TERMS OF AGREEMENT. You acknowledge you read and understand this Agreement, including any addenda and exhibits, and you agree to be bound by all of its terms and conditions.

25. DELIVERY AND EXECUTION OF THE FRANCHISE AGREEMENT. THIS AGREEMENT AND ANY OTHER AGREEMENT YOU MAY EXECUTE WITH US OR OUR AFFILIATE IN RELATION TO THIS AGREEMENT MAY BE DELIVERED AND/OR EXECUTED BY THE PARTIES THROUGH ELECTRONIC OR NON-ELECTRONIC MEANS. EACH AGREEMENT WILL BE CONSIDERED AN ORIGINAL DOCUMENT AND WILL BE LEGALLY BINDING UPON ITS EXECUTION BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement, as of the date first written above.

(ENTITY):

AROMA JOE'S FRANCHISING, LLC

Signature: _____

Signature: _____

Name (please print): _____

Name (please print): _____

Title (please print): _____

Title (please print): _____

EXHIBIT A-1
FRANCHISE DISCLOSURE QUESTIONNAIRE

(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

As you know, Aroma Joe's Franchising, LLC ("we", "us" or "AJF"), and you are preparing to enter into a Franchise Agreement for the operation of an AROMA JOE'S® franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the bottom of the sheet. If you answer "yes" to all the questions below, please write in "Not Applicable" at the bottom of the sheet.

PLEASE WRITE IN YES OR NO FOR EACH LINED ITEM BELOW

- _____ 1. Do you acknowledge that you are a citizen or permanent resident of the United States of America and that you have provided us with valid proof of your citizenship and permanent residency?
- _____ 2. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?
- _____ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- _____ 4. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- _____ 5. A) Do you acknowledge that you have read and understand the AJF Privacy Statement (contained in an exhibit to the Disclosure Document), which provides the circumstances when your personal information as an AROMA JOE'S® franchisee may be shared with our affiliates and third-party service providers to assist you in your business, and with prospective franchisees when required by law or in relation to any transfer of your Franchise Agreement and the coffee shop? (See Exhibit G)
- _____ B) Do you understand and acknowledge that in order for us to enter into the Franchise Agreement and to perform our obligations under the Franchise Agreement and further meet our legitimate business interests, we will share your Personal Information with independent purchasing entities, the advertising fund and its service organizations, vendors and other third party service providers engaged to assist you in operating your AROMA JOE'S® coffee shop as outlined in the AJF Privacy Statement?
- _____ C) Do you acknowledge that if you do not wish to share your Personal Information then you must advise our Privacy Officer in writing?
- _____ 6. Do you understand all the information contained in the Disclosure Document and Franchise Agreement?
- _____ 7. A) Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor and discussed the benefits and risks of operating an AROMA JOE'S® franchise with the professional advisor(s)?
- _____ B) Rather than reviewing the Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, have you instead chosen to rely on your own business knowledge and expertise in determining and weighing the benefits and risks of operating an AROMA JOE'S® franchise?

- _____ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, demographic patterns, consumer trends, interest rates, economic and market conditions, government policies, applicable local, state and federal laws, rules and regulations, legal claims, inflation, labor costs, lease terms and other factors which may be difficult to anticipate, identify or assess?
- _____ 9. Do you understand we have not granted you any territorial rights and that another AROMA JOE'S® franchise or company store may open near your coffee shop?
- _____ 10. Is it true that no employee or other person providing services to you on our behalf has offered you any territorial rights, or a right of first refusal for any proposed AROMA JOE'S® coffee shop to be located near your coffee shop?
- _____ 11. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of food products, beverages, and other products under the AROMA JOE'S® name or other mark, at any location or by any method of distribution, without regard to the location of other AROMA JOE'S® coffee shops and these other stores or methods of distribution may compete with your coffee shop and adversely affect its sales?
- _____ 12. Do you understand there are no radius restrictions or minimum population requirements concerning where another franchised or company AROMA JOE'S® coffee shop may open?
- _____ 13. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in the State of Maine, if not resolved informally or by mediation?
- _____ B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any incidental, contingent, exemplary, consequential, or punitive damages in the greater amount of 1) \$100,000 or 2) all amounts you paid to us for franchise fees and royalties for up to three years preceding any award of damages? (See Paragraph 17 of the Franchise Agreement.)
- _____ C) Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Aroma Joe's Franchising, LLC? (See Subparagraph 10.d. of the Franchise Agreement.)
- _____ 14. Do you understand all persons whose names appear on the Franchise Agreement must pass our standardized test (unless they are already a franchisee) and they must all satisfactorily complete the training program, unless we allow otherwise, before we will allow the coffee shop to open or consent to a transfer? (See Subparagraphs 5.a. and 9.a. of the Franchise Agreement.)
- _____ 15. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- _____ 16. Do you understand that we will send written notices, as required by your Franchise Agreement, to your Coffee Shop or home address if your Coffee Shop is not open and operating unless you designate a different address by sending written notice to us? (See Subparagraph 11.d. of the Franchise Agreement.)
- _____ 17. Do you understand that we will not approve your purchase of an AROMA JOE'S® franchise or we may immediately terminate your Franchise Agreement if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government? (See Subparagraph 11.k. of the Franchise Agreement.)
- _____ 18. Is it true that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an AROMA JOE'S® franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

- _____ 19. Is it true that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an AROMA JOE'S® franchise will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? (See Item 19 of the Disclosure Document)
- _____ 20. Is it true that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- _____ 21. Is it true that no employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with an AROMA JOE'S® franchise purchase with exception of those payments or loans provided in the Disclosure Document?
- _____ 22.A). Do you understand and acknowledge that, we may require you to use POS software with remote access capabilities which may permit us or our designee, from time to time, to remotely access your POS system in order to maintain system security, perform routine system maintenance, provide technical support, increase operational efficiency, install updates to software programs and/or applications, or install or remove software programs and/or applications?
- _____ B). Do you consent to our or our designee's use of the remote access software in the future to access your POS system at any time for the purposes stated in 23 A). above?
- _____ 23. Do you understand that if more than one individual signs the Franchise Agreement, any individual who signs the Franchise Agreement may accept software license agreements and consent to technology programs/initiatives, like remote access, on behalf of all individuals named as franchisee on the Franchise Agreement, and you all agree to be jointly and severally bound by any such acceptance or consent?

PLEASE PROVIDE AN EXPLANATION OF ANY NEGATIVE RESPONSES ON THE LINES PROVIDED BELOW & REFER TO THE QUESTION NUMBER. IF NO NEGATIVE RESPONSES ARE NOTED, PLEASE TYPE IN "Not applicable".

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Name (please print)

Dated _____, _____

EXHIBIT A-2
LANDLORD LEASE RIDER

Franchise # _____

This Landlord Lease Rider is made and entered into this day of _____, 20__ by and between Aroma Joe's Franchising, LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ ("Franchisee") and _____, a _____ ("Landlord").

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") that authorized you to operate an Aroma Joe's franchised business ("Franchised Business");

WHEREAS, Franchisee and Landlord desire to enter into a lease (the "Lease") pursuant to which Franchisee will occupy the premises located at _____ (Street Address) _____ (City & State) (the "Premises") for an Aroma Joe's franchise licensed under the Franchise Agreement;

WHEREAS, as a condition to entering into the Lease, the Franchisee is required under the Franchise Agreement to execute this Landlord Lease Rider along with the Landlord and Franchisor; and

NOW THEREFORE, in consideration of the foregoing Recitals, which Recitals the Parties expressly acknowledge and agree are true and accurate statements and are essential contractual elements of this Lease Rider, and in exchange for their mutual promises and undertakings hereunder, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. Limited Use of Leased Premises. During the term and any renewal term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.
2. Trademark Usage. Subject to Landlord's consent, which may not be unreasonably withheld, Landlord consents to Franchisee's use of such trade names, trademarks and signs, interior and exterior decor items, color schemes, plans, specifications and related components of the Aroma Joe's franchise system as Franchisor may prescribe ("Aroma Joe's System").
3. Notices. Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time and in the same manner that such letters and notices are sent to Franchisee, at the following address:

FRANCHISOR:
Aroma Joe's Franchising, LLC
Attn: Legal Department
700 Technology Way
Scarborough, ME 04074
E-mail: Legal@aromajoes.com

4. Right to Cure. Franchisor shall have the right, but not the obligation, to enter the Premises to make any modification or alteration necessary to cure any default under the Lease, to protect the System or to protect any registered trademark owned by or licensed to Franchisor, without being

guilty of trespass or any other crime or tort, and the Landlord shall not be responsible for any expense or damages arising from Franchisor's actions in connection therewith.

5. Assignment/Sublet by Franchisee to Third Parties. Franchisee shall not assign this Lease or sublet the Leased Premises, or any right or privilege connected therewith, or allow any other person, except agents, employees, and customers of the Franchisee, to occupy the Leased Premises or any part thereof, without first obtaining the written consent of Franchisor. A consent by Franchisor shall not be a consent for a subsequent assignment, sublease or occupation by other persons. An unauthorized assignment, sublease, or license to occupy by Franchisee, shall be void.

6. Assignment/Sublet by Franchisee to Franchisor. Upon expiration or termination of the Franchise Agreement or Lease, for any reason whatsoever, Franchisee shall be required to assign the Lease to Franchisor or its designated affiliate or an Aroma Joe's franchisee. Franchisee and Landlord hereby consent to such assignment and Landlord agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord shall look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment.

7. Franchisor's Post Assignment Lease Obligations. Except for the Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any franchisee or affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate shall assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease.

8. Amendment or Modification. Landlord and Franchisee shall not amend or otherwise modify the Lease in any manner that could materially affect Franchisor, without the prior written consent of Franchisor.

9. Conflict of Terms. The terms of this Landlord Lease Rider will supersede any conflicting terms of the Lease.

10. General Terms & Conditions

A. Authorized Representatives. The Parties acknowledge and warrant the representatives executing this Landlord Lease Rider are duly authorized to act on their behalf of their respective companies, and execution of this Landlord Lease Rider constitutes the legal and binding obligation of each corporation or entity which is a party hereto.

B. Entire Landlord Lease Rider; Amendment; And Waivers. This Landlord Lease Rider constitutes the entire Landlord Lease Rider between the parties pertaining to the subject matter hereof, and supersede all prior and contemporaneous Landlord Lease Riders, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other Landlord Lease Riders between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this Landlord Lease Rider shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Landlord Lease Rider shall be deemed or shall constitute a waiver of any other provision or breach of this Landlord Lease Rider, whether or not similar, unless otherwise expressly provided.

C. Notices. All communications or notices required or permitted by this Landlord Lease Rider shall be in writing and shall be deemed to have been given at the earlier of the date when actually hand delivered to a representative of one of the Parties, or when sent by confirmed email or when properly deposited for delivery by a nationally recognized commercial overnight delivery service, prepaid, to the last known email or mailing address of the other Party.

D. Counterparts; Headings. This Landlord Lease Rider may be executed in several counterparts, each of which shall be deemed original, but such counterparts shall together constitute but one and the same Landlord Lease Rider. This Landlord Lease Rider may be delivered in counterpart signature pages executed and delivered in person or via facsimile transmission or electronic mail, and any such counterpart executed and delivered via facsimile transmission or electronic mail shall be deemed an original for all intents and purposes. The Article and Section headings in this Landlord Lease Rider are inserted for convenience of reference only and shall not constitute a part hereof.

E. Severability. Should any part or provision of this Landlord Lease Rider for any reason be declared invalid, such decision shall not affect the validity of any remaining portion or provision, which remaining portion or provision shall remain in force and effect as if this Landlord Lease Rider had been executed with the invalid portion or provision thereof eliminated.

F. Governing Law. This Landlord Lease Rider shall be construed and interpreted according to the laws of the State of Maine without regard to conflict of law principles thereof.

G. Jurisdiction & Venue. The Parties acknowledge that this Landlord Lease Rider was entered into in Cumberland County, Maine and that any action sought to be brought by either party shall be brought in the appropriate State court located in Cumberland County, Maine or in the United States District Court located in Portland, Maine.

H. Attorney Fees And Costs. In the event of a dispute between the parties to this Landlord Lease Rider arising out of or related to this Landlord Lease Rider or the interpretation or enforcement of this Landlord Lease Rider, directly or indirectly, the substantially prevailing party in such dispute shall be entitled to recover its reasonable attorney's fees, costs and expenses (including paralegal fees) from the other party. Contingency or other percentage compensation arrangements shall not be considered reasonable attorney's fees.

I. Judicial Interpretation. Should any provision of this Landlord Lease Rider require judicial interpretation, the Parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be construed more strictly against the Party which itself or through its agent prepared the same, it being agreed that the agents of each party have participated in the preparation hereof.

J. No Punitive or Exemplary Damages. The Parties each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and/or legal fees.

IN WITNESS WHEREOF, the parties have executed this Landlord Lease Rider as of the date first above written.

FRANCHISOR

By: _____
Title: _____
Date: _____

FRANCHISEE:

By: _____
Title: _____
Date: _____

LANDLORD:

By: _____
Title: _____
Date: _____

EXHIBIT A-3

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____ 20__, by
by the undersigned (each, the "Guarantor"):

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement and accompanying exhibits, on the date herewith ("Agreement") by Aroma Joe's Franchising, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, Sections 5(g) and 8(f). Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

[SIGNATURE PAGE FOLLOWS]

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

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE

Print Name: _____ %
Date: _____

Print Name: _____ %
Date: _____

Print Name: _____ %
Date: _____

Print Name: _____ %
Date: _____

Print Name: _____ %
Date: _____

EXHIBIT B

AROMA JOE'S FRANCHISING, LLC

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED DECEMBER 31, 2025, 2024 & 2023



Aroma Joe's Franchising, LLC

FINANCIAL STATEMENTS

December 31, 2025 and 2024

With Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Members
Aroma Joe's Franchising, LLC

Opinion

We have audited the accompanying financial statements of Aroma Joe's Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income and comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

BDMF Assurance, LLP

Portland, Maine
March 3, 2026

AROMA JOE'S FRANCHISING, LLC

Balance Sheets

December 31, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets		
Cash	\$ 1,758,827	\$ 1,653,641
Accounts receivable	712,391	443,480
Inventory	11,076	36,621
Prepaid expenses	123,544	302,306
Due from related parties	42,078	-
Deferred store opening expenses, current portion	<u>46,875</u>	<u>56,250</u>
Total current assets	2,694,791	2,492,298
Property and equipment, net	1,676,914	1,705,047
Right-of-use asset – operating lease	1,888,583	1,982,284
Deferred store opening expenses, net of current portion	108,750	135,625
Due from related parties, long-term	<u>959,561</u>	<u>1,044,749</u>
 Total assets	 <u>\$ 7,328,599</u>	 <u>\$ 7,360,003</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND MEMBERS' EQUITY

	<u>2025</u>	<u>2024</u>
Current liabilities		
Note payable, current portion	\$ 174,000	\$ 162,000
Operating lease obligation, current portion	99,529	93,700
Accounts payable and accrued expenses	1,387,448	1,628,217
Other current liabilities	281,715	159,701
Due to related parties	101,299	41,027
Deferred revenue, current portion	<u>207,500</u>	<u>302,500</u>
Total current liabilities	2,251,491	2,387,145
Note payable, net of current portion and unamortized debt issuance costs	1,506,834	1,681,606
Operating lease obligation, net of current portion	1,789,054	1,888,584
Deferred revenue, net of current portion	447,500	564,500
Interest rate swap	41,138	17,476
Other liability	<u>237,953</u>	<u>99,605</u>
Total liabilities	<u>6,273,970</u>	<u>6,638,916</u>
Members' equity		
Members' equity	1,095,767	738,563
Accumulated other comprehensive loss – unrealized loss on interest rate swap	<u>(41,138)</u>	<u>(17,476)</u>
Total members' equity	<u>1,054,629</u>	<u>721,087</u>
Total liabilities and members' equity	<u>\$ 7,328,599</u>	<u>\$ 7,360,003</u>

AROMA JOE'S FRANCHISING, LLC

Statements of Income and Comprehensive Income

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Royalties	\$ 7,854,588	\$ 7,012,390
Franchise fees	205,000	173,839
Advertising	4,063,749	3,828,457
Management fees	50,000	120,000
Commissions revenue	1,297,944	1,025,760
Other income	<u>406,463</u>	<u>187,053</u>
Total revenues	13,877,744	12,347,499
Selling, general, and administrative expense	<u>13,408,028</u>	<u>12,252,579</u>
Operating income	<u>469,716</u>	<u>94,920</u>
Other (income) expense		
Interest income	(51,740)	(62,678)
Interest expense	<u>115,597</u>	<u>123,848</u>
Other expense, net	<u>63,857</u>	<u>61,170</u>
Net income	405,859	33,750
Other comprehensive income		
Reclassification of loss on interest rate swap to net income	1,861	10,768
Unrealized (loss) gain on interest rate swap	<u>(25,523)</u>	<u>24,513</u>
Comprehensive income	<u>\$ 382,197</u>	<u>\$ 69,031</u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Statements of Changes in Members' Equity

Years Ended December 31, 2025 and 2024

	Members' <u>Equity</u>	Accumulated Other Comprehensive <u>Loss</u>	<u>Total</u>
Members' equity, December 31, 2023	\$ 706,338	\$ (52,757)	\$ 653,581
Net income	33,750	-	33,750
Reclassification of loss on interest rate swap to net income	-	10,768	10,768
Unrealized gain on interest rate swap	-	24,513	24,513
Distributions	<u>(1,525)</u>	<u>-</u>	<u>(1,525)</u>
Members' equity, December 31, 2024	738,563	(17,476)	721,087
Net income	405,859	-	405,859
Reclassification of loss on interest rate swap to net income	-	1,861	1,861
Unrealized loss on interest rate swap	-	(25,523)	(25,523)
Distributions	<u>(48,655)</u>	<u>-</u>	<u>(48,655)</u>
Members' equity, December 31, 2025	<u>\$ 1,095,767</u>	<u>\$ (41,138)</u>	<u>\$ 1,054,629</u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Net income	\$ 405,859	\$ 33,750
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation and amortization of property and equipment	255,731	155,734
Amortization of debt issuance costs	4,607	4,606
Gain on sale of equipment	-	(2,578)
(Increase) decrease in		
Accounts receivable	(268,911)	126,872
Inventory	25,545	137,739
Prepaid expenses	178,762	(134,067)
Due from related parties	(81,890)	(126,888)
Right-of-use asset – operating lease	93,701	88,213
Deferred store opening expenses	36,250	(30,625)
(Decrease) increase in		
Accounts payable and accrued expenses	(240,769)	(752,856)
Other current liabilities	122,014	(121,489)
Deferred revenue	(212,000)	176,500
Due to related parties	60,272	(9,136)
Operating lease obligation	(93,701)	(88,213)
Other liability	<u>138,348</u>	<u>48,614</u>
Net cash provided (used) by operating activities	<u>423,818</u>	<u>(493,824)</u>
Cash flows from investing activities		
Purchases of property and equipment	(227,598)	(462,492)
Proceeds from sale of equipment	<u>-</u>	<u>6,000</u>
Net cash used by investing activities	<u>(227,598)</u>	<u>(456,492)</u>
Cash flows from financing activities		
Repayment from related party	125,000	-
Principal payments on long-term borrowings	(167,379)	(156,984)
Distributions to members	<u>(48,655)</u>	<u>(1,525)</u>
Net cash used by financing activities	<u>(91,034)</u>	<u>(158,509)</u>
Net increase (decrease) in cash	105,186	(1,108,825)
Cash, beginning of year	<u>1,653,641</u>	<u>2,762,466</u>
Cash, end of year	\$ <u>1,758,827</u>	\$ <u>1,653,641</u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

Nature of Operations

Aroma Joe's Franchising, LLC (the Company) was formed as a limited liability company on May 17, 2013. The members' liability is limited to the extent of their capital contributions. The Company operates as a franchisor of Aroma Joe's, which are retail stores and drive-through kiosks selling specialty coffee drinks, baked goods, and other food and beverage products, primarily in Maine and New Hampshire.

As of December 31, 2025 and 2024, the Company had 130 and 121 franchised locations, respectively.

1. Summary of Significant Accounting Policies

Consolidation

Management has elected to adopt the private company option available under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*, and has not evaluated if related entities under common control, which are not public business entities, as defined, qualify as variable interest entities in which the Company has a controlling financial interest.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash

Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from franchisees related to initial franchise fees, royalty fees, and advertising fund fees as well as amounts due from vendors related to purchasing commissions. The Company reports receivables at the amounts management expects to collect from outstanding balances. Management provides for expected claims and credit losses through a charge to earnings and a credit to a valuation allowance based on an assessment of the current status of individual accounts, historical experience, current conditions, and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2025 and 2024, the Company did not have an allowance for credit losses established since, based on the Company's analysis, the Company does not expect any credit losses over the life of its financial assets.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

A total of \$650 of accounts receivable were written off during 2025. There were no amounts written off during 2024. The accounts receivable balance was \$570,352 at January 1, 2024.

