



DISCLOSURE DOCUMENT

Aroma Joe's Franchising, LLC
A Florida Limited Liability Company
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FRANCHISE DISCLOSURE DOCUMENT

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 an AROMA JOE'S® coffee shop/drive-thru kiosk franchise business is \$500,588 - \$959,250. This includes \$173,750 to \$265,750 that must be paid to franchisor or its affiliate(s). 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 \$12,500 to \$25,000. You must also pay 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 two 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 75 John Roberts Road, Suite 100A, South Portland, Maine, 04106, and (207) 553-2975.

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: **April 6, 2023**

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.

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EXHIBITS

- A Franchise Agreement
- A-1 Franchise Disclosure Questionnaire
- A-2 StatBridge® POS End User License Agreement
- A-3 Landlord Lease Rider
- A-4 Guaranty and Assumption Agreement
- B Audited Financial Statements for AJF for the Fiscal Years ended December 31, 2019, 2020, and 2021
- 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 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
- 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, Its Parent, Its Predecessor and Its Affiliates.

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 75 John Roberts Road, Suite 100A, South Portland, ME 04106. AJF's agents for service of process are disclosed in Exhibit E. As of December 31, 2022, there were 95 open AROMA JOE'S® coffee shops.

AJ Gift Company, Inc. ("AJ Gift") is a Florida corporation, formed on November 7, 2018 and is our affiliate. AJ Gift has a principal address at 75 John Roberts Road, Suite 100A, South Portland, ME 04106. AJ Gift is a gift card operating company that offers physical and electronic gift cards to AJF franchises. AJ Gift has never offered franchises in any line of business.

AJ Holding Company, LLC, ("AJ Holdings") is a Maine limited liability company formed on May 17, 2013 and is our affiliate. 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 has a principal address at 75 John Roberts Road, Suite 100A, South Portland, ME 04106. 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 Holdings has never offered franchises in any line of business.

AJ IP Holder, LLC, ("AJ IP Holder") is a Florida limited liability company formed on May 11, 2018 and is our affiliate. 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. AJ IP Holder has a principal address at 75 John Roberts Road, Suite 100A, South Portland, ME 04106. AJ IP Holder has never offered franchises in any line of business.

Our predecessor and former owner of the System was originally Caffeinated Cousins, LLC ("Caffeinated Cousins"), a Maine limited liability company formed in April 2000, which was later reorganized as AJC Northeast, LLC ("AJCNE") a New Hampshire limited liability company in April 2018. AJCNE has a principal business address at 63 Broadway, Dover, NH 03820. Caffeinated Cousins and AJCNE were formerly known as Aroma Joes, LLC. Currently, AJCNE is an AROMA JOE'S® franchisee and owns and operates Nineteen (19) AROMA JOE'S® franchises. AJCNE has never offered or sold franchises in any line of business.

On June 6, 2013, Caffeinated Cousins assigned the rights to the System through an assignment agreement between Caffeinated Cousins and RMB Coffee Enterprises, LLC, ("RMB") a New Hampshire limited liability company. On June 7, 2013, AJ IP Holder acquired the rights to the System through an asset purchase agreement between AJ IP Holder and RMB. On June 7, 2013, RMB entered into a joint business venture with AJ Holdings and formed us. On June 7, 2013, AJ IP Holder entered into a license agreement with us to license the System and to offer AROMA JOE'S® franchises 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 and has a principal business address at 75 John Roberts Road, Suite 100A, South Portland, ME 04106. 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 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. AJ Real Estate has never offered franchises in any line of business.

AJ Management, LLC ("AJ Management") is a Maine limited liability company formed on November 6, 2015 and has a principal business address at 75 John Roberts Road, Suite 100A, South Portland, ME 04106. AJ Management owns and operates two AROMA JOE'S® coffee shops, which are referred to as company owned coffee shops throughout this franchise disclosure document. AJ Management may purchase additional AROMA JOE'S® coffee shops. AJ Management may sell the franchises it owns and operates. AJ Management has never offered franchises in any line of business.