Inventory

Inventory is stated at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on a first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the lease term or the estimated life of the asset. Furniture, fixtures, and equipment is depreciated over 5 to 7 years, and vehicles are depreciated over 5 years. The point-of-sale (POS) system is depreciated over 3 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Operating Lease Obligations

The Company recognizes leases in accordance with FASB ASC Topic 842, *Leases*, and related guidance. The Company elected the practical expedient to not separate lease and nonlease components (by class of underlying asset) and is applying this expedient to all relevant asset classes.

The Company determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property and equipment (an identified asset) in exchange for consideration. The Company determines these assets are leased because the Company has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Company determines it does not have the right to control and direct the use of the identified asset. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases result in the recognition of right-of-use (ROU) assets and lease obligations on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease obligations represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. There were no financing leases outstanding at December 31, 2025 and 2024.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

At lease inception, the lease obligation is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease obligation adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at the commencement date to determine the present value of the lease payments.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense on operating leases is recognized on a straight-line basis over the lease term.

The Company elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Company leases its headquarters under a noncancelable related party operating lease with an initial expiration in 2028. The lease provides for two options to extend the lease term for an additional 5 years each. The Company expects to exercise both options and has accordingly recognized the effects of those options in the ROU asset and lease obligation. The lease requires the Company to pay all executory costs such as property taxes and maintenance. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting members' equity that, under U.S. GAAP, are excluded from net income.

Franchising and Revenue Recognition

Royalty Fees

The sales-based royalty fee is considered variable consideration related primarily to the use of the license and trademarks, and continued support of franchisees. These services are highly interrelated and so, are not individually distinct performance obligations. As a result, these are accounted as a single performance obligation and will be recognized as revenue in the same period as sales are earned by the franchisees.

Advertising Fee Revenue

The sales-based advertising fees, which are based upon a percentage of adjusted gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue in the same period in which the franchisee's sales occur.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

Under the franchise agreements and other agreements, the contributions received must be spent on advertising, marketing, creative efforts, media support, or other related purposes specified in the agreements and generally result in no profit or loss recognized. The Company has control of the advertising fund. The expenditures are primarily amounts paid to third parties, but may also include personnel expenses and allocated costs, as defined by the franchise agreements. See related expenditures under *Advertising Expenses* in Note 1.

Cumulative amounts collected in excess of eligible expenditures amounted to \$254,722 and \$375,660 as of December 31, 2025 and 2024, respectively, and these amounts are reported in accounts payable and accrued expenses on the balance sheets.

Commissions Revenue

The Company's purchasing division has entered into pricing agreements with certain major vendors. Pursuant to the terms of these arrangements, commissions are provided to the Company from the vendors based upon the qualifying purchases made by franchisees. These commissions are recognized as earned throughout the year.

The Company utilizes the commissions received from vendors to achieve the objectives of the purchasing division and cover personnel expenses and allocated costs. The Company intends to return a portion of the commissions received in excess of the purchasing division expenditures, if any. During 2025 and 2024, the Company returned \$200,000 and \$50,000, respectively, to franchisees.

Initial Franchise Fees

The Company generates revenues from franchising through area development agreements and individual franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Aroma Joe's trademarks and system and training, and restaurant operation assistance.

The fixed fees, as determined by the signed area development agreement and/or franchise agreement are non-refundable and are due at the time the area development agreement or franchise agreement is entered into, and/or when the franchise agreement is signed.

The Company generally recognizes revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, however has elected to adopt FASB Accounting Standards Update (ASU) 2021-02 *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)*. This practical expedient simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. These pre-opening services include:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration and record keeping.
- Information technology, and advisory services, including advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

Consideration for these services are provided by the franchise fee, and the Company has elected the practical expedient to recognize these pre-opening services as a single performance obligation, at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration, if any, is recognized on a straight-line basis over the life of the remaining franchise fee, which is typically ten years.

Deferred Revenue and Deferred Expenses

The Company's contract assets consist of incremental direct costs, such as commissions paid to development agents, and are initially recorded as deferred store opening expenses. Deferred store opening expenses are recognized into expense as the development agents' performance obligations are met. The Company's contract liabilities consist of initial franchise fees upon execution of their respective area development and/or franchise agreements, and are initially recorded as deferred revenue. Deferred revenue is recognized into income when the Company satisfies requirements under the franchise and area development agreements or upon cancellation by the Company due to a default as outlined in the agreement.

A summary of significant changes to the deferred store opening expenses (contract asset) and deferred revenue (contract liability) balances during 2025 and 2024 is as follows:

	<u>Deferred Store Opening</u> <u>Expenses</u>		<u>Deferred Revenue</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Beginning of year balance	\$ 191,875	\$ 161,250	\$ 867,000	\$ 690,500
Expenses / fees deferred	33,750	58,750	85,000	290,000
Expenses / fees recognized	<u>(70,000)</u>	<u>(28,125)</u>	<u>(297,000)</u>	<u>(113,500)</u>
End of year balance	\$ <u>155,625</u>	\$ <u>191,875</u>	\$ <u>655,000</u>	\$ <u>867,000</u>

Other Income

The Company generates revenues from other miscellaneous sources, primarily per case fees charged on food items sold to shops and fees earned from transfers in franchisee ownership.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

Advertising Expenses

The Company expenses advertising costs as they are incurred. Advertising expenses are comprised of costs incurred by the Company to benefit current franchise operations. The Company may also incur additional advertising expenses should the Company spend more than is available within the advertising fund that will not be collected from franchised member-owned stores in the future.

Advertising expense for the years ended December 31, 2025 and 2024 was \$4,063,749 and \$3,947,815, respectively, and is included on a gross basis as a component of selling, general, and administrative expenses in the statements of income and comprehensive income.

Income Taxes

The Company is treated as a partnership under the provisions of the Internal Revenue Code. Accordingly, the Company's net income or loss, and other tax attributes are allocated to the members. As a result, a provision for federal or state income taxes has not been recorded in the Company's financial statements.

Interest Rate Swap

The Company entered into an interest rate swap agreement to stabilize cash flow requirements and eliminate cash flow exposure of interest rate volatility on its variable rate debt obligation (Note 3). The interest rate swap met the conditions for the simplified hedge accounting approach under FASB ASU No. 2014-03 Derivatives and Hedging (Topic 815), *Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*; accordingly, the interest rate swap is presented at its settlement value on the balance sheets with its unrealized loss being classified in accumulated other comprehensive loss. The settlement value of the interest rate swap is provided by the financial institution counterparty. Amounts included in accumulated other comprehensive loss are reclassified into earnings in the same period during which the hedged forecasted transactions affect net income.

Other Liability

The Company maintains an unfunded appreciation bonus plan that provides eligible employees with the right to receive cash payments based on the future appreciation of the Company upon the occurrence of a qualifying event, subject to a ten year service based vesting requirement. Because the awards are settled in cash and do not represent ownership interests, they are accounted for as liability-classified share-based compensation in accordance with ASC 718-30. The related compensation cost is recognized over the requisite service period and the liability is remeasured at fair value at each reporting date until settlement, with changes in fair value recorded in compensation expense. Total compensation expense recognized under the plan was approximately \$138,000 and \$49,000 in 2025 and 2024, respectively.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Company has considered transactions or events occurring through March 3, 2026, which was the date that the financial statements were available to be issued.

2. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Leasehold improvements	\$ 1,209,256	\$ 1,209,256
Furniture, fixtures, and equipment	374,431	397,981
Vehicles	52,957	52,957
Point-of-sale (POS) system	447,597	-
Work in progress	<u>-</u>	<u>220,000</u>
	2,084,241	1,880,194
Less accumulated depreciation and amortization	<u>407,327</u>	<u>175,147</u>
Property and equipment, net	<u>\$ 1,676,914</u>	<u>\$ 1,705,047</u>

Work in progress at December 31, 2024, represented costs incurred in connection with an upgraded POS system that was placed into service during March 2025.

3. Borrowings

Line of Credit

The Company maintains a \$1,000,000 line of credit with NBT Bank, N.A. Interest on unpaid advances accrues at the one-month Secured Overnight Financing Rate (SOFR) plus 2.25% (5.98% at December 31, 2025). Payments of interest are required monthly and all borrowings, including accrued interest are due within 30 days of demand by the lender. The line of credit is cross-collateralized with the Company's other borrowings from this lender and is subject to annual renewal, at the discretion of the lender. There were no amounts outstanding on the lines of credit at December 31, 2025 or 2024.

Construction and Term Loan Agreement

The Company entered into a Construction and Term Loan Agreement with NBT Bank, N.A. (NBT Agreement) during 2023. The NBT Agreement provided a \$2,018,250 term note, proceeds from which were utilized to finance certain furniture, fixtures, and leasehold improvements at the Company's new headquarters. Commencing January 2024, the term note requires monthly payments of principal, plus interest at the one-month SOFR plus 1.75% (5.58% at December 31, 2025), approximating \$23,400, through August 2033. The NBT Agreement is collateralized by substantially all assets of the Company and secured by corporate guarantees of AJ IP Holder, LLC (AJ IP) and AJ Holding Company, LLC (AJ Holding), entities affiliated with the Company, and personal guarantees of the members of the Company.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

The NBT Agreement requires, among other things, the Company to maintain certain minimum levels, on an annual basis as defined, of pre-distribution debt service coverage. The Company was in compliance with such covenants at December 31, 2025.

Note payable at December 31 consists of the following:

	<u>2025</u>	<u>2024</u>
Amounts outstanding under the NBT Agreement	\$ 1,693,887	\$ 1,861,266
Less: Current portion	(174,000)	(162,000)
Unamortized debt issuance costs	<u>(13,053)</u>	<u>(17,660)</u>
Note payable, net of current portion and unamortized debt issuance costs	\$ <u>1,506,834</u>	\$ <u>1,681,606</u>

Unamortized debt issuance costs are being amortized to interest expense in the statements of income and comprehensive income based on management's estimate when the loan will be refinanced.

Scheduled principal maturities of the note payable at December 31, 2025 are approximately as follows:

Years Ending December 31

2026	\$ 174,000
2027	186,000
2028	200,000
2029	215,000
2030	230,000
Thereafter	<u>688,887</u>
Total	\$ <u>1,693,887</u>

Interest Rate Swap

The Company maintains an interest rate swap agreement. The notional value of the swap at December 31, 2025 and 2024 was \$1,693,887 and \$1,861,266, respectively. The interest rate swap expires in December 2028 and is subject to an early termination fee, as defined in the agreement. The notional value amount of the swap does not represent the actual amounts exchanged by the parties and, thus, is not a measure of the exposure of the Company through its use of the derivative. The amounts exchanged are calculated by reference to the notional amount and by other terms of the derivative. The Company is obligated to pay interest monthly at 6.05% and receives an interest rate adjustment based on the one-month term SOFR plus a margin of 1.75%. Amounts related to the swap agreement are recognized monthly. The counterparty to the interest rate swap is a major financial institution who also participates in the NBT Agreement.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

The interest rate swap is presented at its settlement value in the balance sheets with the unrealized income (loss) recorded in accumulated other comprehensive loss. The Company expects to reclassify approximately (\$7,500) during 2026 from accumulated other comprehensive loss, and record as interest expense in the statement of income and comprehensive income.

The estimated settlement value of the swap was provided by the financial institution counterparty and is based on Level 2 inputs under ASC 820, *Fair Value Measurement*, which are defined as "significant other inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data".

4. Lease Obligations

The Company leases its headquarters under a noncancelable operating lease with AJ Holding. Lease related expenses are recognized in the statements of income and comprehensive income as selling, general and administrative expenses. Lease expense for the operating lease with AJ Holding was approximately \$210,000 in 2025 and 2024, respectively. As of December 31, 2025 and 2024, the remaining lease term for the related party operating lease obligation was 12.9 years and 13.9 years, respectively. The following table presents lease-related assets and obligations recognized on the balance sheets as of December 31:

	<u>2025</u>	<u>2024</u>
Operating leases:		
Right-of-use asset	\$ <u>1,888,583</u>	\$ <u>1,982,284</u>
Current portion of lease obligation	\$ <u>99,529</u>	\$ 93,700
Lease obligation, net of current portion	<u>1,789,054</u>	<u>1,888,584</u>
Operating lease obligation	\$ <u>1,888,583</u>	\$ <u>1,982,284</u>

Future operating lease commitments under the related party noncancelable operating lease at December 31, 2025, are as follows:

<u>Years Ending December 31</u>	
2026	\$ 210,000
2027	210,000
2028	210,000
2029	210,000
2030	210,000
Thereafter	<u>1,662,500</u>
Total future undiscounted lease payments	2,712,500
Less present value discount of 6.05%	<u>823,917</u>
Total operating lease obligation	\$ <u>1,888,583</u>

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

5. Other Related Party Transactions

The Company has development agreements with members of the Company. Pursuant to each development agreement, the Company has contracted the member to develop and service the Aroma Joe's coffee shops in a specific area. For the years ended December 31, 2025 and 2024, the Company's expense pursuant to these agreements, included in selling, general and administrative expenses in the statements of income and comprehensive income, totaled \$2,792,408 and \$2,432,527, respectively. As of December 31, 2025 and 2024, the Company had accrued development fees of \$220,490 and \$220,519, respectively, which are included in accounts payable and accrued expenses in the balance sheets.

The Company has 39 and 37 franchised locations owned by members of the Company as of December 31, 2025 and 2024, respectively. The Company received royalties and advertising revenue totaling \$2,561,701 and \$2,439,185 from related party franchise locations for the years ended December 31, 2025 and 2024, respectively. Receivables from these locations were \$78,210 and \$54,675 as of December 31, 2025 and 2024, respectively, which are included in accounts receivable in the balance sheets.

The Company guarantees a note payable of AJ Holding. This note holder is also the counterparty to the NBT Agreement (Note 3). The note payable requires monthly payments approximating \$16,500, including interest at a variable rate (5.58% at December 31, 2025), through August 4, 2033, when the then outstanding principal and accrued interest is due and payable in full. The guarantee is collateralized by mortgages, assignment of leases and rents, security agreements, and pledge agreements. The collateral is cross-collateralized and cross-defaulted with the NBT Agreement (Note 3). The amount outstanding on AJ Holding's note payable as of December 31, 2025 was \$2,273,768.

At December 31, 2025 and 2024, the Company did not recognize a liability for this financial guarantee. Management believes the cash flows received by AJ Holding from the Company through the lease arrangement (see Note 4) will be sufficient to fund all future debt service requirements and the Company will not be required to provide any additional financial support beyond its rental payments.

Related Party Receivables

Amounts due from related parties incurred in the normal course of operations totaled \$244,621 and \$162,731 at December 31, 2025 and 2024, respectively, and are included in due from related parties on the balance sheets. Also included in due from related parties is \$882,018 which the Company advanced to AJ Holding during 2023 for costs incurred in connection with the construction of the corporate headquarters building (Note 4). As of December 31, 2025 and 2024, the remaining balance of the advance to AJ Holding is \$757,018 and \$882,018, respectively. During 2025, the Company received a repayment of \$125,000 from AJ Holdings.

Management does not expect the advance to be repaid during 2026; accordingly, it has been excluded from current assets in the balance sheets.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

Amounts due from related parties are non-interest bearing and have no specific repayment terms.

License Fees

AJ IP owns the rights to Aroma Joe's intellectual property, including trademarks and tradenames, and has given the Company permission to utilize this intellectual property in operating the franchise system. License fees paid in consideration of this arrangement for the years ended December 31, 2025 and 2024 were \$643,715 and \$523,161, respectively, and are included in selling, general and administrative expenses in the statements of income and comprehensive income. At December 31, 2025 and 2024, amounts due to AJ IP of \$57,722 and \$41,027, respectively, are included in due to related parties on the balance sheets.

The remaining amounts due to related parties of approximately \$43,600 at December 31, 2025 are due to the members' of the Company.

6. Employee Benefit Plan

The Company sponsors a Savings Incentive Match Plan for Employees (SIMPLE Plan) for employees meeting certain eligibility requirements. The Company matches up to a maximum of 3% of the employees' annual compensation. Company contributions to the SIMPLE Plan were approximately \$81,200 and \$58,800 for the years ended December 31, 2025 and 2024, respectively.

7. Concentrations

For the years ended December 31, 2025 and 2024, the Company had one related party franchisee which individually accounted for 16.6% and 17.8%, respectively, of total royalty fee and advertising fee revenue.

8. Employment Agreements

The Company has employment agreements with certain executive officers. The agreements provide for severance payments in the event of termination without cause or by the employee with good reason, as defined. The Company has not, as of December 31, 2025, accrued the aggregate potential commitment for future severance.

9. Commitments and Contingencies

From time to time, the Company may be involved in various claims and legal actions that arise in the ordinary course of business. The Company is not involved in any legal proceedings as of December 31, 2025. The Company has not established reserves for potential liabilities, if any, in connection with legal actions as the Company is not able to make a reasonable estimate of any potential liability, if any, because of the uncertainties related to the outcome and potential loss. Management believes any such matters would be either without merit, adequately covered by insurance, or involve amounts such that any unfavorable disposition would not have a material adverse effect on the Company's financial position or results of future operations.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2025 and 2024

10. Supplemental Disclosures of Statements of Cash Flows Information

	<u>2025</u>	<u>2024</u>
Cash paid for interest	\$ <u>107,450</u>	\$ <u>118,651</u>
Cash paid for amounts included in the measurement of operating lease obligation	\$ <u>210,000</u>	\$ <u>210,000</u>



Aroma Joe's Franchising, LLC

FINANCIAL STATEMENTS

December 31, 2024 and 2023

With Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Members
Aroma Joe's Franchising, LLC

Opinion

We have audited the accompanying financial statements of Aroma Joe's Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income and comprehensive income (loss), changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Company as of December 31, 2023 were audited by Berry, Dunn, McNeil & Parker, LLC whose report dated March 15, 2024 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

BMP Assurance, LLP

Portland, Maine
March 10, 2025

AROMA JOE'S FRANCHISING, LLC

Balance Sheets

December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets		
Cash	\$ 1,653,641	\$ 1,355,144
Restricted cash	-	1,407,322
Accounts receivable	443,480	570,352
Inventory	36,621	174,360
Prepaid expenses	302,306	168,239
Deferred store opening expenses, current portion	<u>56,250</u>	<u>36,563</u>
Total current assets	2,492,298	3,711,980
Property and equipment, net	1,705,047	1,637,745
Right-of-use assets – operating lease	1,982,284	2,070,497
Deferred store opening expenses, net of current portion	135,625	124,687
Due from related parties, long-term	<u>1,044,749</u>	<u>917,861</u>
 Total assets	<u>\$ 7,360,003</u>	<u>\$ 8,462,770</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND MEMBERS' EQUITY

	<u>2024</u>	<u>2023</u>
Current liabilities		
Note payable, current portion	\$ 162,000	\$ 150,800
Operating lease obligation, current portion	93,700	88,213
Accounts payable and accrued expenses	1,628,217	2,617,107
Other current liabilities	159,701	281,190
Due to related parties	41,027	50,163
Deferred revenue, current portion	<u>302,500</u>	<u>182,250</u>
Total current liabilities	2,387,145	3,369,723
Note payable, net of current portion and unamortized debt issuance costs	1,681,606	1,845,184
Operating lease obligation, net of current portion	1,888,584	1,982,284
Deferred revenue, net of current portion	564,500	508,250
Interest rate swap	17,476	52,757
Other liability	<u>99,605</u>	<u>50,991</u>
Total liabilities	<u>6,638,916</u>	<u>7,809,189</u>
Members' equity		
Members' equity	738,563	706,338
Accumulated other comprehensive loss – unrealized loss on interest rate swap	<u>(17,476)</u>	<u>(52,757)</u>
Total members' equity	<u>721,087</u>	<u>653,581</u>
Total liabilities and members' equity	\$ <u>7,360,003</u>	\$ <u>8,462,770</u>

AROMA JOE'S FRANCHISING, LLC

Statements of Income and Comprehensive Income (Loss)

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Royalties	\$ 7,012,390	\$ 6,164,091
Franchise fees	173,839	309,661
Advertising	3,828,457	2,589,895
Management fees	120,000	120,000
Commissions revenue	1,025,760	789,292
Other income	<u>187,053</u>	<u>166,987</u>
Total revenues	12,347,499	10,139,926
Selling, general, and administrative expense	<u>12,252,579</u>	<u>10,134,806</u>
Operating income	<u>94,920</u>	<u>5,120</u>
Other (income) expense		
Interest income	(62,678)	(38,814)
Interest expense	<u>123,848</u>	<u>2,782</u>
Other expense (income), net	<u>61,170</u>	<u>(36,032)</u>
Net income	33,750	41,152
Other comprehensive income (loss)		
Reclassification of loss on interest rate swap to net income	10,768	-
Unrealized gain (loss) on interest rate swap	<u>24,513</u>	<u>(52,757)</u>
Comprehensive income (loss)	<u>\$ 69,031</u>	<u>\$ (11,605)</u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Statements of Changes in Members' Equity

Years Ended December 31, 2024 and 2023

	Members' <u>Equity</u>	Accumulated Other Comprehensive <u>Loss</u>	<u>Total</u>
Members' equity, December 31, 2022	\$ 697,266	\$ -	\$ 697,266
Comprehensive (loss) income:			
Net income	41,152	-	41,152
Other comprehensive loss			
Unrealized loss on interest rate swap	-	(52,757)	(52,757)
Distributions	<u>(32,080)</u>	<u>-</u>	<u>(32,080)</u>
Members' equity, December 31, 2023	706,338	(52,757)	653,581
Comprehensive income:			
Net income	33,750	-	33,750
Other comprehensive income			
Reclassification of loss on interest rate swap to net income	-	10,768	10,768
Unrealized gain on interest rate swap	-	24,513	24,513
Distributions	<u>(1,525)</u>	<u>-</u>	<u>(1,525)</u>
Members' equity, December 31, 2024	<u><u>\$ 738,563</u></u>	<u><u>\$ (17,476)</u></u>	<u><u>\$ 721,087</u></u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Net income	\$ 33,750	\$ 41,152
Adjustments to reconcile net income to net cash (used) provided by operating activities		
Depreciation and amortization of property and equipment	155,734	117,501
Amortization of debt issuance costs	4,606	768
Gain on sale of equipment	(2,578)	-
Decrease (increase) in		
Accounts receivable	126,872	5,619
Inventory	137,739	51,168
Prepaid expenses	(134,067)	(64,305)
Due from related parties	(126,888)	350,468
Right-of-use assets – operating leases	88,213	139,671
Deferred store opening expenses	(30,625)	35,626
Increase (decrease) in		
Accounts payable and accrued expenses	(752,856)	1,084,963
Other current liabilities	(121,489)	(31,437)
Deferred revenue	176,500	(146,000)
Due to related parties	(9,136)	18,283
Operating lease obligations	(88,213)	(141,699)
Other liability	48,614	50,991
Net cash (used) provided by operating activities	<u>(493,824)</u>	<u>1,512,769</u>
Cash flows from investing activities		
Purchases of property and equipment	(462,492)	(1,299,150)
Proceeds from sale of equipment	6,000	-
Advances to related party	<u>-</u>	<u>(882,018)</u>
Net cash used by investing activities	<u>(456,492)</u>	<u>(2,181,168)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	-	2,018,250
Principal payments on long-term borrowings	(156,984)	-
Payments of debt issuance costs	-	(23,034)
Distributions to members	<u>(1,525)</u>	<u>(32,080)</u>
Net cash (used) provided by financing activities	<u>(158,509)</u>	<u>1,963,136</u>
Net (decrease) increase in cash and restricted cash	<u>(1,108,825)</u>	<u>1,294,737</u>
Cash and restricted cash, beginning of year	<u>2,762,466</u>	<u>1,467,729</u>
Cash and restricted cash, end of year	<u>\$ 1,653,641</u>	<u>\$ 2,762,466</u>
Cash and restricted cash as of December 31:		
Cash	\$ 1,653,641	\$ 1,355,144
Restricted cash	<u>-</u>	<u>1,407,322</u>
	<u>\$ 1,653,641</u>	<u>\$ 2,762,466</u>

The accompanying notes are an integral part of these financial statements.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

Nature of Operations

Aroma Joe's Franchising, LLC (the Company) was formed as a limited liability company on May 17, 2013. The members' liability is limited to the extent of their capital contributions. The Company operates as a franchisor of Aroma Joe's, which are retail stores and drive-through kiosks selling specialty coffee drinks, baked goods, and other food and beverage products, primarily in Maine and New Hampshire.

As of December 31, 2024 and 2023, the Company had 121 and 112 franchised locations, respectively.

1. Summary of Significant Accounting Policies

Consolidation

Management has elected to adopt the private company option available under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 810, *Consolidation*, and has not evaluated if related entities under common control, which are not public business entities, as defined, qualify as variable interest entities in which the Company has a controlling financial interest.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Restricted Cash

Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

Restricted cash at December 31, 2023 represented amounts held in escrow by the Company's lender. Releases from the escrow to the Company's operating cash account took place upon authorization by the bank and were made pursuant to requests from the Company for reimbursement of expenditures allowable under the terms of the borrowings (Note 3). All amounts held in escrow at December 31, 2023 were released to the Company during 2024.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from franchisees related to initial franchise fees, royalty fees, and advertising fund fees as well as amounts due from vendors related to purchasing commissions. The Company reports receivables at the amounts management expects to collect from outstanding balances. Management provides for expected claims and credit losses through a charge to earnings and a credit to a valuation allowance based on an assessment

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

of the current status of individual accounts, historical experience, current conditions, and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2024 and 2023, the Company did not have an allowance for credit losses established since, based on the Company's analysis, the Company does not expect any credit losses over the life of its financial assets. There were no amounts written off during 2024 or 2023. The accounts receivable balance was \$575,971 at January 1, 2023.

Inventory

Inventory is stated at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices of the inventory in the ordinary course of business, less reasonably predictable costs of disposal and transportation. Cost is determined on a first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the lease term or the estimated life of the asset. Furniture, fixtures and equipment is depreciated over 5 to 7 years, and vehicles are depreciated over 5 years. Software is included as part of the property and equipment balance and is amortized over 5 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Operating Lease Obligations

The Company recognizes leases in accordance with FASB ASC Topic 842, *Leases*, and related guidance. The Company elected the practical expedient to not separate lease and nonlease components (by class of underlying asset) and is applying this expedient to all relevant classes.

The Company determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property and equipment (an identified asset) in exchange for consideration. The Company determines these assets are leased because the Company has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Company determines it does not have the right to control and direct the use of the identified asset. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

Leases result in the recognition of right-of-use (ROU) assets and lease obligations on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease obligations represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date. There were no financing leases outstanding at December 31, 2024 and 2023.

At lease inception, the lease obligation is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease obligation adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at the commencement date to determine the present value of the lease payments.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense on operating leases is recognized on a straight-line basis over the lease term.

The Company elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Company had an operating lease for office space which expired during 2023.

Beginning in 2023, the Company leases its new headquarters under a noncancelable related party operating lease with an initial expiration in 2028. The lease provides for two options to extend the lease term for an additional 5 years each. The Company expects to exercise both options and has accordingly recognized the effects of those options in the ROU asset and lease obligation. The lease requires the Company to pay all executory costs such as property taxes and maintenance. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other gains and losses affecting members' equity that, under U.S. GAAP, are excluded from net income.

Franchising and Revenue Recognition

Royalty Fees

The sales-based royalty fee is considered variable consideration related primarily to the use of the license and trademarks, and continued support of franchisees. These services are highly interrelated and so are not individually distinct performance obligations. As a result, these are accounted as a single performance obligation and will be recognized as revenue in the same period as sales are earned by the franchisees.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

Advertising Fee Revenue

The sales-based advertising fees, which are based upon a percentage of adjusted gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees. The Company presents advertising contributions received from franchisees as franchise advertising fee revenue in the same period in which the franchisee's sales occur.

Under the franchise agreements and other agreements, the contributions received must be spent on advertising, marketing, creative efforts, media support, or other related purposes specified in the agreements and generally result in no profit or loss recognized. The Company has control of the advertising fund. The expenditures are primarily amounts paid to third parties, but may also include personnel expenses and allocated costs, as defined by the franchise agreements. See related expenditures under *Advertising Expenses* in Note 1.

Amounts collected in excess of eligible expenditures amounted to \$375,660 and \$283,680 as of December 31, 2024 and 2023, respectively, and these amounts are reported in accounts payable and accrued expenses on the balance sheets.

Commissions Revenue

The Company's purchasing division has entered into pricing agreements with certain major vendors. Pursuant to the terms of these arrangements, commissions are provided to the Company from the vendors based upon the qualifying purchases made by franchisees. These commissions are recognized as earned throughout the year.

The Company utilizes the commissions received from vendors to achieve the objectives of the purchasing division and cover personnel expenses and allocated costs. The Company intends to return a portion of the commissions received in excess of the purchasing division expenditures, if any. During 2024 and 2023, the Company returned \$50,000 and \$230,000, respectively, to franchisees.

Initial Franchise Fees

The Company generates revenues from franchising through area development agreements and individual franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the Aroma Joe's trademarks and system and training, and restaurant operation assistance.

The fixed fees, as determined by the signed area development agreement and/or franchise agreement are non-refundable and are due at the time the area development agreement or franchise agreement is entered into, and/or when the franchise agreement is signed.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

The Company generally recognizes revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, however has elected to adopt FASB Accounting Standards Update (ASU) 2021-02 *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)*. This practical expedient simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. These pre-opening services include:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration and record keeping.
- Information technology, and advisory services, including advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing, and other quality control programs.

Consideration for these services are provided by the franchise fee, and the Company has elected the practical expedient to recognize these pre-opening services as a single performance obligation, at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration, if any, is recognized on a straight-line basis over the life of the remaining franchise fee, which is typically ten years.

Deferred Revenue and Deferred Expenses

The Company's contract assets consist of incremental direct costs, such as commissions paid to development agents, and are initially recorded as deferred store opening expenses. Deferred store opening expenses are recognized into expense as the development agents' performance obligations are met. The Company's contract liabilities consist of initial franchise fees upon execution of their respective area development and/or franchise agreements, and are initially recorded as deferred revenue. Deferred revenue is recognized into income when the Company satisfies requirements under the franchise and area development agreements or upon cancellation by the Company due to a default as outlined in the agreement.

A summary of significant changes to the deferred store opening expenses (contract asset) and deferred revenue (contract liability) balances during 2024 and 2023 is as follows:

	<u>Deferred Store Opening</u>		<u>Deferred Revenue</u>	
	<u>Expenses</u>			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Beginning of year balance	\$ 161,250	\$ 196,876	\$ 690,500	\$ 836,500
Expenses / fees deferred	58,750	22,500	290,000	110,000
Expenses / fees recognized	<u>(28,125)</u>	<u>(58,126)</u>	<u>(113,500)</u>	<u>(256,000)</u>
End of year balance	<u>\$ 191,875</u>	<u>\$ 161,250</u>	<u>\$ 867,000</u>	<u>\$ 690,500</u>

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

Other Income

The Company generates revenues from other miscellaneous sources, primarily the sale of online merchandise to third parties and fees earned from transfers in franchisee ownership.

Advertising Expenses

The Company expenses advertising costs as they are incurred. Advertising expenses are comprised of costs incurred by the Company to benefit franchise operations. The Company may also incur additional advertising expenses should the Company spend more than is available within the advertising fund that will not be collected from franchised member-owned stores in the future.

Advertising expense for the years ended December 31, 2024 and 2023 was \$3,947,815 and \$2,670,074, respectively, and is included on a gross basis as a component of selling, general, and administrative expenses in the statements of income and comprehensive income (loss).

Income Taxes

The Company is treated as a partnership under the provisions of the Internal Revenue Code. Accordingly, the Company's net income or loss, and other tax attributes are allocated to the members. As a result, a provision for federal or state income taxes has not been recorded in the Company's financial statements.

Interest Rate Swap

The Company entered into an interest rate swap agreement to stabilize cash flow requirements and eliminate cash flow exposure of interest rate volatility on its variable rate debt obligation (Note 3). The interest rate swap met the conditions for the simplified hedge accounting approach under FASB ASU No. 2014-03 Derivatives and Hedging (Topic 815), *Accounting for Certain Receivable-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*; accordingly, the interest rate swap is presented at its settlement value on the balance sheets with its unrealized loss being classified in accumulated other comprehensive loss. The settlement value of the interest rate swap is provided by the financial institution counterparty. Amounts included in accumulated other comprehensive loss are reclassified into earnings in the same period during which the hedged forecasted transactions affect net income.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Company has considered transactions or events occurring through March 10, 2025, which was the date that the financial statements were available to be issued.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

2. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 1,209,256	\$ 1,134,991
Furniture, fixtures and equipment	397,981	436,243
Vehicles	52,957	92,481
Work in progress	<u>220,000</u>	<u>110,000</u>
	1,880,194	1,773,715
Less accumulated depreciation and amortization	<u>175,147</u>	<u>135,970</u>
Property and equipment, net	<u>\$ 1,705,047</u>	<u>\$ 1,637,745</u>

Work in progress at December 31, 2024 and 2023, represents costs incurred in connection with an upgraded point-of-sale system that is expected to be placed into service during 2025.

3. Borrowings

Line of Credit

The Company maintained a \$500,000 line of credit with Partners Bank of New England, which expired on February 15, 2024. The interest rate on the line of credit was 0.25% above the Wall Street Journal prime rate.

During 2024, the Company established a \$1,000,000 line of credit with NBT Bank, N.A. Interest on unpaid advances accrues at the one-month Secured Overnight Financing Rate (SOFR) plus 2.25% (6.77% at December 31, 2024). Payments of interest are required monthly and all borrowings, including accrued interest are due within thirty days of demand by the lender. The line of credit is cross-collateralized with the Company's other borrowings from this lender and is subject to annual renewal, at the discretion of the lender.

There were no amounts outstanding on the lines of credit at December 31, 2024 or 2023.

Construction and Term Loan Agreement

The Company entered into a Construction and Term Loan Agreement with NBT Bank, N.A. (NBT Agreement) during 2023. The NBT Agreement provided a \$2,018,250 term note, proceeds from which were utilized to finance certain furniture, fixtures and leasehold improvements at the Company's new headquarters. Commencing January 2024, the term note requires monthly payments of principal, plus interest at the one-month SOFR plus 1.75% (6.27% at December 31, 2024), approximating \$23,400, through August 2033. The NBT Agreement is collateralized by substantially all assets of the Company and secured by corporate guarantees of AJ IP Holder, LLC (AJ IP) and AJ Holding Company, LLC (AJ Holding), entities affiliated with the Company, and personal guarantees of the members of the Company.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

The NBT Agreement requires, among other things, the Company to maintain certain minimum levels, on an annual basis as defined, of pre-distribution debt service coverage. The Company was in compliance with such covenants at December 31, 2024.

Note payable at December 31 consists of the following:

	<u>2024</u>	<u>2023</u>
Amounts outstanding under the NBT Agreement	\$ 1,861,266	\$ 2,018,250
Less: Current portion	(162,000)	(150,800)
Unamortized debt issuance costs	<u>(17,660)</u>	<u>(22,266)</u>
Note payable, net of current portion and unamortized debt issuance costs	<u>\$ 1,681,606</u>	<u>\$ 1,845,184</u>

Unamortized debt issuance costs are being amortized to interest expense in the statements of income and comprehensive income (loss) based on management's estimate when the loan will be refinanced.

Scheduled principal maturities of the note payable at December 31, 2024 are approximately as follows:

Years Ending December 31

2025	\$ 162,000
2026	174,000
2027	186,000
2028	200,000
2029	215,000
Thereafter	<u>924,266</u>
Total	<u>\$ 1,861,266</u>

Interest Rate Swap

The Company maintains an interest rate swap agreement. The notional value of the swap at December 31, 2024 and 2023 was \$1,861,266 and \$2,018,250, respectively. The interest rate swap expires in December 2028 and is subject to an early termination fee, as defined in the agreement. The notional value amount of the swap does not represent the actual amounts exchanged by the parties and, thus, is not a measure of the exposure of the Company through its use of the derivative. The amounts exchanged are calculated by reference to the notional amount and by other terms of the derivative. Commencing January 2024, the Company is obligated to pay interest monthly at 6.05% and receives an interest rate adjustment based on the one-month term SOFR plus a margin of 1.75%. Amounts related to the swap agreement are recognized monthly. The counterparty to the interest rate swap is a major financial institution who also participates in the NBT Agreement.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

The interest rate swap is presented at its settlement value in the balance sheets with the unrealized income (loss) recorded in accumulated other comprehensive loss. The Company expects to reclassify \$6,400 during 2025 from accumulated other comprehensive loss, and record as interest expense in the statement of income and comprehensive income (loss).

The estimated settlement value of the swap was provided by the financial institution counterparty and is based on Level 2 inputs under ASC 820, *Fair Value Measurement*, which are defined as "significant other inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data".

4. Lease Obligations

The Company leased its former headquarters under a noncancelable operating lease with an unrelated party, which expired in 2023. During 2023, the Company executed a noncancelable operating lease with AJ Holding, to lease its new headquarters.

Lease related expenses are recognized in the statements of income and comprehensive income (loss) as selling, general and administrative expenses. Lease expense for the operating lease with an unrelated party was approximately \$133,200 in 2023. Lease expense for the operating lease with AJ Holding was approximately \$210,000 and \$50,700 in 2024 and 2023, respectively. Cash paid for amounts included in the measurement of the lease obligations was approximately \$210,000 and \$152,700 in 2024 and 2023, respectively. As of December 31, 2024 and 2023, the remaining lease term for the related party operating lease obligation was 13.9 years and 14.9 years, respectively. The following table presents lease-related assets and obligations recognized on the balance sheets as of December 31:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Right-of-use asset	\$ <u>1,982,284</u>	\$ <u>2,070,497</u>
Current portion of lease obligation	\$ 93,700	\$ 88,213
Lease obligation, net of current portion	<u>1,888,584</u>	<u>1,982,284</u>
Operating lease obligation	\$ <u>1,982,284</u>	\$ <u>2,070,497</u>

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

Future operating lease commitments under the related party noncancelable operating lease at December 31, 2024, are as follows:

<u>Years Ending December 31</u>	
2025	\$ 210,000
2026	210,000
2027	210,000
2028	210,000
2029	210,000
Thereafter	<u>1,872,500</u>
Total future undiscounted lease payments	2,922,500
Less present value discount of 6.05%	<u>940,216</u>
Total operating lease obligation	\$ <u>1,982,284</u>

5. Other Related Party Transactions

The Company has development agreements with members of the Company. Pursuant to each development agreement, the Company has contracted the member to develop and service the Aroma Joe's coffee shops in a specific area. For the years ended December 31, 2024 and 2023, the Company's expense pursuant to these agreements, included in selling, general and administrative expenses in the statements of income and comprehensive income (loss), totaled \$2,432,527 and \$2,241,706, respectively. As of December 31, 2024 and 2023, the Company had accrued development fees of \$220,519 and \$206,232, respectively, which are included in accounts payable and accrued expenses in the balance sheets.

The Company has 37 and 35 franchised locations owned by members of the Company as of December 31, 2024 and 2023, respectively. The Company received royalties and advertising revenue totaling \$2,439,185 and \$2,001,307 from related party franchise locations for the years ended December 31, 2024 and 2023, respectively. Receivables from these locations were \$54,675 and \$72,369 as of December 31, 2024 and 2023 respectively, which are included in accounts receivable in the balance sheets.

The Company guarantees a note payable of AJ Holding. This note holder is also the counterparty to the NBT Agreement (Note 3). The note payable requires monthly payments approximating \$17,900, including interest at a variable rate (6.27% at December 31, 2024), through August 4, 2033, when the then outstanding principal and accrued interest is due and payable in full. The guarantee is collateralized by mortgages, assignment of leases and rents, security agreements, and pledge agreements. The collateral is cross-collateralized and cross-defaulted with the NBT Agreement (Note 3). The amount outstanding on AJ Holding's note payable as of December 31, 2024 was \$2,340,954.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

At December 31, 2024 and 2023, the Company did not recognize a liability for this financial guarantee. Management believes the cash flows received by AJ Holding from the Company through the lease arrangement (see Note 4) will be sufficient to fund all future debt service requirements and the Company will not be required to provide any additional financial support beyond its rental payments.

Related Party Receivables

Amounts due from related parties incurred in the normal course of operations totaled \$162,731 and \$35,843 at December 31, 2024 and 2023, respectively, and are included in due from related parties on the balance sheets. Also included in due from related parties is \$882,018 which the Company advanced to AJ Holding during 2023 for costs incurred in connection with the construction of the corporate headquarters building (see Note 4). Management does not expect the advance to be repaid during 2025; accordingly, it has been excluded from current assets in the balance sheets.

Amounts due from related parties are non-interest bearing and have no specific repayment terms.

License Agreement

The Company has a license agreement with AJ IP. AJ IP owns the rights to Aroma Joe's proprietary system (the System). The System includes the Aroma Joe's trademark, trade names, commercial announcements, as well as formulas, recipes, and food preparation and business methods. AJ IP entered into a license agreement with the Company, granting a sublicense to operate and franchise others to operate Aroma Joe's coffee shops using the System. License fees paid for the years ended December 31, 2024 and 2023 were \$523,161 and \$465,841, respectively, and are included in selling, general and administrative expenses in the statements of income and comprehensive income (loss). At December 31, 2024 and 2023, amounts due to AJ IP of \$41,027 and \$40,563, respectively, are included in due to related parties on the balance sheets.