The Franchisor's Business. We offer and sell franchises for AROMA JOE'S® coffee shops, including coffee houses and drive-thru kiosks ("coffee shop") for locations in the United States and its territories in a well-developed market. We also reserve the right to test and/or offer non-traditional coffee shops, such as trailers and/or temporary locations at fairs, conventions and other similar types of events. Though our current policy is to establish all coffee shops as franchises, sometimes we or an affiliate may own or operate coffee shops.

We also offer to select qualified persons the opportunity to acquire the right to develop multiple AROMA JOE'S® coffee shops in a Development Area. If you purchase a Development Area, you must execute our Area Development Agreement. You must also execute our then-current form of Franchise Agreement for each AROMA JOE'S® coffee shop you open in your Development Area. For each future AROMA JOE'S® coffee shop opened under an Area Development Agreement, you may be required to sign a form of franchise agreement that is different from the form of franchise agreement included in this Franchise Disclosure Document.

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

The AROMA JOE'S® Coffee Shop Franchise. Under the Franchise Agreement (the "Franchise Agreement"), which is Exhibit A, and Area Development Agreement, which is Exhibit J, we offer qualified purchasers the right to establish and operate, from a single location, a retail establishment preparing and selling coffee, espresso, tea, energy drinks, other beverages, as well as various food options. Customers have the option to add ice and/or a variety of flavored syrups to their coffee. Customers will also be able to purchase a variety of baked food items including assorted donuts, muffins, and pastries. The Franchise Agreement gives you the right to operate the 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.

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. Customers are served drinks and food items in a quick-service coffee house or at a drive-thru kiosk. The typical AROMA JOE'S® coffee house will require approximately 1,600 square feet of leased space. The typical AROMA JOE'S® drive-thru kiosk will require approximately 790 square feet of leased space for a kiosk, plus additional space for drive-thru lanes. Each AROMA JOE'S® coffee shop will be designed in accordance with plans developed by us and will be constructed with a similar design motif and trade dress. You must construct your coffee shop in accordance with the guidelines and rules we establish, including those in the Operations Manual and any design floorplans that we provide, and in accord with all local laws and building requirements.

In the future, we may offer a program permitting coffee shops meeting certain requirements to offer additional products under marks we own, with our prior approval. Some of these offerings may be test programs. We may also enter into agreements or licenses with third parties to permit you to add a third party's franchise concept or

branded products in your coffee shop. We do not offer subfranchisor rights under a separate franchise disclosure document. Instead, we may enter into master agreements granting us a master license with the right to sublicense to you the right to offer a third party's branded product. We do not offer master agreements under a separate franchise disclosure document. We may permit the third party to directly enter into license agreements with you. The sale of additional menu items under our in-house branded product lines and the sale of branded products licensed from third parties (but not under a franchise arrangement with the third party) will be considered as the sale of approved menu items from your coffee shop and you will pay Royalties and Advertising Fees on them. You should thoroughly investigate any licensor and its products. Our consent to allow you to use or sell the third party's products is not a guarantee of any kind. We may modify or stop any opportunities to offer additional products, including third-party licensor or co-brand opportunities, at any time.

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.

You will offer your products to all members of the general public. You may not sell any items to another vendor for resale without our prior written consent. You will have to compete with other coffee shops, and food outlets, including franchisees of non-affiliated and affiliated franchise chains and other AROMA JOE'S® coffee shops.

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, 75 John Roberts Road, Suite 100A, South Portland, ME, 04106, 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 AJE

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, 75 John Roberts Road, Suite 100A, South Portland, ME, 04106, 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, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, and AJ IP Holder, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, from November 2013 until December 2019. Mr. Sillon also served as the Chief Financial Officer of AJ Management, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, 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, 75 John Roberts Road, Suite 100A, South Portland, ME, 04106, 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, since April 2000 until April 2018. Mr. Sillon is located in Dover, NH.