6. Employee Benefit Plan

The Company sponsors a Savings Incentive Match Plan for Employees (SIMPLE Plan) for employees meeting certain eligibility requirements. The Company matches up to a maximum of 3% of the employees' annual compensation. Company contributions to the SIMPLE Plan were approximately \$58,800 and \$45,900 for the years ended December 31, 2024 and 2023, respectively.

7. Concentrations

For the years ended December 31, 2024 and 2023, the Company had one related party franchisee which individually accounted for 17.8% and 18.2%, respectively, of total royalty fee and advertising fee revenue.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2024 and 2023

8. Employment Agreements

The Company has employment agreements with certain executive officers. The agreements provide for severance payments in the event of termination without cause or by the employee with good reason, as defined. The Company has not, as of December 31, 2024, accrued the aggregate potential commitment for future severance.

9. Commitments and Contingencies

From time to time, the Company may be involved in various claims and legal actions that arise in the ordinary course of business. The Company is not involved in any legal proceedings as of December 31, 2024. The Company has not established reserves for potential liabilities, if any, in connection with legal actions as the Company is not able to make a reasonable estimate of any potential liability, if any, because of the uncertainties related to the outcome and potential loss. Management believes any such matters would be either without merit, adequately covered by insurance, or involve amounts such that any unfavorable disposition would not have a material adverse effect on the Company's financial position or results of future operations.

10. Supplemental Disclosures of Cash Flow Information

	<u>2024</u>	<u>2023</u>
Cash paid for interest	\$ <u>118,651</u>	\$ <u>2,014</u>
Noncash investing and financing activities:		
Lease obligation arising from obtaining operating lease right-of-use asset	\$ <u>-</u>	\$ <u>2,077,610</u>
Acquisition of leasehold improvements included in accounts payable and accrued expenses	\$ <u>-</u>	\$ <u>236,034</u>

EXHIBIT C

AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS DRAWN BY AND PAYABLE TO:

AROMA JOE'S FRANCHISING, LLC

BANK ACCOUNT IN THE NAME OF _____

STORE #[s] _____ BANK ACCOUNT NUMBER _____

TO DESIGNATED BANK:

You are hereby requested and authorized to honor and to charge to the account described electronic funds transfers or checks drawn on such account which are payable to the above-named Payee. It is agreed that your rights with respect to each such electronic transfer or check shall be the same as if it were a check bearing a signature authorized for such account. It is further agreed that if any such electronic funds transfer or check is not honored, whether with or without cause you shall be under no liability whatsoever. This authorization shall continue in force until revocation in writing is received by you.

NAME OF FRANCHISEE (please print)

X

SIGNATURE OF FRANCHISEE

DATE

FULL NAME OF BANK _____

STREET ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

To the Designated Bank:

In consideration of your compliance with the request and authorization printed on the Authorization Form hereof, the Payee agrees with respect to any such action:

- (1) To indemnify you and hold you harmless from any loss you may suffer as a consequence of your actions resulting from or in connection with the execution and issuance of electronic funds transfer or check, whether or not genuine, purporting to be executed by the payee and received by you in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection within.
- (2) To indemnify you for any loss arising in the event that any such electronic funds transfer or check shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend at our own cost and expense any action which might be brought by any depositor or any other persons because of your actions taken pursuant to the foregoing request, or in any manner arising by reason of your participation.

NOTICE TO OWNER

1. ATTACH ONE "SPEC SHEET" SHOWING ABA# AND ACCOUNT NUMBER OR ONE VOIDED CHECK.
2. BE SURE TO COMPLETE ALL SPACES ABOVE.
3. RETURN ONE SIGNED COPY PER FRANCHISE.
4. MANUAL SIGNATURE REQUIRED ON EACH FORM.

EXHIBIT D STATE AGENCIES

The following state administrators are responsible for the review, registration and oversight of franchises in that state.

Arkansas
Corporation Service Company
300 Spring Building, Suite 900
300 S. Spring Street
Little Rock, AR 72201

California
Dept. of Financial Protection and
Innovation
One Sansome Street, Ste. 600
San Francisco, CA 94104
(213) 576-7500

Connecticut
Securities & Bank Investments
CT – Div. Dept. of Banking
260 Constitution Plaza
Hartford, CT 06103
(860) 240-8230

Florida
Dept. of Agriculture
and Consumer Services
Div. of Consumer Services
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
(850) 922-2966

Hawaii
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant St, Rm 203
Honolulu, HI 96813
(808) 586-2722

Illinois
Franchise Division
Office of the Atty. Gen.
500 South Second St.
Springfield, IL 62706
(217) 782-1090

Indiana
Secretary of State
Indiana Securities Division
Room E-111
302 W. Washington St.
Indianapolis, IN 46204
(317) 232-6681

Iowa
Securities Bureau
340 Maple Street
Des Moines, IA 50319
(515) 281-4444
Maryland

Office of Atty. Gen.
Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-7786

Michigan
Dept. of Attorney General
Consumer Protection Division
Attn: Franchise Protection
525 West Ottawa
G. Mennen Williams Bldg, 1st FL,
Lansing, MI 48913
(517) 373-1110

Minnesota
Minn. Dept. of Commerce
Franchise Division
85 7th Place East, Ste 500
St. Paul, MN 55101
(651) 296-4026

Nebraska
Dept. of Banking & Finance
Commerce Court
1230 O St., Ste. 400
Lincoln, NE 68508
(402) 471-2171

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Fl.
New York, NY 10005
(212) 416-8285

North Dakota
ND Insurance & Securities Dept.
600 E. Blvd. Ave., Dept 401
Bismarck, ND 58505-0510
(701) 328-2910

Oregon
Corp. Securities Section
Dept. of Insurance & Finance
350 Winter Street NE
PO Box 14480
Salem, OR 97309
(503) 378-4100

Rhode Island
Department of Business
Regulation,
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue Bldg. 69-1
Cranston, RI 02920

(401) 462-9582

South Dakota
Department of Labor &
Regulation
Division of Securities
445 East Capitol Avenue
Pierre, SD 57501
(605) 773-4823

Texas
Statutory Document Section
Secretary of State
1019 Brazos
Austin, TX 78701
(512) 463-5705

Utah
Department of Commerce
Division of Consumer Protection
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704
(801) 530-6601

Virginia
State Corp. Comm.
Division of Securities and
Retail Franchising
1300 E. Main St./9th Fl
Richmond, VA 23219
(804) 371-9051

Washington
Dept. of Financial Inst.
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(206) 753-6928

Wisconsin
Dept. of Financial Institutions
Wisconsin Securities Commission
201 W. Washington Ave., Suite
300,
Madison, WI 53703
(608) 266-8557

EXHIBIT E
AGENTS FOR SERVICE OF PROCESS

In all 50 states, and in the District of Columbia, our agent for service of process is Corporation Service Company. The addresses of Corporation Service Company in the different states, as well as our agents for service in the Navajo Nation and Puerto Rico, are set out below.

California

Department of Financial Protection and
Innovation 320 West 4th Street -Suite 750
Los Angeles, CA 90013
213-576-7500

Hawaii

Hawaii Commissioner of Securities Business Registration Division Securities Compliance Branch
Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203
Honolulu, HI 96813
808-586-2722

Illinois

Attorney General, State of Illinois
The Franchise Division
500 South Second Street
Springfield IL 62706
217-782-4465

Indiana

Securities Commissioner Indiana Securities Division
Room E-111, 302 West Washington St. Indianapolis, IN 46204
317-232-6681

Maryland

Office of the Attorney General Securities Division
200 Saint Paul Place
Baltimore, MD 21202-2020
410-576-6360

Michigan

Michigan Department of Attorney General Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St., G. Mennen Williams Building Lansing, MI 48909
517-373-7117

Minnesota

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
651-539-1600

New York

NYS Department of Law Investor Protection Bureau Franchise Section
28 Liberty Street, 21st Floor New York, NY 10005
212-416-8222 Phone
212-416-6042 Fax

North Dakota

North Dakota Insurance & Securities Department
600 East Boulevard Avenue, Dept. 401
Bismarck, ND 58505-0510
701-328-2910

Oregon

Department of Labor and Finance
Corporate Securities Section Labor and Industries Building
Salem, OR 96310
503-378-4387

Rhode Island

Securities Examiner
Department of Business Regulation, Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
401-462-9587

South Dakota

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

Virginia

Chief Examiner
State Corporation Commission
Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor
Richmond, VA 23219
804-371-9051

Washington

Acting Administrator
Department of Financial Institutions Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
360-902-8762

Wisconsin

Wisconsin Dept. of Financial Institutions Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
608-266-8557

EXHIBIT F
OPERATIONS MANUAL TABLE OF CONTENTS

Contents

1	Accounting & Insurance.....	6
1.1	Accounting Requirements.....	6
1.2	Insurance	8
1.3	Taxes	9
1.4	The Business Week.....	10
1.5	Recording Business Activity.....	10
1.6	Payment of Monies Due.....	10
1.7	Record Retention.....	11
2	Human Resources & Training.....	12
2.1	Hiring and Training.....	12
2.2	Employee Development.....	13
2.3	Recruiting.....	14
2.4	Training.....	18
2.5	Effective Management	20
2.6	Dress Code	22
2.7	Employee Tip Policy.....	22
2.8	Customer Complaint Policy	23
2.9	Return Policy.....	25
2.10	Mug Refill Policy	25
2.11	Break Policy	25
2.12	Meal and Drink Policy	25
2.13	Smoke, Alcohol, and Drug Free Environment Policy.....	26
2.14	Telephone Policy.....	26
2.15	Accountability Policy.....	26
2.16	Tattoo, Piercing, and Non-Traditional Hair Color Policy.....	26
2.17	Handmade Tip Jar Sign Policy.....	26
2.18	Holiday Decoration Policy	27
2.19	Social Media Policy	27
2.20	Service Animal Policy.....	30
2.21	Employee Handbook.....	30
2.22	Employment Policies.....	30
2.23	AJ's Cares (Community Service) Policies and Guidelines.....	30

2.24	Illness and Injuries Policies.....	32
2.25	Harassment Policy.....	32
2.26	Other Grievances Policy.....	33
2.27	Waivers Policies.....	33
2.28	Posting of Labor Laws.....	34
2.29	Evaluating Employees.....	34
2.30	Inspire and Lead.....	36
2.31	Franchisee Training Program.....	39
2.32	Communication Policy.....	43
3	Items Offered for Sale.....	55
3.1	Limited Time Only “LTO” Products.....	55
3.2	Promotional Items.....	55
3.3	Miscellaneous Items.....	55
3.4	General Policies.....	55
3.5	Truth-in-Menu Laws.....	57
3.6	Menu Pricing Strategy.....	58
3.7	Logotype Paper and Packaging Goods.....	58
3.8	Participating in a Product Test.....	59
3.9	Approved Products and Purchasing.....	59
3.10	Food Ordering.....	61
3.11	Receiving.....	61
3.12	Storage and Rotation.....	61
3.13	Relationship with Your Food Service Provider.....	62
4	Food Preparation.....	72
4.1	Food Safety.....	72
4.2	Foodborne Illness.....	72
4.3	Batch Recipes and Calibration.....	81
4.4	Hazard Analysis Critical Control Point System.....	82
4.5	Drink Preparation.....	83
4.6	Food Preparation.....	97
5	Paperwork & Controls.....	104
5.1	The Control Sheet.....	104
5.2	Completing the Control Sheet Manually.....	113

5.3	The quick reconciliation ('Quick Rec') Procedure	116
5.4	Taking Inventory	118
5.5	The Weekly Inventory & Sales Report Sheet	119
5.6	Productivity, Scheduling, and Labor Costs.....	126
5.7	Labor Costs	128
5.8	Sales and Cost Reporting	129
5.9	Computer Based POS System.....	131
5.10	Data Integrity.....	135
5.11	Accepting Credit and Debit Cards	135
5.12	Multiple POS systems	141
5.13	Loss Prevention.....	142
6	Quality Control & Compliance Evaluation	148
6.1	The Location Visit.....	148
6.2	The Location Quality Control & Compliance Evaluation Process	148
6.3	Compliance Points System.....	151
6.4	Compliance Status.....	152
6.5	Legal Status System	153
6.6	Americans with Disabilities Act	153
7	Project Approval, Construction, & Equipment	154
7.1	Project approval/Building Design	154
7.2	Building your Aroma Joe's®	155
7.3	Signage/Menus	153
7.4	Equipment	154
8	Design and Construction	169
8.1	Site Plan Approval - AJF	169
8.2	Schematic Drawing Package Request	169
8.3	Americans with Disabilities Act (US Only).....	171
8.4	Architect's Seal.....	171
8.5	Heating, Ventilation, and Air Conditioning (HVAC) System	171
8.6	Design & Equipment Upgrade Policy	172
8.7	Building and Property Exterior	173
8.8	Location Conversion/Enhancement	174
8.9	Landscaping	174

9	Signage	174
9.1	Outdoor Signage.....	174
9.2	Interior Signage.....	175
9.3	Interstate Highway Signage	176
9.4	Upgrading your Signage.....	176
10	Profit Building & Local Marketing	177
10.1	The Basics	177
10.2	Awareness, Trial, Usage.....	177
10.3	Local Store-Marketing.....	178
10.4	Resources	178
10.5	Setting Your Marketing Goals	179
10.6	Defining Your Target Area, Key Customers and Competitors.....	179
10.7	Target Audience	179
10.8	Market Survey	179
10.9	Develop a Strategic Marketing Plan.....	180
10.10	Local Store Marketing.....	180
10.11	New Store Marketing	181
10.12	Advertising Materials & Merchandising Policy.....	183
10.13	Print Media.....	185
10.14	In-Shop Marketing Activities.....	187
10.15	KEY Marketing Takeaways.....	188
11	Temporary Additional Point of Sale Locations.....	188
11.1	Qualifications	188
11.2	Obtaining approval.....	189
12	Satellite Locations	194

EXHIBIT F-1
CONFIDENTIALITY AGREEMENT FOR DISCLOSURE OF OPERATIONS MANUAL
BY AROMA JOE'S FRANCHISING, LLC.

1. I personally acknowledge that I was given the opportunity to review the currently effective Operations Manual of Aroma Joe's Franchising, LLC. ("AJF") which contains the guidelines and requirements to operate an AROMA JOE'S® coffee shop/drive through kiosk ("Operations Manual"). I represent that I was permitted to read the Operations Manual for as much time as I desired, and that I did in fact read the Operations Manual to my full satisfaction.

The Operations Manual was reviewed by me on _____, _____.

2. I acknowledge and agree that the Operations Manual was developed and designed by AJF at great expense and over lengthy periods of time, is secret, confidential and unique, and constitutes the exclusive property and trade secrets of AJF. I represent that I did not make any copies of the Operations Manual, or of any provisions contained in it, including any handwritten notes which summarize or quote the Operations Manual.

3. I agree that I will not, without prior written consent of AJF, communicate, divulge, or use for the benefit of any unauthorized individual or other entity, any confidential information contained in the Operations Manual.

SIGNATURE: _____

NAME: _____
(Please Print)

SIGNATURE: _____

NAME: _____
(Please Print)

SIGNATURE: _____

NAME: _____
(Please Print)

SIGNATURE: _____

NAME: _____
(Please Print)

Subscribed and sworn to before me this _____ day of _____, _____.

Notary Public

My commission expires:

We will not disclose the Operations Manual to you and you may not sign this Agreement until 14 CALENDAR DAYS or 10 BUSINESS DAYS (whichever is later) have passed after delivery of AJF's Disclosure Document.

ACCORDING TO COMPANY POLICY, THIS AGREEMENT WILL NOT BE ACCEPTED IF IT HAS ANY TYPEWRITTEN NAMES AND/OR DATES AND/OR IF IT IS NOTARIZED BY A RELATIVE OF THE SIGNEE(S).

EXHIBIT G

LAST REVISED: March 16, 2021

AJF PRIVACY STATEMENT

AROMA JOE'S FRANCHISING, LLC.
Scarborough, Maine

1. SCOPE
2. KEY DEFINITIONS
3. NOTICE – WHAT PERSONAL INFORMATION DO WE COLLECT AND WHERE DO WE KEEP IT?
 - 3.1. Prospective Employees
 - 3.2. Consumers
 - 3.3. Franchisees, Prospective Franchisees and Development Agents
 - 3.4. All Internet Users - Cookies, Web Beacons, Internet Protocol (IP) Address, Aggregate Information
4. NOTICE – WHAT DO WE DO WITH THE PERSONAL INFORMATION WE COLLECT?
5. CHOICE
 - 5.1. "Do Not Track"
 - 5.2. Consent to Electronic Communication
 - 5.3. Where We Store Your Personal Information
6. ACCESS
7. DATA INTEGRITY – INFORMATION PURPOSE LIMITATION
8. ONWARD SHARING
9. SECURITY
10. PRIVACY OFFICER CONTACT INFORMATION
11. OTHER RIGHTS AND INFORMATION
 - 11.1. Information Regarding Children
 - 11.2. Links to Third-Party Websites
 - 11.3. Changes to the Privacy Statement
 - 11.4. Other Relevant Policies

1. SCOPE

Your privacy is very important to Aroma Joe's Franchising, LLC, ("AJF", "we" or "us"). AJF is the franchisor of the AROMA JOE'S® system for the United States. This Privacy Statement discloses how AJF collects, protects, uses, and shares Personal Information gathered about you, whether in writing, verbally, electronically, or while you interact with the website located at www.aromajoes.com, (together with any and all future websites operated by or on behalf of AJF, the "Websites"). AJF's privacy policies are consistent with best practice standards in the data security industry.

AJF shares Personal Information with the following AROMA JOE'S® affiliated entities:

- (1) AJ Holding Company, LLC, ("AJ Holdings") is one of our affiliate companies which holds certain real property used by AJF as its company headquarters.
- (2) AJ IP Holder, LLC, ("AJ IP Holder") is the owner and licensor of the AROMA JOE'S® system, which includes the trade name and service mark AROMA JOE'S®, recipes, formulas, food preparation procedures, business methods, business forms, and business policies (the "System"). AJ IP Holder licenses the System to us to develop AROMA JOE'S® coffee shops in the United States and its territories.

- (3) Aroma Joe's Real Estate, LLC ("AJ Real Estate") assists franchisees of AJF in negotiating real estate leases or licenses and in the administration of the lease or license renewals for all coffee shop premises that they lease or license to franchisees.
- (4) AJ Management, LLC ("Management") is one of our affiliate companies which may operate company owned stores from time to time.

To carry out its functions, the above affiliated entities will share Personal Information amongst themselves.

All Personal Information is collected in a fair and non-intrusive manner, with your voluntary consent. Personal Information is not accessible to anyone outside the specific function for which it is collected. AJF respects the privacy of our AROMA JOE'S® customers, employees, job applicants, and other visitors to AJF's websites who may choose to provide Personal Information. AJF recognizes the need for appropriate protections and management of Personal Information that you provide to AJF. AJF's Privacy Statement will assist you to understand what types of Personal Information AJF may collect, how AJF may use your Personal Information, and with whom AJF may share your Personal Information.

AROMA JOE'S® coffee shops are independently owned and operated by AROMA JOE'S® franchisees. This Privacy Statement also does not govern the privacy practices and procedures of those franchisees, including any email or other marketing campaigns those franchisees may conduct, nor of any AROMA JOE'S® Development Agent ("DA"). Nor does this Privacy Statement apply to information collected by AJF through channels other than the Websites.

2. Key Definitions

For purposes of this Privacy Statement, the following definitions apply:

- **Data Subject** is an identified or identifiable natural person.
- **Personal Information** is any information or set of information about an identified or identifiable natural person, including, but not limited to: (a) first name or initial and last name; (b) home or other physical address; (c) telephone number; (d) email address or online identifier associated with the person; (e) Social Security number or other similar identifier; (f) employment, financial or health information; or (g) any other information relating to a person that is combined with any of the above. The term "Personal Information" does not include anonymized information or information that is reported in the aggregate (provided that such aggregated information is not identifiable to a natural person).
- **Process or Processing** of Personal Information means any operation or set of operations which is performed upon Personal Information, whether or not by automated means, such as collection, recording, organization, storage, adaptation or alteration, retrieval, consultation, use, disclosure or dissemination, and erasure or destruction.
- **Sensitive Data or Sensitive Personal Information** is a subset of Personal Information that may include, but is not limited to, an individual's racial or ethnic origins; political opinions; religious or philosophical beliefs; trade union membership; physical or mental health or disabilities; sex life, sexual orientation; biometric data where Processed to uniquely identify a person; or criminal (or alleged criminal) activities, proceedings or convictions.