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

Mr. Goodridge joined Aroma Joe's in 2012 as Aroma Joe's Franchising, LLC's Vice President and Secretary. In May 2013, Mr. Goodridge became the first franchisee for Aroma Joe's. Mr. Goodridge has since transitioned to CEO of Aroma Joe's Franchising, LLC since September 2018. He has been Manager of AJ IP Holder, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, AJ Holdings, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, and AJ Real Estate, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, since May 2013. He has been Manager of AJ Management, 75 John Roberts Road, Suite 100A, South Portland, ME 04106, 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 South Portland, Maine.

Executive Team

Carolyn Gammon: Chief Financial Officer

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

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. Ms. Riley is located at our headquarters in South Portland, Maine.

Jay Meyers: Chief Technology Officer

Mr. Meyers joined Aroma Joe's in August 2020 as our Chief Technology Officer. Prior to his time with Aroma Joe's, Mr. Meyers served as the Chief Information Officer for National Payment Card Association d/b/a ZipLine in Portland, Maine from 2017 – 2020; and as the Senior Vice President for EVO Payments International from 2013 - 2017 in Portland, Maine. Mr. Meyers is located at our headquarters in South Portland, Maine.

David Tucci: Chief Operating Officer

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 Aroma Joe's Franchising, LLC. Prior to his time with Aroma Joe's, from 2010 to the present, Mr. Tucci, has served as the Development Agent for Firehouse Subs®

in Rhode Island, Connecticut, Massachusetts, New York, New Hampshire, and Maine. Mr. Tucci is located at our headquarters in South Portland, Maine.

Julie Visser: Chief Procurement Officer

Ms. Visser joined Aroma Joe's in March 2022 as Director of Strategic Sourcing and transitioned to Chief Procurement Officer in June 2022. Prior to her time with Aroma Joe's, from June 2013 to March 2022, Ms. Visser worked for The Coca Cola Company, located in Atlanta, Georgia, as the Head of Supply Chain Costa Coffee Americas, and prior positions of Global Director Tea & Coffee Sourcing and Director Global Dairy and Plant Based Sourcing. Ms. Visser is located at our headquarters in South Portland, Maine.

**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.

• INITIAL FRANCHISE FEE	\$25,000*
• REDUCED FRANCHISE FEE FOR:	
○ ADDITIONAL FRANCHISE PURCHASE (IF QUALIFIED)	\$12,500
○ ADDITIONAL FRANCHISE PURCHASE (IF QUALIFIED)	\$20,000
○ ADD-ON FEE	\$6,250 - \$12,500
○ REMOVAL FEE	\$1,000

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, regardless of whether they have an operational coffee shop, a reduced franchisee fee of \$20,000.

You are required to pay us an initial franchise fee ("Initial Franchise Fee") for the right, subject to the terms and conditions contained within the Franchise Agreement, to operate an AROMA JOE'S © Coffee Shop franchise. You must pay AJF a \$25,000 initial franchise fee for all first-time franchisees with the exception of qualified veterans, honorably discharged from the United States Armed Forces, purchasing their first franchise, who must pay AJF a \$12,500 reduced Initial Franchise Fee. This program for US Veterans may be modified or discontinued at any time. You must pay us the Initial Franchise Fee in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is deemed fully earned upon payment.

You may not sell, transfer, or assign a franchise you purchase at a reduced fee unless you sell it in conjunction with an open and operating coffee shop associated with that franchise. We may change the amount of the initial franchise fee, including eliminating or reducing the discount.

If you do qualify for the reduced fee and you want to add an individual who is already an AROMA JOE'S® franchisee and has successfully completed our training program, or if you are adding your parent, child, or spouse to your Franchise Agreement you must also pay an add-on fee of \$6,250. If you want to add an individual who is not already an AROMA JOE'S® franchisee, you must pay us an add-on fee of \$12,500. We may change or eliminate these add-on fees in the future.

We do not refund any of the initial franchise fees except as stated above.

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 judgement 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.

If you register for and fail to attend the training program, or if you cancel a registration for the training program with less than 10 business days' notice, you must pay a nonrefundable cancellation fee of \$150.