3. NOTICE – WHAT PERSONAL INFORMATION DO WE COLLECT AND WHERE DO WE KEEP IT?

The types of Personal Information we may collect (directly from you or from third party-sources) and our privacy practices depend on the nature of the relationship you have with AJF and the requirements of applicable law. We endeavor to collect information only to the extent relevant for the purposes of Processing. Below are the legal basis's, some of the ways we collect information, and how we use it.

3.1. Prospective Employees

If you submit an application for employment with AJF, the Personal Information collected may include, but is not limited to: name, address, telephone number, facsimile number, email address, date of birth, citizenship, professional and educational background and experience, including but not limited to information that may be recorded on a resume or application form, criminal background, bank account information for Electronic Funds Transfer, financial statement, and taxpayer identification number. AJF may need to obtain Personal Information about you from third parties in order to supplement, update or verify your information, and/or to process your application for consideration as an AJF employee. Applicable law may require that you authorize a third party to share your Personal Information with AJF before we can acquire it. Failure to provide any requested information may negatively impact consideration of your employment application. By applying to become an employee of AJF, you consent to our collection, use, and disclosure of your Personal Information in this manner.

All information, including Personal Information submitted by you as part of the application process, will become part of your employee file should you become an employee. Employees' Personal Information is governed by separate policies and not by this Privacy Statement.

Prospective employees' Personal Information is collected for use in connection with your expression of interest in employment with AJF, or its affiliates, either for a specific position or, unless you advise us otherwise in writing, for reference in connection with potentially available future positions.

Please note that this Privacy Statement ***does not*** apply to AROMA JOE'S® coffee shop employment applications submitted through the AROMA JOE'S® website, which are transmitted directly to independently-owned and operated franchisees who are seeking employees in the relevant market area.

3.2. Consumers

AJF collects consumer information in a number of ways.

3.2.1.1. Information You Voluntarily Provide Us

You may choose to communicate with us in some of the following ways:

- Consumer-facing programs, including but not limited to subscription services, email information, newsletters, and news and offers;
- AROMA JOE'S® account user registration;
- Through any of AROMA JOE'S® web based or mobile applications;
- Placing an order from an AROMA JOE'S® coffee shop through one of the Websites;
- Various contests, promotions, competitions or sweepstakes (collectively, "Promotions");
- Surveys; and

- When you contact us by telephone, email, or postal mail with a question or concern.

In each case, we collect Personal Information that you voluntarily provide us, including first and last name, email address, mobile telephone number, username and password (if you have registered an AROMA JOE'S® account), payment information and transaction details (if you place an order with an AROMA JOE'S® franchisee through the Websites).

AJF will not collect customer Personal Information, unless the customer contacts AJF directly. In order to adequately address a customer's concerns, your Personal Information may be shared with the appropriate AJF affiliates, such as, but not limited to the AROMA JOE'S®, AROMA JOE'S® Development Agents ("DA") for your geographical area, and/or relevant AROMA JOE'S® franchisees, as well as third-party service providers.

3.2.1.2. Information Collected Automatically

As detailed in Section 3.4, the Websites also collect Personal Information automatically, including IP address, device ID, your location information and information concerning the type of mobile or other access device you are using. Some of that information collection can be modified by adjusting your browser or device settings.

AJF also maintains a robust social media presence and activities. Those activities include:

3.2.1.3. Forward-To-A-Friend and Refer-A-Friend

The Websites contain referral features that allow you to inform a friend about an AJF web page or promotion. AJF may use any email address provided when using this referral feature to send both an initial email and a subsequent email to recipients about the particular promotion, product or service in which you indicated your "friend" may have an interest. We will not send emails to recipients who have opted out of receipt of promotional emails from us.

3.2.1.4. Other Social Media Activities

From time to time, AJF may maintain social media accounts or engage in other social media activities. In all cases, AJF will comply with the terms of this Privacy Statement and the privacy policies applicable to those social media platforms or networks.

AROMA JOE'S® franchisees may sponsor their own social media pages or websites. Those franchisees and their activities are not subject to this Privacy Statement.

3.3. Franchisees, Prospective Franchisees and Development Agents

If you choose to submit an electronic application seeking consideration as a prospective AROMA JOE'S® franchisee through the Website, you agree that AJF may disclose your Personal Information to our affiliates within AROMA JOE'S® as well as to third-party service providers as part of the AROMA JOE'S® consideration of your franchise inquiry. Personal Information collected from prospective franchisees may include, but is not limited to name, address, telephone number, facsimile number, email address, date of birth, citizenship, educational background, criminal and other background checks, bank account information for Electronic Funds Transfer, financial statement, resume, litigation history, and taxpayer identification number.

All information, including Personal Information submitted by you as part of the application process, will become part of your franchise file should you choose to proceed and submit a franchise application.

By applying to become an AROMA JOE'S® Development Agent ("DA") via the Website, you will provide Personal Information in connection with that application.

3.3.1.1. Franchisee Non-Personal Business Contact Information

We may share a franchisee's non-personal business contact information and other business attributes such as (information to enable an individual at a place of business to be contacted and includes the name, position name or title, business telephone number and fax, business address, business email address, business mailing address, business geo-location information, business hours and approved menus) to our search engine and social networking site service providers for the benefit of having your business information accurate and available to the consumers.

Please note, although we do not control our service providers, we do restrict them from using a franchisee's business contact information for any reason other than for the purpose for which we contracted them to do, and to protect a franchisee's business contact information in accordance with all applicable local, state and federal laws and the general privacy principles described in our Privacy Statement.

3.4. All Internet Users - Cookies, Web Beacons, Internet Protocol (IP) Address, Aggregate Information

3.4.1.1. Cookies

Like many other websites, we use data collection devices such as "cookies" on certain web pages to help analyze our web page flow and measure promotional effectiveness. A cookie is a text-only string of information that a website transfers to the cookie file of the browser on your computer's hard disk so that the website can remember who you are. A cookie will typically contain the name of the domain from which the cookie has come, the 'lifetime' of the cookie, and a value, usually a randomly generated unique number. This helps us to provide you with a good experience when you browse our website and also allows us to improve our website and services.

A few important things you should know about cookies:

- AJF offers certain features that are available only through the use of cookies.
- AJF uses cookies to better your website experience.
- AJF uses cookies to help identify you and maintain your signed-in status.
- Most cookies are "session cookies," meaning that they are automatically deleted from your hard drive at the end of a session.
- You may encounter cookies from third parties on certain pages of the websites that AJF **does not** control. (For example, if you view a web page created by another user, there may be a cookie placed by that web page.)

You have the ability to accept or decline cookies by modifying the settings in your browser. However, you may not be able to use all the interactive features of the Websites if cookies are disabled.

If you use websites that employ Flash Player, a small Flash Cookie may be used. The purpose of using these cookies is to store your flash player preferences and to enhance your browsing experience. Flash cookies are stored on your computer in a similar way that standard cookies are stored on your computer, except they are stored in a different location. For that reason, it is not possible to block or manage Flash Cookies directly from your browser.

For additional information, and in order to manage or delete Flash Cookies, please visit Adobe's website by clicking here: <https://helpx.adobe.com/flash-player/kb/disable-local-shared-objects-flash.html>.

3.4.1.2. Web Beacons

AJF uses web beacons, also called “web bugs,” “pixel tags” or “clear GIFs, to help manage AJF’s online advertising and promotions.

Used in combination with cookies, a web beacon is an often-transparent graphic image, usually no larger than 1-pixel x 1 pixel, which is placed on a website or in an email, that is used to monitor the behavior of the user visiting the website or sending the email. When the HTML code for the web beacon points to a website to retrieve the image, at the same time it can pass along information such as the IP address of the computer that retrieved the image, the time the web beacon was viewed and for how long, the type of browser that retrieved the image and previously set cookie values.

Web beacons are typically used by a third-party to monitor the activity of a website. A web beacon can be detected by viewing the source code of a web page and looking for any IMG tags that load from a different server than the rest of the website. Turning off the browser's cookies will prevent web beacons from tracking the user's activity. The web beacon will still account for an anonymous visit, but the user's unique information will not be recorded.

AJF uses its web beacons to track which advertisements and promotions bring users to AJF’s website. This information does not include your name, address, telephone number or email address.

3.4.1.3. Internet Protocol (“IP”) Addresses and Log Files

An IP address is associated with your computer or mobile device's connection to the internet. AJF may use your IP address to help diagnose problems with AJF’s server, to administer the Websites and to maintain contact with you as you navigate through the Websites. Your computer's IP address also may be used to provide you with information based upon your navigation through the Websites. AJF does not link IP addresses to any Personal Information.

3.4.1.4. Anonymous and Aggregated Information

Anonymized and aggregated information is used for a variety of functions, including the measurement of visitors’ interest in and use of various portions or features of the Websites. Anonymized or aggregated information is not Personal Information, and AJF may use such information in a number of ways, including internal analysis, data analytics and research. We also may share anonymized or aggregated information with third parties for our or their purposes, but none of this information will allow anyone to identify you or to determine anything else personal about you.

4. NOTICE – WHAT DO WE DO WITH THE PERSONAL INFORMATION WE COLLECT?

First, of course, we use the Personal Information you provide us or that we collect to provide you with the products, services or information you have requested or to improve the functionality or your experience using our Websites.

We also may use your Personal Information to provide you with information concerning AROMA JOE'S® products or services in which we think you may have interest.

On some pages of our Website, we may allow third-party advertising partners to set web tracking tools (e.g., cookies and web beacons) to collect anonymous, non-Personal Information regarding your activities on those pages (e.g., your IP address, page(s) visited, time of day). We may also share such information we have collected with third-party advertising partners. These advertising partners may use this information (and similar information collected from other websites) for purposes of delivering future targeted advertisements to you when you visit other (non-AROMA JOE'S®) websites within their networks. This practice is commonly referred to as "interest-based advertising" or "online behavioral advertising."

Pages of our Website that collect information that may be used by such advertising partners for interest-based advertising purposes may be identified by a link to Ad Choices on the page.

5. CHOICE

You have the right to opt out of certain uses and disclosures of your Personal Information, as set out in this Privacy Statement. Prior to disclosing Sensitive Data to a third party or Processing Sensitive Data for a purpose other than its original purpose or the purpose authorized subsequently by you, AJF will endeavor to obtain your explicit consent (opt-in). Where consent for the Processing of Personal Information is otherwise required by law or contract, AJF will comply said law or contract, or withdraw its request for Sensitive Data.

NOTE: If you participate in any Promotion, the Personal Information that you provide AJF will be handled in accordance with the privacy rules applicable to that Promotion to the extent they differ from this Privacy Statement.

5.1. “Do Not Track”

Do Not Track (“DNT”) is a privacy preference that users can set in certain web browsers. DNT is a way for users to inform websites and services that they do not want certain information about their webpage visits collected over time and across websites or online services. AJF is committed to providing you with meaningful choices about the information collected on the Websites for third-party purposes, and that is why AJF provides the Digital Advertising Alliance (“DAA”) opt-out link here <http://www.aboutads.info/choices/>. However, we do not recognize or respond to browser-initiated DNT signals.

5.2. CONSENT TO EMAIL COMMUNICATIONS.

Your consent to email communications is set out in the AROMA JOE'S® Website Terms of Use. See those Terms of Use for more information.

5.3. Where We Store Your Personal Information

All Personal Information sent or collected via the Websites is currently stored in the United States of America, either on our servers, the servers of our affiliates or the servers of our service providers. By using the Websites, you consent to the storage of your Personal Information in these locations.

6. ACCESS

Where allowed by law, you may use any of the methods set out in Section 10 of this Privacy Statement to obtain confirmation that AJF is Processing Personal Information about you, and request access, corrections or deletions to Personal Information held about you by AJF, including where Personal Information is Processed in violation of this Privacy Statement. Such requests will be Processed in line with applicable local, state and federal laws, where it is legally permissible to do so. Although AJF makes good faith efforts to provide access, there may be circumstances where AJF is unable to do so, including but not limited to: where the information contains legal privilege, would present a security risk, would compromise others' privacy, or where it is commercially proprietary. If AJF determines that access should be restricted in any particular instance, we will endeavor to provide you with an explanation of why that determination has been made and a contact point for any further inquiries.

If necessary, AJF's Privacy Officer will contact another individual to assist in completing your requested task. To protect your privacy, AJF will take commercially reasonable steps to verify your identity before granting access to or making any changes to your Personal Information.

7. DATA INTEGRITY – INFORMATION PURPOSE LIMITATION

AJF retains the Personal Information we receive as described in this Privacy Statement for as long as you use our Websites or as necessary to fulfill the purpose(s) for which it was collected, provide our services, resolve disputes, establish legal defenses, conduct audits, pursue legitimate business purposes, enforce our agreements and in a manner that is consistent with best practice standards in the data security industry. Comply. Your consent to such purpose(s) remains valid after termination of AJF's relationship with you.

8. ONWARD SHARING

AJF does not sell Personal Information to third parties. AJF may share Personal Information with our service providers, consultants and affiliates for our and our affiliates' internal business purposes or to provide you with a product or service that you have requested. Except as described in this Privacy Statement, AJF will not share Personal Information with a third party unless a customer or prospective employee requests or consents to such disclosure, or disclosure is required or authorized by law.

Payment information will be used and shared only to effectuate your order and may be stored by our service provider for purposes of future orders.

AJF requires our service providers to agree in writing to maintain the confidentiality and security of Personal Information they maintain on behalf of AJF, including to provide at least the same level of protection as required by all applicable local, state and federal Data Protection and Security Laws, not to use it for any purpose other than the purpose for which AJF retained them and to notify AJF if they make a determination they can no longer comply with that obligation. With respect to onward

transfers to third-party agents certain Data Protection Laws require that AJF remain liable should such agents Process Personal Information in a manner inconsistent with their countries Data Protection Principles.

Your Personal Information is considered a company asset and may be disclosed or transferred to a third party in the event of a proposed or actual purchase, any reorganization, sale, lease, merger, joint venture, assignment, amalgamation or any other type of acquisition, disposal or financing of all or any portion of our business or of any of the business assets or shares (including in connection with any bankruptcy or similar proceeding) of AJF or a division thereof, in order for you to continue to receive the same products and services from, or to continue the same or similar relationship with, the third party.

Although AJF makes every effort to preserve user privacy, AJF reserves the right to disclose Personal Information to a third party in certain limited circumstances, including: (i) to comply with a law, regulation, search warrant, subpoena, judicial proceeding, a court or administrative order, or as otherwise may be required by law; (ii) in response to lawful requests by public authorities, including to meet national security or law enforcement requirements; (iii) to enforce AJF policies or contracts; (iv) to collect amounts owed to AJF; (v) to protect users of the Websites from fraudulent or abusive use; (vi) during emergencies when safety is at risk, as determined by AJF; (vii) where necessary for the establishment, exercise or defense of legal claims; (viii) in the good faith belief that disclosure is otherwise necessary or advisable. In addition, from time to time, server logs may be reviewed for security purposes – for example, to detect unauthorized activity on the Site. In such cases, server log data, containing IP addresses, would be shared with law enforcement bodies in order that they may identify users in connection with their investigation of the unauthorized activities.

9. SECURITY

Although "guaranteed security" does not exist, AJF and our affiliates and service providers use commercially reasonable measures that are designed to safeguard your Personal Information against loss, unauthorized access, use, modification, disclosure or other misuse.

Our payment processing service provider handles all payment information in connection with the Websites and is required to be PCI-compliant.

10. PRIVACY OFFICER CONTACT INFORMATION

If after reviewing this Privacy Statement, you would like to submit a request or you have any questions or privacy concerns, please contact:

Aroma Joe's Franchising, LLC, Attention: Data Security Coordinator 700 Technology Way,
Scarborough, ME 04074 Telephone Number: 1-(207)-517-1071

Email Address: cybersecurity@AromaJoes.com

AJF will address your concerns and attempt to resolve any privacy issues in a timely manner. If necessary, the Privacy Officer will contact another individual to assist in completing your requested task.

11. OTHER RIGHTS AND INFORMATION

11.1. Information Regarding Children

The Websites are not targeted towards children under the age of thirteen (13). AJF does understand that children under the age of thirteen (13) may still try to contact AJF and in so doing may voluntarily provide Personal Information to us. If you are a child under the age of thirteen (13), **PLEASE DO NOT** submit any Personal Information on the Websites. If you are a parent or legal guardian of a child whom you believe has submitted Personal Information to us, please contact our Privacy Officer using one of the methods set out in Section 10 of this Privacy Statement, and we will take prompt action to delete such information in accordance with applicable law.

11.2. Links to Third-Party Websites

Please note that the Websites may contain links to other websites for your convenience and information. AJF **does not** control third-party websites or their privacy practices, which may differ from those set out in this Privacy Statement. AJF does not endorse or make any representations about third-party websites. The Personal Information you choose to give to unrelated third parties is not covered by this Privacy Statement. AJF encourages you to review the privacy policies of other websites before submitting your Personal Information. Some third parties may choose to share their users' Personal Information with AJF; that sharing is governed by that company's privacy policy, not this Privacy Statement.

11.3. Changes to the Privacy Statement

AJF may update this Privacy Statement from time to time. When AJF posts changes to this Privacy Statement, we will also revise the "**LAST REVISED**" date posted at the top of the Privacy Statement. If there are any material changes to this Privacy Statement, AJF will notify you by email, by means of a notice on our home page or as otherwise required by applicable law. AJF encourages you to review this Privacy Statement periodically to be informed of how AJF is protecting your information and to be aware of any changes to AJF's Privacy Statement. Your continued use of the Websites after the posting or notice of any amended Privacy Statement shall constitute your agreement to be bound by any such changes.

Any changes to this Privacy Statement take effect immediately after being posted by AJF.

11.4. Other Relevant Policies

This Privacy Statement may be supplemented by one or more country- or application-specific privacy statements or terms of use (each a "Specific Policy"). In the event of conflict between this Privacy Statement and any such Specific Policy, the applicable Specific Policy will control, except that in all cases, where applicable, the Privacy Shield Principles will prevail over any contrary provision regardless of the Specific Policy in which such provision appears.

EXHIBIT H

GENERAL RELEASE

This GENERAL RELEASE ("Release") dated _____ between Aroma Joe's Franchising, LLC ("Aroma Joe's") and _____ ("SELLER").

FOR VALUABLE CONSIDERATION RECEIVED, the parties agree:

1. The Franchise Agreement executed by SELLER dated _____ (the "Agreement") for Aroma Joe's® Franchise # _____, is hereby terminated.
2. SELLER hereby releases Aroma Joe's and its affiliates, and the shareholders, directors, officers, employees and agents of Aroma Joe's, and its affiliates (including but not limited to Aroma Joe's Franchising, LLC's Development Agent (DA) servicing SELLER and the DA's affiliates, and the shareholders, directors, officers, employees and agents of that DA and his affiliates) from all claims that SELLER may have against Aroma Joe's Franchising, LLC and/or the other released parties, of every kind and description whatsoever, whether in contract, tort, strict liability or statutory, that now exist or have accrued as of the date of this release, regardless of whether the claim arises out of or relates to the Agreement. Aroma Joe's Franchising, LLC hereby releases SELLER and SELLER's shareholders, directors, officers, employees, agents and affiliates from all claims that Aroma Joe's Franchising, LLC may have against SELLER of every kind and description whatsoever, whether in contract, tort, strict liability or statutory, that now exist or have accrued as of the date of this Release, arising out of or related to the Agreement.

Notwithstanding the foregoing, this Release does not affect any outstanding compliance matters or any continuing obligations of the parties under any other franchise agreements between the parties, or the obligations under the Agreement which by their terms or by implication are intended to survive the termination of the Agreement, including, but not limited to, any claim for indemnification, the nondisclosure and noncompetition restrictions, and any and all clauses related to dispute resolution, damages waivers, and selection of jurisdiction on SELLER.

3. Unless the SELLER still has an operating Aroma Joe's® Franchise after the execution of this Release, as to which this paragraph shall not apply, the SELLER agrees they shall comply with the provisions of Section 8g (which may have been subsequently modified by an Addendum, Rider or Amendment) of his Franchise Agreement dated _____. SELLER is also advised that the penalty for breach of this provision shall include any applicable gross receipts tax, sales tax, or other tax imposed on the person paying or receiving the payment.
4. SELLER acknowledges that this Release shall be a complete defense to any claim released under Paragraph 2 above and hereby consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such claim.
5. If any material provision of this Release is held by any court to be invalid under any law or unenforceable as against public policy, the parties shall in good faith negotiate a replacement provision intended to provide rights comparable to those deemed invalid or unenforceable.
6. SELLER and Aroma Joe's each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it/him/her.

IN WITNESS WHEREOF, the parties have executed this Release, as of the date first written above.