If you do not pass our standardized test to qualify for the purchase of a franchise, we may charge a nonrefundable retest fee of \$150 if we allow you to take the test again. We do not charge a retest fee for our standardized test conducted during the training program. If you do not pass our standardized test to qualify for the purchase of a franchise, we may, at the Franchisor's discretion, grant you an exemption if your spouse, relative, or partner, who will also be named on the Franchise Agreement, passes the standardized test, and you and any partners agree to outsource any critical record keeping that may or may not be imperative to your daily operations. In order to qualify for any additional franchise purchases, you must have successfully completed our training program, be actively and efficiently involved in the daily operation of the coffee shop, as verified by the area field representative or Development Agent and maintain substantial compliance through monthly evaluations as defined in the Operations Manual. You may then be added to the Franchise Agreement for that coffee shop provided that you otherwise comply with the transfer process in Section 9 of the Franchise Agreement.

In addition to the initial franchise fee, you must also pay \$125,000-\$205,000 for the equipment package, \$5,000 for new store marketing, and \$16,000-\$56,707 for outside signage. When the equipment items are purchased through us, you must also pay a 15% buffer fee of \$18,750 to \$30,750 which is held to pay gross receipts tax, delivery charges, additional equipment costs or other charges. The \$5,000 new store marketing fee is not refundable. Further, none of the other 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. At this time, we are only offering ADAs to existing franchisees who have owned and operated an Aroma Joe's® coffee shop for a minimum of 6 months in exchange for a negotiable "Option Fee" (see Exhibit J, the Area Development Agreement). The Option 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 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 once paid regardless of whether you ultimately open any of your Franchised Businesses.

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 an exclusive right to any potential customer base for your coffee shop(s). You do not have any other rights to pursue special distribution opportunities.

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 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of total gross sales	Payable weekly	See Note 1
Advertising	2.5% 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	Payable weekly	See Note 2
New Store Marketing	\$5,000	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	When you default on payments because you change banks without notice, or you fail to report your sales to us	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	\$12,500	When you and the Buyer send an application for transfer to us	See Note 5
Insurance	\$1,000 - \$6,000 per year	When purchased from vendor.	See Note 6
Indemnification	All liability, damages and costs, including lawyers' fees, incurred	When incurred by us or other indemnified party	See <u>ITEM 6</u>
Noncompete Violation	\$15,000 for each competing business plus 8% of its gross sales	Upon competition	See Note 7
Confidentiality Violation	Our damages	Upon violation	See Note 8
Trademark Violation	\$250 per day	Upon violation	See Note 9
Operations Manual	\$50 replacement fee, subject to change in the future	When you place order	See Note 10

Type of Fee	Amount	Due Date	Remarks
Dispute Resolution	<p>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</p> <p>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</p> <p>Probationary Case Management Fee - \$500; Probationary Extension Fee - \$250</p> <p>Interim Order Case Management Fee - \$250</p> <p>Litigation Expense Fee to permit sale of coffee shop – 5% of gross consideration received for sale of coffee shop, not to exceed \$5,000</p>	<p>Your share of the arbitration fee will be due upon invoicing from the third party</p> <p>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</p> <p>Due upon your signing the probationary agreement or extension</p> <p>Due upon your signing the interim order</p> <p>Due upon sale of your coffee shop</p>	See Note 11
Technology Fee	\$275.00 per coffee shop	Monthly	We may withdraw these fees from your pre-authorized account on behalf of third party. See Note 12.
POS Software Support Fee	\$39.99 – \$44.99 per POS system payable to a third party.	Monthly	We may withdraw these fees from your pre-authorized account on behalf of third party. See Note 12.
Anti-Virus Software Fee	\$15 per POS system payable to a third party.	Annually	We may withdraw these funds from your pre-authorized account. See Note 12.
Credit Card Payment Processing Fees	Processing Fee estimated at \$.0189 per transaction.	Varies	Paid to credit card processor.

Type of Fee	Amount	Due Date	Remarks
	Interchange Fee varies, estimated at 2.5% of transaction amount See Note 14. Fixed Acquirer Network Fee. Amount determined by Visa, Inc. based upon your gross sales volume of all Visa-branded credit card purchases. Contact your credit card processor for more information.		Paid to customer's bank. Charged by Visa, Inc. and collected by your credit card processor.
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	We may withdraw fees from your pre-authorized account on behalf of us or a third party.
Customer Complaint Resolution Fee	\$2 - \$20 per incident	When we receive customer complaint and we send gift certificate to the customer	You pay by check or pre-authorized check or electronic funds transfer
Taxes and Other Fees	Varies by State	Payable when fee is due	See Note 14
Remote Connectivity Service	\$4.25 per POS system payable to a third party.	Monthly	We may withdraw fees from your pre-authorized account on behalf of us or a third party. See Note 12.
Database Back Up System	\$5 - \$13 per POS system payable to a third party.	Monthly	We may withdraw fees from your pre-authorized account on behalf of us or a third party. See Note 12.
Remote Training	\$10 payable to a third party.	Monthly	We may withdraw these funds from your pre-authorized account.
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 manager beyond one per year.	Payable to us. See Note 15
Late Reporting Fine	Control Sheets submitted after 9:00 am on Tuesdays will be subject to a \$100.00 fine. The fine will increase to \$250.00 for subsequent violations.	Upon Violation	See Note 16

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 the same for all persons currently acquiring a franchise, except Timothy McKenna, Martin McKenna, Brian Sillon, 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-Two (22) 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 three (3) 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.

Note 2. *Advertising Fees.* You must pay us or our designee a weekly Advertising Fee of between 2.5% and up to 4.5% of Gross Sales of your franchised business. 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 2.5%.

You are required to spend \$5,000 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. This requirement applies to all new, transferred, and relocated coffee shops. 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.

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 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.

Note 5. *Transfer Fee.* If the buyer attends any portion of our Training Program and then we, you, or the buyer cancel the transfer, no portion of the transfer fee is refundable. If you choose to reactivate the transfer, you must pay a reactivation fee of \$1,000.

If we have not yet issued the Transfer Compliance Letter and you and the buyer cancel the transfer, we will refund the entire transfer fee. The transfer fee shall not be refunded if the Transfer Compliance Letter 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 Transfer Compliance Letter. If you and the buyer want to reactivate a transfer cancelled under these circumstances, and we approve, the parties must repay the full transfer fee.

Deleting one or more individuals as franchisee is a transfer, but you pay a reduced fee if you do not also add new individuals to the Franchise Agreement. We pay third parties who assist us with the development of the franchise system, including Development Agents, up to one-third of the transfer fees.

You must pay all related registration fees, taxes, and preparation costs for the filing, including lawyer's costs; to the extent we can require you to do so under local law. You must cancel, and then the buyer must obtain, or you must transfer to the buyer, any permits, licenses, registrations, certifications or other consents required for leasing, constructing, or operating the coffee shop. We are authorized to cancel any permits, licenses, registrations, certifications or other consents that you do not cancel within a reasonable time. Any costs for cancellation will be borne by you.

Your final purchase agreement with the buyer for the location must meet our requirements. We will not become involved in the sale of any real estate included or contemplated in your sale terms. We will not be responsible for any loss or gain resulting from any sale, failure to sell or delay of the sale of the real estate. Any such loss or gain shall be incidental, consequential, contingent and not part of the transfer of your coffee shop and the Franchise Agreement. You may only transfer your coffee shop and the Franchise Agreement individually and not as part of a sale of multiple Franchise Agreements and coffee shops that you own, unless we grant you written permission. We will not be liable for failure to allow a sale of more than one coffee shop under the same transfer.

Note 6. *Insurance.* You must purchase and maintain insurance coverages as required by your Franchise Agreement and your lease. You are required to purchase your coverage from one of the brokers and companies that we have approved. Your insurance costs may be higher depending upon the geographic location and construction of your coffee shop.

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.

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.

Note 10. *Operations Manual.* You will be provided with a copy of the Operations Manual in electronic form free of charge.

Note 11. *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, 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.