SELLER

AROMA JOE'S FRANCHISING, LLC

Name: _____

Title: _____

**EXHIBIT I - STATE-SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT,
AND AREA DEVELOPMENT AGREEMENT**

The following modifications are to the Aroma Joe's Franchising, LLC, Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__, and Area Development Agreement dated _____, 20__.

The provisions of this State Law Addendum to the Franchise Disclosure Document, Franchise Agreement, and/or Area Development Agreement ("**State Addendum**") apply only to those persons residing or operating AROMA JOE'S Businesses in the following states:

CALIFORNIA

The franchise agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 2000-20043).

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

Neither AROMA JOE'S, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling these persons from membership in such association or exchange.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement provides that the laws of Maine shall govern the Franchise Agreement. This provision may not be enforceable under California law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION AND INNOVATION OVERSIGHT AT www.dfpi.ca.gov.

HAWAII

This proposed registration is or will be shortly on file in the states of California, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

No states have refused, by order or otherwise, to register these franchises.

No states have revoked or suspended the right to offer these franchises.

ILLINOIS

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

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

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

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

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

INDIANA

Although Paragraph 10 of the Franchise Agreement provides that Maine law is the governing law and that jurisdiction and venue lie in Maine, Indiana Code, Title 23, Article 2, Chapter 2.7, §1(10) provides that it shall be unlawful for any franchise agreement to limit litigation brought for breach of the agreement in any manner whatsoever. To the extent the provisions of the Franchise Agreement are inconsistent with the terms of the Indiana Code, in Indiana the terms of the Indiana Code will control.

Notwithstanding any provisions of the Franchise Agreement that may purport to operate as a waiver by the franchisee, Indiana Code, Title 23, Article 2, Chapter 2.7, §1(5) provides that it shall be unlawful to require a franchisee prospectively to assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability to be imposed by the foregoing chapter. To the extent any provisions of the Franchise Agreement are inconsistent with the foregoing provision of the Indiana Code, in Indiana the terms of the Indiana Code will control.

Indiana Code, Title 23, Article 2, Chapter 2.7, § 1(9) provides that it shall be unlawful for any franchise agreement to contain a provision requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of such a provision in the Agreement, an area of reasonable size, upon termination of or failure to renew the franchise. To the extent the provisions of the Franchise Agreement are inconsistent with the terms of the Indiana Code, in Indiana the terms of the Indiana Code will control.

As disclosed in Item 1, AROMA JOE'S operates a business of the type being offered to you. Nothing in the Franchise Agreement would prohibit a business established by AROMA JOE'S from competing with your franchised business; however, Indiana Code, Title 23, Article 2, Chapter 2.7 § 1(2) makes it unlawful for a franchisor to "compete unfairly with the franchisee within a reasonable area."

MARYLAND

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

"Unopened Franchises: The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet."

The Disclosure Document, Franchise Agreement, and Area Development Agreement are amended as follows.

1. Item 17 of the Franchise Disclosure Document, and Sections 7 & 9 of the Franchise Agreement (FA) require franchisee to execute a release or waiver of rights as a condition of renewal, sale and/or assignment/transfer. The general release required as a condition of renewal, sale, and/or assignment /transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FDD: Item 17

FA: Section 7 & 9

2. The Franchise Disclosure Document, and Franchise Agreement require a Franchisee to sue in a State other than Maryland and are amended to expressly permit a Franchisee to file a civil lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

FDD: Item 17

FA: Sections 10, 13 & 18 7 Recital K

3. Item 17 of the Franchise Disclosure Document and Sections 8 & 10.g of the Franchise Agreement state that if the Franchisee is declared bankrupt then Aroma Joe's may terminate the agreement without an opportunity to cure. This provision may not be enforceable under current U.S. Bankruptcy Laws.

FDD: Item 17

FA: Sections 8 & 10.g

4. To the extent that the Franchise Agreement, and Franchise Disclosure Questionnaire require prospective franchisees to disclaim the occurrence and/or acknowledge the non- occurrence of acts that would constitute a violation of the Franchise Law in order to purchase a franchise, the Franchise Agreement, and Franchise Disclosure Questionnaire are amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FDD: Exhibit A-1

FA: Sections 16 & 21

5. Item 5 of the Franchise Disclosure Document and Section 1 of the Franchise Agreement are amended to state that: "All initial fees and payments to franchisor shall be deferred until such time as the franchisor completes its initial obligations and the outlet opens."
6. Item 5 of the Franchise Disclosure Document and Section 6 of The Area Development Agreement are amended to state that: "In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."
7. The Franchise Agreement is amended to state that: "Recitals F, H, I and J are not applicable to the residents of Maryland or to businesses to be operated in Maryland."
8. The FDD, Franchise Agreement, and Area Development Agreement, are amended with the following provision:

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

9. The Area Development Agreement is amended with the addition of the following provision:

"Nothing in the Agreement or in any related agreement is intended to disclaim the representation we made in the franchise disclosure document."

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 your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies,

equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

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

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

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

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

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

Minnesota Rules, 1995, Department of Commerce, Chapter 2860, Section 2860.4400D prohibits the franchisor from “requiring a franchisee to assert [sic] to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.” (See Item 17 M of the Disclosure Document).

To the extent that Section 10 of the Franchise Agreement is inconsistent with the provisions of Section 2060.4400D of the Rules, the Rules shall control.

Minnesota Statute Section 80C.21 provides “Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of this state, or, in the case of a partnership or corporation, organized or incorporated under the laws of this state, or purporting to bind a person acquiring any franchise to be operated in this state to waive compliance or which has the effect of waiving compliance with any provision of sections 80C.01 to 80C.22 or any rule or order thereunder is void.” (See Item 17W of the Disclosure Document).

Paragraph 13 of the Franchise Agreement shall be amended by adding the following at the end of Paragraph 13:

Minnesota Statute Section 80C.21 provides “Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of this state, or, in the case of a partnership or corporation, organized or incorporated under the laws of this state, or purporting to bind a person acquiring any franchise to be operated in this state to waive compliance or which has the effect of waiving compliance with any provision of sections 80C.01 to 80C.22 or any rule or order thereunder is void.”

Minnesota Rules, 1995, Department of Commerce, Chapter 2860, Section 2860.4400J prohibits the franchisor from “requiring a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.” (See Item 17V of the Disclosure Document).

To the extent that Paragraph 13 of the Franchise Agreement is inconsistent with the provisions of Section 2860.4400J of the Rules, the Rules shall control.

For franchises governed by Minnesota law, AROMA JOE'S will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of its Franchise Agreement. (See Item 17(f) of the Disclosure Document).

Paragraph 8 of the Franchise Agreement shall be amended by adding the following additional Subparagraph XII(E).

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

AROMA JOE'S will indemnify you for damages for which you are held liable in any proceeding arising out of the use of the "AROMA JOE'S" and other marks listed under Item 13 of the Disclosure Document, if you have used the marks properly and have notified AROMA JOE'S of any claim against you within ten days of your knowledge of the claim. AROMA JOE'S must have sole control of any litigation involving the marks. (See Item 13 of the Disclosure Document).

NEW YORK

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

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

Item 3 of the Franchise Disclosure Document is supplemented with the following:

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

No such party has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

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

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

No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 17 (c) titled "Requirements for franchisee to renew or extend," and Item 17 (m) titled "Conditions for franchisor approval of transfer," are supplemented with the following additions to the end of the "Summary" sections:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 684(4) and 687(5) be satisfied.

Item 17 (d) titled "Termination by franchisee" is amended by deleting the "Summary" section and substituting the following in lieu thereof:

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

Item 17 (v) titled "Choice of forum" and Item 17 (w) titled "Choice of law" are supplemented with the following:

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

NORTH DAKOTA

To the extent that Section 5 (g) of this Franchise Agreement conflict with the provisions of North Dakota law regarding restrictive covenants (N.D.C.C., Sec. 9-08-06), such restrictive covenants may not be enforceable by Franchisor, in which event Franchisor shall otherwise retain its rights and remedies at common law.

Sections 10 and 13 of the Franchise Agreement provides that Maine law governs the agreement except for certain provisions. As required by North Dakota law, the North Dakota Franchise Investment Law will prevail over Maine law to the extent of any conflict.

Section 10 of the Franchise Agreement provides that all lawsuits filed by Franchisee relating to the Franchise Agreement shall be filed in Maine. Because the North Dakota law provides that provisions restricting venue or the forum for resolution of disputes to a site outside North Dakota are void, Section 10 (b) of the Franchise Agreement is amended by adding the following to the end of the paragraph:

“venue and forum shall be proper in any jurisdiction with proper subject matter and personal jurisdiction, including North Dakota.”

Item 17(u) of the Disclosure Document and Section 10(b) of the Franchise Agreement provide for arbitration of disputes to be held in Maine. In accordance with Section 51-19-09 of the North Dakota Franchise Investment Law, Item 17(u) of the Disclosure Document and Section 10(b) of the Franchise Agreement are hereby amended to provide the site of mediation be agreeable to all parties and may not be remote from the franchisee’s place of business.

Section 18 of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This provision is inconsistent with Section 51-19-09 of the North Dakota Franchise Investment Law and is deleted in its entirety.

RHODE ISLAND

§19-28.1-14 OF The Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

SOUTH DAKOTA

Item 17 of the Disclosure Document and Section 8(f) of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.”

Item 17 of the Disclosure Document and Section 13 of the Franchise Agreement are amended by the addition of the following language:

“Notwithstanding the foregoing, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, which provides that “any provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under [SDCL Ch. 37-5B].” As to contractual and other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of the State of Maine.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for AROMA JOE’S for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The State of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver or rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisors reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WISCONSIN

The State of Wisconsin has a statute, the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There

may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Wisconsin Franchise Investment Law, Wis. Stat. § 553.01, et. seq., and Wis. Adm. Code Chapter DFI-Sec. 31.01, et seq., shall prevail.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20__, and/or the Area Development Agreement dated the ____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

DATED this ____ day of _____, 20__.

FRANCHISOR:

FRANCHISEE:

AROMA JOE'S FRANCHISING, LLC

By:_____

By:_____

Title:_____

Title:_____

EXHIBIT J – AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement"), made this _____, by and between AROMA JOE'S FRANCHISING, LLC, a Florida Limited Liability Company having an address of 700 Technology Way, Scarborough, ME 04074 ("Aroma Joe's"), and _____ whose principal address is _____, an individual/partnership/corporation/limited liability company established in the state of _____ ("Grantee") (Aroma Joe's and Grantee may collectively hereinafter be referred to as the "Parties").

WITNESSETH

WHEREAS, Aroma Joe's operates and franchises others to operate coffee shops under the trade name, trademark and service mark Aroma Joe's® using certain recipes, business methods, business forms and business policies it has developed and acquired. Aroma Joe's has also developed and acquired a body of knowledge pertaining to the establishment and operation of Coffee Shops (hereinafter the "Franchised Business"); and

WHEREAS, Aroma Joe's and Grantee have entered into a Franchise Agreement dated _____, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement grants the right to operate a franchise of Aroma Joe's in the City of _____ in the State of _____; and

WHEREAS, in addition to carrying out its obligations under the Franchise Agreement, Grantee desires to acquire, own and operate additional franchises of the Franchised Business throughout the Territory; and

WHEREAS, Aroma Joe's is willing to provide Grantee an option to acquire, own and operate additional franchises of the Franchised Business in the Territory under the terms and conditions set forth herein; and

WHEREAS, the Grantee and the Aroma Joe's acknowledge and understand that this Agreement is not a franchise agreement, and that a franchise is not created by execution of this Agreement.

NOW, THEREFORE, the Parties, in consideration of the undertakings and commitments of each party to the other set forth herein, the execution and delivery by the Grantee of the Franchise Agreement, the sum of _____ in hand paid (the "Option Fee"), and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the Parties hereby agree as follows:

OPTION GRANT: Aroma Joe's hereby grants to Grantee throughout the Term of this Agreement the exclusive option to acquire, own and operate any and all future franchises of the Franchised Business (each an "Additional Franchise") in or about the city of _____. Each Additional Franchise to be developed shall be located in the geographic area more specifically described in Exhibit "K-1" to this Agreement (the "Territory"). Grantee may establish multiple Additional Franchises within the Territory, subject to Aroma Joe's guidelines as in effect from time to time, and the Development

Schedule. Failure by Grantee to adhere to the Development Schedule shall constitute a default under this Agreement.

1. AROMA JOE'S OBLIGATIONS: Aroma Joe's obligations under this Agreement shall be as follows:

- a. Aroma Joe's will not grant a franchise for the Franchised Business to any person or entity other than Grantee and the persons described in Section 1(d) hereof within the Territory during the Term of this Agreement.
- b. In the event Grantee from time to time exercises its option to own and operate an Additional Franchise in the Territory, Aroma Joe's shall enter into a franchise agreement with Grantee (each an "Additional Franchise Agreement") for each such Additional Franchise, containing terms and conditions of Aroma Joe's then-current franchise agreement.
- c. The granting of a Franchised Business to the Grantee for one or more franchises outside of the Territory shall not affect the exclusive option granted hereby. The granting of a Franchised Business to the Grantee for one or more franchises outside of the Territory shall not affect the Development Schedule, which shall continue in full force and effect for the Term of this Agreement.
- d. Each Additional Franchise shall be owned and operated by either (i) the Grantee; (ii) a corporation, limited liability company or other legal entity in which the Grantee and/or individuals who own 100% of the equity interests (an "Affiliated Entity") who are identical to the individuals who own the corporation, limited liability company or other legal entity who own Grantee at the time of the execution of this Agreement; or (iii) a corporation, limited liability company or other legal entity in which the Grantee and/or an Affiliated Entity share equity ownership with one or more other individuals, each of whom has completed any and all training programs required by Aroma Joe's for its new franchisees, otherwise complies in all respects with the Additional Franchise Agreement for such Additional Franchise, and is otherwise reasonably acceptable to Aroma Joe's.

2. GRANTEE'S OBLIGATIONS: Grantee's obligations under this Agreement shall be as follows:

- a. Grantee shall be at the time of execution of this Agreement and shall remain throughout the Term of this Agreement in full compliance with the Franchise Agreement and all Additional Franchise Agreements between Grantee and Aroma Joe's.
- b. If at any time a default has occurred under the Franchise Agreement or any such Additional Franchise Agreement which has not been cured within the applicable grace or cure period, then Aroma Joe's obligations under this Agreement shall terminate, and this Agreement shall be of no further force or effect.
- c. The Grantee must contribute some amount of his/her/its personal capital to the development of each Additional Franchise and must own at least a fifty-one percent (51%) equity interest in each Additional Franchise developed hereunder. In addition, Grantee shall ensure that any person having at least a twenty percent (20%) beneficial equity interest in any Additional Franchise.
- d. If Grantee is a partnership, corporation, limited liability company or some other form of entity, then Grantee shall appoint, subject to Aroma Joe's approval, a Designated Manager

who shall complete any and all training required by Aroma Joe” and at all times devote his or her full time and attention to managing, supervising, and operation of the initial Franchised Business referenced in the Franchise Agreement, each Additional Franchise and Grantee’s obligations set forth in this Agreement.

In the event the Designated Manager fails to complete the initial training program to Aroma Joe’s reasonable satisfaction, a substitute manager may be selected by Grantee and such substitute manager must complete the initial training to Aroma Joe’s reasonable satisfaction, prior to opening in the initial Franchised Business referenced in the Franchise Agreement. Grantee shall pay Aroma Joe’s then current cost of training, if any, for such substitute manager.

If, during the term of this Agreement, the Designated Manager is not able to continue to serve in the capacity of Designated Manager, Grantee shall promptly notify Aroma Joe’s and designate a replacement within thirty (30) days after the Designated Manager ceases to serve, such replacement being subject to the same qualifications and restrictions listed above. Grantee shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Such replacement must complete the training program described above within ninety (90) days after the Designated Manager ceases to serve as the Designated Manager. Any failure to comply with the requirements of this subsection shall be deemed a material event of default under this Agreement.

From time-to-time Aroma Joe’s may provide and, if it does, may require that Grantee and/or its Designated Manager to attend and successfully complete ongoing training programs including refresher training, seminars, classes, and/or meetings. Attendance at ongoing training programs shall be at Grantee’s sole expense including, without limitation, travel costs, room, and board expenses and employee salaries. Attendance for ongoing training shall not be required more than one (1) session and shall not exceed forty (40) hours over one (1) week in any calendar year.

3. NOTICES. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery services, or mailed by certified mail return receipt requested, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the addresses set forth at the beginning of this Agreement unless and until a different address has been designated by written notice to the other party.
4. TERM. Unless terminated earlier pursuant to the terms set forth in this agreement, this Agreement shall remain in effect for a period of Ten (10) years from the date first set forth above (the “Term”).
5. DEVELOPMENT SCHEDULE. Grantee shall open and continuously operate the Additional Franchises on or before the dates listed in this Development Schedule:

<u>Unit Number</u>	<u>Franchise Agreement</u> <u>(FA#)</u>	<u>Required Opening Date</u>	<u>Notes</u>
<u>1</u>			
<u>2</u>			
<u>3</u>			

For the purposes of this Agreement open for business shall be defined as the date the Additional Franchise begins selling any product to the public.

Grantee shall be permitted to open Additional Franchises in excess of the number of the Additional Franchises set forth in the Development Schedule subject to the prior written approval of Aroma Joe's if, in Aroma Joe's sole discretion, Aroma Joe's determines that the Territory could support Additional Franchises beyond those developed under the Development Schedule.

Grantee may, at Grantee's option, permit a third-party bona fide Aroma Joe's franchisee to develop, construct, open, and operate an Aroma Joe's franchise location within the Territory. Any Aroma Joe's coffee franchise developed, and permitted by Grantee, by a third-party franchisee shall be counted as an Additional Franchise under the terms of this Development Schedule. If Grantee exercises its rights under this paragraph, Grantee shall not be entitled to any refund of any portion of the Option Fee, and Grantee shall be relieved of its obligations under section 2.c. of this Agreement.

6. **DEVELOPMENT FEE.** In consideration of the development rights granted herein, you must pay to us a development fee (the "Development Fee") in an amount equal to \$25,000 for the first Unit as the Initial Franchise Fee, plus a reduced Initial Franchise Fee of \$15,000 for each Unit we grant you the right to develop after your first. The Total Development Fee of \$ shall be payable in full upon execution of this Agreement. **All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Grantee opens any of the Additional Franchises it is obligated to open in the Territory.**
7. **DEFAULT AND TERMINATION.** Grantee shall be in default under this Agreement should Grantee (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Aroma Joe's in good standing; (d) cease to be in substantial compliance with the terms and conditions of the Franchise Agreement or any Additional Franchise Agreement; or (e) fail to maintain the minimum number of Additional Franchises for the remainder of the term of this Agreement.
 - a. Upon the default, Aroma Joe's shall have the right, at its option, and in its sole discretion, to do any or all of the following:
 - i. Terminate this Agreement;
 - ii. Terminate the territorial exclusivity granted to Grantee;

- iii. Reduce the size of the Grantee's Territory or the number of Additional Franchises Grantee may develop in the Territory; or
- iv. Accelerate the Development Schedule on immediate written notice. In addition, if any individual Franchise Agreement issued to Grantee, whether or not issued pursuant to this Agreement, is terminated for any reason, Aroma Joe's shall have the right to terminate this Agreement on immediate written notice to Grantee.

Upon termination, or expiration of the Term, of this Agreement, this Agreement shall be of no further effect, and Aroma Joe's shall have the right to itself open, or license others to open, franchises within the Territory.

8. ASSIGNMENT & TRANSFER.

- a. By Aroma Joe's. Aroma Joe's shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement.
- b. By Grantee. Grantee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Grantee and are granted in reliance upon the personal qualifications of Grantee or Grantee's principals. Grantee has represented to Aroma Joe's that Grantee is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.
- c. At any time during the Term, the Grantee may assign or transfer an individual franchise in the Territory to a third party in accord with the terms and conditions of that franchise's franchise agreement, and Aroma Joe's then-current transfer policies and procedures. So long as the transferred franchise continues to be in operation in the Territory, the franchise will be counted as an Additional Franchise under the Development Schedule. If a transferred franchise ceases operation for any reason, the Grantee shall have Eighteen (18) months from the date the transferred location ceases operation to develop an Additional Franchise.

- 9. CONFIDENTIALITY. The Grantee agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of [name of holder of franchise rights] unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Grantee may disclose the terms of this Agreement to its professional advisors and lenders. Aroma Joe's shall be free to make the disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Aroma Joe's.

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

- a. It is acknowledged and agreed that Grantee and Aroma Joe's are independent contractors, and nothing contained herein shall be construed as constituting Grantee as the agent, partner or legal representative of Aroma Joe's for any purpose whatsoever. Grantee shall enter into contracts for the development of the Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and

management of its agents and employees. Grantee acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Aroma Joe's, or to bind Aroma Joe's by any representations or warranties and agrees not to hold itself out as having this authority.

- b. Grantee agrees to protect, defend, indemnify and hold Aroma Joe's harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of or in connection with Grantee's carrying out its obligations hereunder.

11. ACKNOWLEDGEMENTS.

- a. Grantee acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Territory agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Aroma Joe's does not represent that all Territory agreements or franchise agreements are or will be identical.
- b. Grantee acknowledges that it is not, nor is it intended to be, a third-party beneficiary of this Agreement or any other agreement to which Aroma Joe's is a party.
- c. Grantee represents to Aroma Joe's that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Grantee.

12. ARBITRATION OF DISPUTES.

- a. Any dispute, controversy or claim arising out of or relating to this Agreement or the breach thereof will be settled by arbitration to be administered by either the American Arbitration Association ("AAA") or its successor or the American Dispute Resolution Center or its successor ("ADRC") at the discretion of the party first filing a demand for arbitration. AAA will administer the arbitration in accordance with its administrative rules including, as applicable, the Commercial Rules of the AAA and the Expedited Procedures of such rules). ADRC will administer the arbitration in accordance with its administrative rules (including, as applicable, the Rules of Commercial Arbitration or under the Rules for Expedited Commercial Arbitration). If both AAA and ADRC are no longer in business, then the Parties will mutually agree upon an alternative administrative arbitration agency. If the Parties cannot mutually agree, then the Parties agree to take the matter to a court of competent jurisdiction to select the agency. Judgment rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs of the arbitration will be shared equally by the Parties, except as otherwise provided in this Agreement. The Parties also agree that neither party will pursue class claims. The Parties further agree not to consolidate the arbitration with any other proceedings, except for arbitrations in which Grantee and Aroma Joe's are the sole Parties. The Parties will honor validly served subpoenas, warrants and court orders.

The Parties further agree that only depositions for the sole purpose of preserving testimony may be conducted and that any documents exchanged between the Parties as part of the discovery process must be returned or destroyed (with proof of destruction) within thirty (30) days of final judgment or dismissal of the arbitration.

- b. The Parties agree that Portland, Maine will be the site for all arbitration hearings, and the arbitration will be held before a single arbitrator, not a panel.
 - c. Grantee may only seek damages or any remedy under law or equity for any arbitrable claim against Aroma Joe's Franchising, LLC or our successors or assigns. Grantee agrees intended beneficiaries of the arbitration clause including our Affiliates, shareholders, directors, officers, employees, agents and representatives, and their affiliates, will be neither liable nor named as a party in any arbitration or litigation proceeding commenced by Grantee where the claim arises out of or relate to this Agreement. If Grantee names a party in any arbitration or litigation proceeding in violation of this Subparagraph 12(d), Grantee will reimburse Aroma Joe's for reasonable costs incurred, including but not limited to, arbitration fees, court costs, lawyers' fees, management preparation time, witness fees, and travel expenses incurred by Aroma Joe's or the party.
 - d. Any disputes concerning the enforceability or scope of the arbitration clause will be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. §1 et seq. ("FAA"), and the Parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of the arbitration clause in this Agreement. The Parties agree to waive any right to disclaim or contest this pre-dispute arbitration agreement.
 - e. A party will be in default of this Agreement if it i) commences action in any court in violation of this Paragraph 12 prior to an arbitrator's final decision (except as otherwise allowed by this Agreement, including to compel arbitration), or ii) commences litigation proceeding in any forum except where permitted by this Paragraph 12. The defaulting party must commence arbitration or litigation, (as applicable and only if permitted) in compliance with this Paragraph 12 prior to any award or final judgment. The defaulting party will also be responsible for the expenses the other party incurs to enforce Subparagraph 12(a), including but not limited to filing fees, court costs, attorneys' fees and travel expenses. However, if a court of competent jurisdiction deems the arbitration clause unenforceable after all appeals have been exhausted, the defaulting party will not be responsible for such costs.
 - f. Subject to federal or state law, if a party defaults under any other provision of this Paragraph 12, Paragraph 17 or Paragraph 18, including, but not limited to, making a claim for special, incidental, consequential, punitive, or multiple damages, or damages in excess of the amount permitted, or Grantee names a person or entity in any arbitration or legal proceeding other than Aroma Joe's Franchising, LLC, the defaulting party must correct its claim and will be responsible for all expenses incurred by the other party, or the improperly named persons or entities, including lawyers' fees, and will be liable for abuse of process.
 - g. The parties agree that all statutes of limitations provided for in the governing law that is applied to the arbitration shall have full force and effect.
13. TERMS, REFERENCES AND HEADINGS. All terms and words in this Agreement will be deemed to include the correct number, singular or plural, and the correct gender, masculine, feminine, or neuter, as the context or sense of this Agreement may require. Each individual signing this Agreement as the Grantee will be jointly and severally liable. References to "Grantee" will include all such individuals collectively and individually. References to dollars (\$) in this Agreement refer to the lawful money of the United States of America. The paragraph headings

do not form part of this Agreement and shall not be taken into account in its construction or interpretation.

14. **GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the substantive laws of the State of Maine, without reference to its conflicts of law, except as may otherwise be provided in this Agreement. The parties acknowledge that in order to achieve consistency in the interpretation and enforcement of this Agreement throughout the United States, Maine law will govern this Agreement, unless the law of the State where the Additional Franchises are located require application of local law.
15. **AMENDMENTS.** Any amendment to this Agreement must be made only by a written agreement, except Aroma Joe's may amend the Development Schedule from time to time as provided in this Agreement.
16. **THE SUCCESS OF THE GRANTEE IN MANAGING AND OPERATING MULTIPLE ADDITIONAL FRANCHISES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, GRANTEE'S INDEPENDENT BUSINESS ABILITY. GRANTEE HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE ADDITIONAL FRANCHISES RESTS SOLELY WITH GRANTEE. GRANTEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY AROMA JOE'S TO INDUCE GRANTEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. AROMA JOE'S HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO GRANTEE AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER GRANTEE'S BUSINESS. GRANTEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY AROMA JOE'S OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.**
17. **LIMITATIONS ON DAMAGES.**
 - a. EACH PARTY WAIVES, WITHOUT LIMITATION, ANY RIGHT IT MIGHT OTHERWISE HAVE TO ASSERT A CLAIM FOR AND/OR TO RECOVER LOST PROFITS AND OTHER FORMS OF CONSEQUENTIAL, INCIDENTAL, CONTINGENT, PUNITIVE AND EXEMPLARY DAMAGES FROM THE OTHER EXCEPT AS PROVIDED HEREIN. EACH PARTY'S LIABILITY WILL BE LIMITED TO ACTUAL COMPENSATORY DAMAGES. EACH PARTY ACKNOWLEDGES THAT IT HAS HAD FULL OPPORTUNITY TO CONSULT WITH COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL, AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.
 - b. ACTUAL COMPENSATORY DAMAGES REFERENCED ABOVE IN SUBPARAGRAPH 17(a) SHALL NOT EXCEED THE GREATER OF (1) \$100,000.00 OR (2) AT YOUR SOLE OPTION, ALL AMOUNTS PAID TO AROMA JOE'S FOR THE OPTION FEE FOR THIS AGREEMENT FOR UP TO THREE YEARS PRECEDING THE DATE OF ANY AWARD HEREIN.

18. WAIVER OF JURY TRIAL. EACH PARTY WAIVES, WITHOUT LIMITATION, ANY RIGHT IT MIGHT OTHERWISE HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THIS WAIVER IS EFFECTIVE EVEN IF A COURT OF COMPETENT JURISDICTION DECIDES THAT THE ARBITRATION PROVISION IN PARAGRAPH 12 IS UNENFORCEABLE. EACH PARTY ACKNOWLEDGES THAT IT HAS HAD A FULL OPPORTUNITY TO CONSULT WITH COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL, AND NOT THE RESULT OF UNEQUAL BARGAINING POWER. EACH PARTY AGREES THAT ANY SUCH TRIAL SHALL TAKE PLACE IN A COURT OF COMPETENT JURISDICTION IN MAINE.
19. CONSENT TO TERMS OF AGREEMENT. Grantee acknowledges Grantee has read and understands this Agreement, including any addenda and exhibits, and Grantee agrees to be bound by all of its terms and conditions.
20. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding of the parties with respect to the development of the Territory and shall not be modified except by a written agreement signed by the parties hereto. Where this Agreement and any Franchise Agreement between the Parties conflict with respect to initial training, the amount or payment terms of Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Grantee any rights to grant sub-franchises in the Territory. The provisions of this Agreement which by their terms are intended to and will survive the termination or expiration of this Agreement, include, but are not limited to, Paragraphs 3, 9, 10, 12, 14, 16, 17, and 18.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in multiple copies the day and year first above written.

**AROMA JOE'S FRANCHISING, LLC, A
Florida Limited Liability Company**

AROMA JOE'S DEVELOPMENT AGENT OF

Signature: _____

By: Dave Tucci, President

GRANTEE:_____

Signature: _____

By:

Its: Development Agent for _____

Signature: _____

By:

Its:

EXHIBIT J-1 TERRITORY

This map depicts the boundaries of the designated Territory, specific to the (Trade Area).

The map is provided for informational purposes to assist in defining the operational area for the franchised business.

By signing this agreement, the parties acknowledge that the boundaries represented herein reflect the most current available data as the time of this agreement. Any subsequent changes to municipal boundaries or ZIP code designations shall not automatically modify or alter the terms of this agreement unless explicitly agreed upon by all parties in writing.

{INSERT PICTURE OF TERRITORY OUTLINE}

- Any line drawn that corresponds with an existing roadway shall be assumed to have been drawn directly along the central median of the roadway as it exists as of the date of execution of the Agreement.
- Any line drawn that corresponds with an existing waterway shall be assumed to have been drawn directly along the center of the waterway as it exists as of the date of execution of the Agreement.
- Any line drawn that corresponds with an existing area code, zip code, or city limit shall be assumed to have been drawn directly along the area code, zip code, or city limit as it exists as of the date of execution of the Agreement, and shall remain as drawn regardless of whether an existing area code, zip code, or city limit may be redrawn by any governmental agency in the future.

EXHIBIT J-2-Personal Guaranty

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this ___ day of _____ 20___, by undersigned (each the "Guarantor").

In consideration of, and as an inducement to, Franchisor's execution of that certain Area Development Agreement and accompanying exhibits, on the date herewith ("Agreement") by Aroma Joe's Franchising, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Grantee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities referenced therein. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Grantee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Grantee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Grantee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Grantee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

[SIGNATURE PAGE FOLLOWS]

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

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
IN GRANTEE

Print Name:
Date:

_____%

Print Name:
Date:

_____%

Print Name:
Date:

_____%

Print Name:
Date:

_____%

Print Name:
Date:

_____%

EXHIBIT K – LIST OF FRANCHISEES

Below are the names, addresses, telephone numbers, and the year operations began for all existing AROMA JOE'S® coffee shops, in the United States and its territories as of December 31, 2025. All coffee shops in the list below that are owned by persons listed in Item 2 are identified in the lists below by an asterisk.

List of Operating AROMA JOE'S® Coffee Shops as Of December 31, 2025.

Shop	Stat	City	Address	Zip Code	Shop Telephone	Franchisees
128*	CT	Bristol	1235 Farmington Ave.	06010	860-973-4732	Henry Laughlin, Mark MacGregor, Loren Goodridge, Clayton Prugh
141*	CT	Waterbury	670 Wolcott Street	06705	203-527-6657	Henry Laughlin, Mark MacGregor, Loren Goodridge, Clayton Prugh
185*	CT	Berlin	458 Berlin Tpke	06037	516-449-7678	Loren Goodridge, Henry Laughlin, Mollie Menees
209*	CT	Southington	279 Queen Street	06489	860-863-8116	Mark MacGregor, Henry Laughlin, Loren Goodridge
84*	FL	Pompano Beach	1450 South Powerline Road	33069	954-532-0596	Tim McKenna, Marissa McKenna, Kaithlyn Mathews
152*	FL	Wilton Manors	2690 N. Andrews Ave	33311	954-530-6519	Tim McKenna, Marissa McKenna, Kaitlyn Mathews
64	MA	Leominster	200 New Lancaster Road	01453	978-401-2945	Brad Pacheco, Kevin Ahern
79	MA	Salisbury	1 Merrill Street	01952	978-255-4108	Nathaniel Higgins, Paul Casso
88	MA	Tewksbury	1583 Andover Street	01876	978-455-1370	Brad Pacheco, Kevin Ahern, Johnny Ahern
95	MA	Haverhill	87 Plaistow Road	01830	978-519-3941	Dana Spence, Harry Wesson
97	MA	Middleton	210 S. Main Street	01949	978-304-1456	Jamey Beland, Katherine Beland
103	MA	Swansea	755 GAR Highway	02777	508-300-3934	Bonnie Realejo, Victor Realejo, Jeff Realejo, Jonathan Realejo
106	MA	Salisbury	147 Bridge Street	01952	978-572-1145	Nathaniel Higgins, Paul Casso
110	MA	Raynham	325 New State Highway	02767	508-386-0653	Shaun Brooks, Jill Brooks
118	MA	Haverhill	727 S. Main Street	01835	978-914-7388	Kevin Silva, Jennifer Silva
120	MA	Mansfield	30 Reservoir Street	02048	774-719-0463	Bonnie Realejo, Victor Realejo, Jeff Realejo, Jonathan Realejo
126	MA	Methuen	Holy Family Hospital, 70 East St.	01844	978-653-4341	Lindsey Wilt, Corey Wilt
135	MA	Wrentham	1 Outlet Boulevard	02093	774-847-5146	Alex Koppel
147	MA	N. Easton	507 Foundry Street	02356	508-297-1739	Shaun Brooks, Jill Brooks
4*	ME	Sanford	931 Main St.	04073	603-749-7700	Mike Sillon, Brian Sillon
7*	ME	Berwick	67 School Street	03901	603-698-7105	Mike Sillon, Brian Sillon
8*	ME	Biddeford	547 Alfred Street	04005	207-602-1619	Mike Sillon, Brian Sillon
10	ME	Portland	519 Warren Ave	04103	207-518-9046	Mike Pelletier, Kim Pelletier
11*	ME	Sanford	1247 Main Street	04073	207-850-1045	Mike Sillon, Brian Sillon
12*	ME	South Berwick	170 Main Street	03908	207-704-0356	Mike Sillon, Brian Sillon
17*	ME	Wells	44 Sanford Road	04090	207-216-4798	Mike Sillon, Brian Sillon
18*	ME	Saco	1 Moody Street	04072	207-282-3341	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya
20*	ME	Waterville	84 KMD Plaza	04901	207-660-4218	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya
23	ME	Alfred	5 Biddeford Road	04002	207-850-9078	Steven Cantwell
29	ME	Lisbon Falls	692 Lisbon Street	04252	207-353-2016	Rich George
32*	ME	Oxford	1570 Main Street Suite 3	04270	207-743-7800	Loren Goodridge, Mark Carey, Tom FarrMaryna Shuliakouskaya
33*	ME	Kittery	89 Route 236	03904	207-703-2347	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya
35	ME	Windham	704 Roosevelt Trail	04062	207-893-8678	Kristal Duffy, Joel Woodward
37	ME	South Portland	443 Western Ave	04106	207-536-0513	Stephen Pracher, Zachary Camire
39*	ME	Orono	99 Park Street	04473	207-866-1109	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya
40	ME	Standish	10 Ossipee Trail West	04084	207-648-4171	Brendan O'Hazo, Ronia O'Hazo
44	ME	Waterboro	236 Main Street	04087	207-247-1352	Steven Cantwell
47	ME	Gray	6 Brown Street	04039	207-657-1182	David (Deke) Gillies, Jenn Gillies
49*	ME	Gorham	109 Main Street, Unit A	04038	207-222-2921	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya
51	ME	Kennebunk	76 Portland Road	04043	207-502-7755	Lori Vela, Sarah Johnson
57*	ME	Topsham	1 Second Street	04086	207-406-2453	Loren Goodridge, Allison Milliken
65	ME	Auburn	166 Center Street	04210	207-241-7038	Tulio DeAlmeida
66	ME	North Berwick	19 Main Street	03906	207-676-6975	Aaron Wiswell
68	ME	Bath	135 Leeman Highway	04530	207-389-6250	Mike Pelletier, Kim Pelletier
74	ME	Ellsworth	233 High Street	04605	207-664-0470	Mary Anne Spearin, Ronald Spearin
75*	ME	Sanford	42B Jagger Mill Road	04073	207-850-1085	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya, Kaitlyn Burnell
81	ME	Augusta	205 Western Ave	04330	207-480-1556	Stephen Pracher, Zachary Camire
82	ME	Brunswick	154.5 Pleasant Street	04011	207-560-8973	Rich George
91	ME	South Portland	633 Main Street	04106	207-430-0880	Kendal O'Gorman, Steve Hanscom
92*	ME	Scarborough	25 Saco Street	04074	207-222-0144	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya
104	ME	Scarborough	1 Bridges Dr.	04074	207-303-0101	Kendal O'Gorman, Steve Hanscom
105	ME	Lewiston	403 Sabattus Street	04240	207-312-5306	Tulio DeAlmeida
112	ME	Portland	295 Forest Avenue	04101	207-591-4432	Kendal O'Gorman, Steve Hanscom
114	ME	Raymond	1256 Roosevelt Trail	04071	207-655-6075	David (Deke) Gillies, Jenn Gillies
124	ME	Lewiston	1930 Lisbon Street	04240	207-689-3458	Cody Carrier
125	ME	Lewiston	754 Main Street	04240	207-440-5637	Tulio DeAlmeida
133	ME	Augusta	3 Bangor Street	04330	207-213-4235	Stephen Pracher, Kyle Hersey
138*	ME	Saco	933 Portland Road	04072	207-494-7556	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya
139	ME	Auburn	791 Kittyhawk Avenue	04210	207-241-0762	Kristal Duffy, Joel Woodward
142*	ME	Winslow	9 Bay Street	04901	207-616-0521	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya
148	ME	Unity	268 Depot Street	04988	207-948-5637	Gregory Shpunder
166	ME	Turner	60 Auburn Rd.	04282	207-224-0211	Robert Levesque, Wendy Levesque
167*	ME	Naples	12 Lakes Plaza Drive	04055	207-693-9237	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya
168	ME	Newport	97 Moosehead Trail	04953	207-368-6080	Aaron Wiswell, Bob Brennan
192*	ME	Kittery	523 US Route 1	03904	207-703-0633	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya, Kaitlyn Burnell
204	ME	Bangor	441 Hogan Road	04401	207-947-2400	Aaron Wiswell, Bob Brennan
205	ME	Skowhegan	214 Madison Ave.	04976	207-858-8590	Aaron Wiswell, Bob Brennan
210	ME	Manchester	1013 Western Ave.	04351	207-213-4016	Tom Choate, Keegan Choate
213	ME	Greene	440 US 202	04236	207-417-4522	Rick Gowell, Jody Fournier
214	ME	Bangor	444 Main Street	04401	207-947-7283	Aaron Wiswell, Bob Brennan
215	ME	Farmington	293 Main St.	04938	207-778-3851	Aaron Wiswell, Bob Brennan
219	ME	Augusta	Civic Center Dr.	04330	207-480-1800	Stephen Pracher, Kyle Hersey

####	ME	Standish	278 Whites Bridge Road	04084	N/A	Kristal Duffy, Joel Woodward
1*	NH	Rochester	113 Highland Street	03839	603-332-1724	Mike Sillon, Brian Sillon
2*	NH	Somersworth	392 Route 108	03878	603-692-0511	Mike Sillon, Brian Sillon
3*	NH	Rochester	190 Milton Road	03839	603-332-4344	Mike Sillon, Brian Sillon
5*	NH	Dover	71 Broadway	03820	603-742-6080	Mike Sillon, Brian Sillon
6*	NH	Dover	1 Charles Street	03820	603-842-4649	Mike Sillon, Brian Sillon
9*	NH	Somersworth	10B Andrews Road	03878	603-841-3733	Mike Sillon, Brian Sillon
13*	NH	Rochester	47 Farmington Road	03839	603-617-2612	Mike Sillon, Brian Sillon
14*	NH	Barrington	528 Route 125	03825	603-905-9034	Mike Sillon, Brian Sillon
15*	NH	Durham	72 Main Street	03855	603-397-5623	Mike Sillon, Brian Sillon
16	NH	Laconia	644 Union Ave	03246	603-527-8004	Rob Hanson, Brianna Hanson, Breana Eldredge
19*	NH	Rochester	26B Gonic Road/754 Columbus A	03839	603-948-1074	Mike Sillon, Brian Sillon
22*	NH	Dover	887A Central Avenue	03820	603-516-1515	Mike Sillon, Brian Sillon
24*	NH	Lee	71 Calef Highway, Suite 1	03861	603-815-4107	Mike Sillon, Brian Sillon
26	NH	Epping	55 Railroad Avenue	03042	603-734-4521	Mike Pelletier, Kim Pelletier
27	NH	Derry	13 Manchester Road/Route 28	03038	603-552-3581	Jodi Zielfelder, Scott Zielfelder
30*	NH	Hampton	836 Lafayette Road	03842	603-601-8196	Rick Pelletier, Miriam Pelletier, Aaron Wiswell, Brian Sillon, Mike Sillon, Alex Cantwell
31	NH	West Ossipee	2315 White Mountain Highway	03890	603-651-1280	Munson
34	NH	Manchester	2 So. Beech Street	03103	603-518-5409	Rob Hanson, Tracy Hanson
36	NH	Newmarket	66 Main Street	03857	603-292-5709	Dana Spence, Harry Wesson
45	NH	Alton	64 Main Street	03809	603-875-0234	Tyler Parkhurst, Amanda Parkhurst, Dennis Munson
48	NH	Tilton	478 West Main Street	03276	603-729-0030	Eric Gustafson, Kim Gustafson, Joshua Gustafson
50	NH	Greenland	13 March Farm Way	03840	603-501-0456	Dana Spence, Harry Wesson
53	NH	Hooksett	3 Chambers Drive #1	03106	603-932-2890	Rob Hanson, Tracy Hanson
55	NH	Salem	171 North Broadway	03079	603-458-6335	Jodi Zielfelder, Scott Zielfelder
58	NH	Exeter	31 Portsmouth Avenue	03833	603-580-1586	Dana Spence, Harry Wesson
59	NH	Exeter	6 Mckay Drive	03833	603-418-7340	Mike Pelletier, Kim Pelletier
62	NH	North Conway	28 Shaws Way	03818	603-662-0491	Nicole Keefe, Tim Keefe
63	NH	Newport	34 Elm Street	03773	603-863-7802	Global Montello Group Corp Attn Pete Oehmsen
67	NH	Farmington	430 Route 11	03835	603-509-9083	Aaron Wiswell
69	NH	Concord	135 Loudon Road	03301	603-715-8109	Patrick Duffy, Sarah Duffy
71	NH	Epsom	1912 Dover Road	03234	603-739-0505	Eli Carleton, Katie Carleton
76*	NH	Portsmouth	2975 Lafayette Road	03801	603-319-8082	Rick Pelletier, Miriam Pelletier, Aaron Wiswell, Brian Sillon, Mike Sillon, Alex Cantwell
83	NH	Merrimack	140 Daniel Webster Highway	03054	603-459-8702	Energy North Group
94	NH	Plymouth	1 Boulder Point Drive	03264	603-238-9616	Mike Pelletier, Kim Pelletier
96	NH	Concord	214 Fisherville Road	03303	603-565-5497	Melissa Ceppetelli
99	NH	Belmont	93 Daniel Webster Highway Unit	03220	603-527-8421	Eric Gustafson, Kim Gustafson, Joshua Gustafson
100*	NH	Portsmouth	1850 Woodbury Avenue	03801	603-285-9142	Mike Sillon, Brian Sillon
101	NH	Amherst	2 Paul's Way	03031	603-402-1195	Rob Hanson, Tracy Hanson
115	NH	Hudson	56 Derry Street	03051	603-521-8785	Jodi Zielfelder, Scott Zielfelder
116	NH	Rindge	1116 NH Route 119	03461	603-899-6600	Rob Hanson, Brianna Hanson, Ciara Fay
140	NH	Manchester	527 Hooksett Rd.	03104	603-782-7173	Rob Hanson, Tracy Hanson
144	NH	Loudon	31 Rt. 106	03307	603-717-6870	Glenn Amnott, Tammy Amnott
145	NH	Manchester	718 Smyth Road	03104	603-945-3932	Rob Hanson, Tracy Hanson
146	NH	Salem	401 Main Street	03079	603-458-2770	Jodi Zielfelder, Scott Zielfelder
154	NH	Keene	348 West Street	03431	603-352-0233	Aaron Wiswell, Bob Brennan
164	NH	Meredith	337 Daniel Webster Highway	03253	603-279-8596	Eric Gustafson, Kim Gustafson, Joshua Gustafson, Zachary Gustafson
188	NH	Seabrook	270 Lafayette Rd.	03874	603-814-1457	Dana Spence, Harry Wesson
197	NH	Manchester	1095 Hanover St.	03103	603 218-3927	Rob Hanson, Tracy Hanson
202	NH	Nashua	495 Amherst St.	03063	603-402-4915	Patrick Wesson, Harry Wesson
216	NH	Nashua	175 Coliseum Ave	03063	603-396-8076	Rob Hanson, Tracy Hanson
220	NH	Lebanon	40 Old Etna Rd.	03766-19	603-727-9232	Glenn Amnott, Tammy Amnott, Gabriel Amnott
159	NY	Troy	660 Hoosick Road	12180	518-279-2892	Robert Hurley, Mark Deso, Lawrence Jasenski, Brooks Church
78	PA	Greensburg	891 North Greengate Rd	15601	724-221-6878	Greg Gasparich, Nate Bennett
134	PA	Pittsburgh	2435 Golden Mile Highway	15239	724-519-7083	Greg Gasparich, Nate Bennett, Rafe Hughes
153	PA	Monroeville	2524 Mossie Blvd	15146	412-229-8945	Greg Gasparich, Nate Bennett, Rafe Hughes
163	PA	Indiana	2057 Oakland Ave	15701	724-403-3260	Stephen McCabe, Richelle McCabe
123	RI	Providence	257 Thayer Street	02906	401-642-2597	Stephen Lukin, Anne Marie Lukin

***Area Developers**

Name	Territory	Agreement Date
Rob & Tracy Hanson	Manchester, NH	5/30/18
Paul Casso & Nathaniel Higgins	Salisbury, MA	7/22/21
Stephen Pracher & Kyle Hersey	Augusta, ME	3/8/22
Glenn, Tammy & Gabriel Amnott	Zip codes of 05001, 05055, 05088, 03755, 03766, 03784, 03750	10/15/25

The following is a list of franchisees who have signed Franchise Agreements but had not yet opened for business as of December 31, 2025.

Shop #	State	City	Franchisees	Franchise Sale Date
132	MA	Methuen	Chandrasekhara (MC) Muppala 79 Haverhill St. Methuen, MA 01844	2/15/2021
137	NH	Dover	Pat Duffy, Sarah Duffy 565 Middle Road Dover NH 03820	5/28/2021
143	FL	Kissimmee	Ansel B. Crombleholme II 5141 Appenine Loop W. Saint Cloud, FL 34771	7/29/2021
150	MA		Corey Wilt, Lindsey Wilt 198 Union St Portsmouth NH 03801	2/3/2022
158	MA	Milford	Robert Hurley, Mark Deso, Lawrence Jasenski, Brooks Church 14 Bodio Cir Milford MA 01757	4/6/2022
160	RI	Warwick	Brian Reall, Christopher Franklin, Ted Franklin, Gordon Craig 15 Cowesett Rd. Warwick, RI 02866	4/8/2022
161	FL	Cape Coral	Aaron Wiswell, Bob Brennan	4/8/2022
169	FL	North Fort Myers	Aaron Wiswell, Bob Brennan 18961 Del Tura Plaza	8/20/2022
171	ME	Charlotte	Mary Anne Spearin, Ronald Spearin 51 Round Pond Ln Charlotte ME 04666	9/21/2022
173	NH	Rochester	Eli Carleton, Katie Carleton 1 Winter St. Ste 3 Rochester NH	9/27/2022
174	NH	Rochester	Eli Carleton, Katie Carleton 1 Winter St. Ste 3 Rochester NH 03867	9/27/2022
175	MA		Bonnie Realejo, Victor Realejo, Jeff Realejo, Jonathan Realejo 166 Beverly Rd., Riverside, RI 02915	9/27/2022
179	ME	Sabattus	Kendal O'Gorman, Steve Hanscom 79 Ash Swamp Rd Scarborough ME 04074	9/27/2022
180	ME	Scarborough	Kendal O'Gorman, Steve Hanscom 79 Ash Swamp Rd Scarborough ME 04074	9/27/2022
184	NH	Northwood	Melissa Ceppetelli 100 Small Rd Barrington NH 03825	9/30/2022
186	NH	New London	Melissa Ceppetelli 100 Small Rd Barrington NH 03825	9/30/2022
187	NH	Barrington	Melissa Ceppetelli 100 Small Rd Barrington NH 03825	9/30/2022

189	NH		Dana Spence, Harry Wesson PO Box 141 South Berwick ME 03903	9/29/2022
190	NH		Dana Spence, Harry Wesson PO Box 141 South Berwick ME 03903	9/30/2022
191	ME	Houlton	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya 352 Warren Ave	9/30/2022
193	ME	Lewiston	Cody Currier 12 Myrtle Ave Lewiston ME 04240	9/30/2022
194	ME	Lincoln	David (Deke), Jen Gillies 33 Plummer Dr., Raymond ME 04071	9/30/2022
195	ME	Raymond	David (Deke), Jen Gillies 33 Plummer Dr. Raymond ME 04071	9/30/2022
196	NH	Dover	Mike Sillon, Brian Sillon 63 Broadway Dover NH 03820	9/30/2022
198	NH		Tyler Parkhurst, Amanda Parkhurst, Dennis Munson, Margaret Munson	9/30/2022
199	MA	Lowell	Johnny Ahern, Kevin Ahern, Brad Pacheco 517 Rogers St Lowell, MA 01852	10/8/2022
201	MA	Lowell	Johnny Ahern, Kevin Ahern, Brad Pacheco 517 Rogers St Lowell, MA 01852	10/9/2022
203	FL		Kevin Silva, Jennifer Silva 36 Hampstead Rd Sandown NH 03873	8/3/2023
206	NH		Kevin Silva, Jennifer Silva 36 Hampstead Rd Sandown NH 03873	8/3/2023
207	ME	Rockland	Gregory Shpunder, Tammy Birkbeck PO Box 122 Unity ME 04988	2/13/2024
208	MA	Lowell	Tom Richardson, Chad Tardugno 16 Taninger Rd Windham NH 03087	4/2/2024
211	ME	Calais	Mary Anne Spearin, Jordan Leeman 1013 Western Ave. Manchester ME	4/19/2024
212	ME	Bethel	Michael Pelletier, Mark Paulin 433 Mayville Rd.	5/31/2024
217	ME	Caribou	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya 352 Warren Ave	9/23/2024
218	ME	Falmouth	Gio Nakouzi 7 Ocean St South Portland ME	9/29/2024
221	MA	Methuen	Nathaniel Cox 82 Wendell Ave Ste 100	2/4/25
222	ME		Rob & Tracy Hanson	3/25/2025
223	ME		Mark Breton & Gwendolyn Hudson	7/14/25
224	NH		Glann, Tammy & Gabriel Amnott 1324 Upper City Rd Pittsfield NH	10/5/2025

EXHIBIT L – LIST OF FORMER FRANCHISEES

The following is a list of the names, addresses and telephone numbers of every franchisee who had their franchise agreement terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Expired/Not Renewed Franchise Agreements

2022

Franchise Agreement #	Franchisee Names	Execution Date	Expiration Date
98	Michael & Christine Sullivan, Shari Manson, Keith Tebo	02/6/19	02/6/22
130	Kevin Ahern & Brad Pacheco	12/23/20	12/23/22

2023

Franchise Agreement #	Franchisee Names	Execution Date	Expiration Date
117	Kate McAleer & Donna McAleer & Arthur McAleer	08/15/20	08/15/23
119	Robert Aziz & Elaine Ferris	09/25/20	09/25/23
122	Patric Gagnon & Wendy Gagnon	09/15/20	09/15/23
129	Daniel Reidman & Heidi Reidman & Isabelle Reidman	11/27/20	11/27/23

2024

Franchise Agreement #	Franchisee Names	Execution Date	Expiration Date
131	Chimene Lantz, Anna Podnecky, Alicia Marden	02/12/21	02/12/24
136	Ann Berry	03/29/21	03/29/24
108	Heidi Lynn Lindquist, Victor Lindquist	12/19/21	12/18/24

2025

Franchise Agreement #	Franchisee Names	Status	Execution Date	Expiration Date
102	Sarah Johnson	Shop Closed	4	8/31/25
109	Brendan O'Hazo, Ronia Laita-Clement, Richard (Rick) Lincoln	Expired	1/7/2020	1/7/2025
111	Nicholas Cyr, Taylor Hudson, Sara Yates	Expired	1/20/2020	1/20/2025
127	Nicole Keefe, Timothy Keefe	Expired	10/23/2020	10/23/2025
149	Michael Brown	Expired	1/14/2022	1/14/2025
151	Martin McKenna, Marlene McKenna	Expired	2/17/2022	2/17/2025
155	Betteanne Esposito, Robert Esposito	Expired	4/6/2022	4/6/2025
156	Betteanne Esposito, Robert Esposito	Expired	4/6/2022	4/6/2025
157	Betteanne Esposito, Robert Esposito	Expired	4/6/2022	4/6/2025
162	Sarah Johnson	Expired	6/29/2022	6/29/2025
165	Kenneth Lennon, Zachary Lennon	Expired	7/27/2022	7/27/2025
170	Michael Barber, Melissa Barber, Richard Pelletier	Expired	8/30/2022	8/30/2025
172	Tim McKenna, Marissa Baroniel, Kaitlyn Mathews	Expired	9/23/2022	9/23/2025
		Expired		
176	Stephen Lukin, Anne Marie Lukin	Expired	9/26/2022	9/29/2025
181	Alan Arcadipane	Expired	9/29/2022	9/29/2025
182	Alan Arcadipane	Expired	9/29/2022	7/20/2025

183	Eric Gustafson, Kim Gustafson, Joshua Gustafson, Zachary Gustafson	Expired	7/20/2022	9/29/2025
200	Marty McKenna, Marlene McKenna	Expired	9/29/2022	9/29/2025
230	Tim McKenna, Marissa Baroniel, Kaitlyn Mathews	Expired	9/29/2022	9/29/2025

Transferred Franchise Agreements

2022

Franchise Agreement #	Transferor Names	Address	Phone Number	Transfer Date	Transferred To
74	Brendan O'Hazo, Ronia O'Hazo, Richard Lincoln	233 High Street Ellsworth, ME	207-664-0470	3/14/2022	Mary Anne & Ronald Spearin
31	Kim, Eric, and Joshua Gustafson	2315 NH-16	603-651-1280	9/12/2022	Ann & Mark Berry
		West Ossipee, NH			

2023

Franchise Agreement #	Transferor Names	Address	Phone Number	Transfer Date	Transferred To
31	Ann & Mark Berry	2315 NH-16 West Ossipee, NH	603-651-1280	5/22/2023	Tyler & Amanda Parkhurst, Dennis & Margaret Munson
16	Patrick & Sarah Duffy	644 Union Ave. Laconia, NH	603-527-8004	6/5/2023	Alexandra Cantwell, Sean Jenkins, Mike Sillon
62	Brendan O'Hazo, Ronia O'Hazo, Richard Lincoln, Lynsey Monroe-Durepos	28 Shaws Way North Conway NH	207-664-0470	7/24/2023	Nicole & Tim Keefe

2024

Franchise Agreement #	Transferor Names	Address	Phone Number	Transfer Date	Transferred To
118	Alan Arcadipane	727 S. Main Street Haverhill, MA	978-914-7388	3/1/2024	Kevin & Jennifer Silva
126	Alan Arcadipane	RELOCATION (N. Andover, MA) Methuen, MA	978-914-7388	3/10/2024	Lindsey & Corrigan Wilt
102	Martin & Marlene McKenna	7016 Land O' Lakes Blvd, Unit 108 Land O' Lakes, FL	813-591-2615	4/3/2024	Sarah Johnson
147	Alan Arcadipane	507 Foundry Street North Easton, MA	978-914-7388	6/4/2024	Mike & Brian Sillon, Aaron Wiswell & Alex Cantwell
110	Steve & Anne Marie Lukin, Scott & Jodi Zielfelder	325 New State Highway Raynham, MA		6/17/2024	Shaun & Jill Brooks

2025					
Franchise Agreement #	Transferor Names	Address	Phone Number	Transfer Date	Transferred To
16	Michael Sillon, Alexandra Cantwell and Sean Jenkins	644 Union Ave, Laconia, NH	603-527-8004	05/16/24	Michael Sillon, Alexandra Cantwell and Aaron Wiswell
39	Loren Goodridge, Thomas Farr, Mark Carey and Paul Boucher	99 Park St Orono, ME 04473	207-866-1109	2/17/2025	Loren Goodridge, Thomas Farr, Mark Carey and Maryna Shuliakouskaya
20	Loren Goodridge, Thomas Farr, Mark Carey and Paul Boucher	84 Kennedy Memorial Dr. Waterville, ME	207-660-4218	2/17/2025	Loren Goodridge, Thomas Farr, Mark Carey and Maryna Shuliakouskaya
107	Martin McKenna Jr. and Marlene McKenna	3939 Land O' Lakes Boulevard, Land O' Lakes, FL 34639	813-388-5937	3/25/2025	Sara Ghannad and Nihad Yacoub
194	David Gillies, Ty Brehaut, and Jacob Olsen	SNO - Maine		9/13/2025	David Gillies and Ty Brehaut
16	Michael A. Sillon, Alexandra Cantwell, and Aaron Wiswell	644 Union Ave, Laconia, NH	603-527-8004	10/6/2025	Robert F. Hanson, Jr., Brianna L. Hanson, and Breana Eldredge
193	Cody Currier	SNO - Maine		11/25/25	Steven Hanscom, Kendal O'Gorman, and Cody Currier

EXHIBIT M - STATE EFFECTIVE DATES

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

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

California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If AJF offers you a franchise, AJF must provide this Disclosure Document to you 14 calendar or 10 business days (whichever is later) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit D.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

AJF has appointed the persons listed in Exhibit E as its registered agent authorized to receive service of process for AJF. The name, principal business address and telephone number of each franchise seller offering the franchise: Aroma Joe's Franchising, LLC., 700 Technology Way, Scarborough, ME 04074; Phone: (207) 536-5818; and:

Date of Issuance: March 3, 2026. The State Cover Page provides the effective dates of this Disclosure Document for certain states requiring Disclosure Document registration, filing or exemption from registration.

I received a Disclosure Document dated March 3, 2026, that included the following Exhibits: A - Franchise Agreement; A-1 - Franchise Disclosure Questionnaire; A-2-Landlord Lease Rider; A-3 Guaranty and Assumption Agreement; B - Audited Financial Statements for AJF for the Fiscal Years Ended December 31, 2025, 2024, 2023; C - Pre-Authorized Bank Form; D - State Agencies; E - Agents For Service of Process; F - Operations Manual - Table of Contents; F-1 - Confidentiality Agreement For Disclosure of Operations Manual; G - AJF Franchisee Privacy Policy; H - Mutual Release for Transfers; I - State Addendum; J - Area Development Agreement; J-1 Territory; J-2 Guarantee and Assumption Agreement; K - List of Franchisees; L - List of Former Franchisees; M - State Effective Dates; and this detachable Acknowledgment of Receipt.

The Disclosure Document was received on: _____.

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

ADDRESS: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If AJF offers you a franchise, AJF must provide this Disclosure Document to you 14 calendar or 10 business days (whichever is later) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit D.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

AJF has appointed the persons listed in Exhibit E as its registered agent authorized to receive service of process for AJF. The name, principal business address and telephone number of each franchise seller offering the franchise: Aroma Joe's Franchising, LLC., 700 Technology Way, Scarborough, ME 04074; Phone: (207) 536-5818; and:

Date of Issuance: March 3, 2026. The State Cover Page provides the effective dates of this Disclosure Document for certain states requiring Disclosure Document registration, filing or exemption from registration.

I received a Disclosure Document dated March 3, 2026 that included the following Exhibits: A - Franchise Agreement; A-1 - Franchise Disclosure Questionnaire; A-2-Landlord Lease Rider; A-3 - Guaranty and Assumption Agreement; B - Audited Financial Statements for AJF for the Fiscal Years Ended December 31, 2025, 2024, 2023; C - Pre-Authorized Bank Form; D - State Agencies; E - Agents For Service of Process; F - Operations Manual - Table of Contents; F-1 - Confidentiality Agreement For Disclosure of Operations Manual; G - AJF Franchisee Privacy Policy; H - Mutual Release for Transfers; I - State Addendum; J - Area Development Agreement; J-1 Territory; J-2 Guarantee and Assumption Agreement; K - List of Franchisees; L - List of Former Franchisees; M - State Effective Dates; and this detachable Acknowledgment of Receipt.

The Disclosure Document was received on: _____.

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

ADDRESS: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

DATE: _____