You will pay to us or our designee a Probationary Case Management fee of \$500 if you breach the provisions of the Franchise Agreement and we settle with you and allow you to continue operation of your coffee shop on the condition that you comply with the terms of our probationary agreement. You will pay to us or our designee an extension fee of \$250 if we grant you an extension of the probationary agreement. You will pay us or our designee an Interim Order Case Management fee of \$250 if you breach the provisions of the Franchise Agreement and we settle with you after arbitration has been filed to allow you to continue operation of your coffee shop on the condition that you comply with the terms of our interim order. You may also have to pay additional fees as part of a settlement. If we commence arbitration against you for failure to comply with the Operations Manual and we then approve the transfer of your coffee shop, you may be required to pay us or our designee a Litigation Expense fee in an amount equal to 5% of the gross consideration you receive from the sale of your coffee shop, not to exceed \$5,000. These fees cover our costs to enforce your obligations to meet our system standards.

It is recommended that you read Paragraph 10 of the Franchise Agreement carefully. It contains other important provisions concerning dispute resolution including the requirement that arbitration be administered by the American Arbitration Association or its successor ("AAA") in accordance with its administrative rules including, as applicable, the Commercial Rules of the AAA and under the Expedited Procedures of such rules or under the Optional Rules for Emergency Measures of Protection of the AAA. If AAA is no longer in business, arbitration will be administered by the American Dispute Resolution Center or its successor ("ADRC") in accordance with its administrative rules. If AAA and ADRC are no longer in business, we and you will mutually agree upon an arbitration agency to administer the arbitration. Paragraph 10 of the Franchise Agreement also provides a limitation that you can only seek relief from AJF and not any of our affiliates or individuals associated with AJF or our affiliates. You must pay certain fees and costs for the arbitration. This may render your Franchise Agreement valueless.

It is recommended that you read Paragraph 17 of the Franchise Agreement carefully. It contains important provisions limiting your right to recover damages, including a monetary limitation on the lesser of: 1) \$100,000; or 2) all amounts paid to us for franchise fees and royalties under the franchise agreement for up to three years preceding any award herein, adjusted for inflation, on permissible claims by either party against the other (with some exceptions for claims brought by us for infringement to the Marks, disclosure of confidential information, or breach of covenants not to compete); and an exclusion for punitive or consequential damages, except where prohibited by governing law.

Note 12. Technology & Software Fees. Each month you will pay a technology fee of approximately \$275 per coffee shop. This includes the right to use the Statbridge™ POS software, which is currently the approved POS software required for use in all coffee shops. This also includes the rights to use other 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. We will withdraw the technology fees from your pre-authorized account with us on behalf the software supplier. In the future, you may be required to pay the technology fee on annual basis. These fees may increase or decrease in the future. All technology fees are nonrefundable.

You must use antivirus software approved by us. The approved anti-virus software must be installed on each of your POS systems.

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 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.

In order to implement new technology and digital initiatives discussed in Note 14 below, including, but not limited to, a loyalty and/or rewards program, remote ordering program, or integrated credit/debit program, you may be required to purchase additional software and may incur additional costs for installing, maintaining and updating the new software.

Participation in the "POS Software Support" plan is optional. If you choose to participate in the plan, the \$39.99 – \$44.99 per POS system amount payable to a third party will include the cost and services above described as Remote Connectivity Service and Database Back Up System.

We may approve additional hardware and software vendors in the future. We may require you to obtain additional hardware and software support from a third party.

Note 13. Credit Card Payment Processing Fees, AROMA JOE'S® Card Program, and 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. 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.

Note 14. Taxes and Other Fees. 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 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 15. 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.

Note 16. Late Reporting Fine. The fine will be drawn automatically from the bank account on file. Each store will receive two (2) "free" weeks annually, meaning that if you are late with a submission, your first two tardy entries

will not be fined. If a store contacts accounting@aromajoess.com with a copy of a ticket filed with Alpine before 12:00 on Monday, a fine will not be issued due to technological errors beyond franchisee control. Please refer to the operations manual for best practices regarding weekly paperwork procedures.

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.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee ⁽¹⁾	\$25,000	Lump sum	When you sign the Franchise Agreement	Us
Real Property ⁽²⁾	\$3,000 - \$12,000	Lump sum	When you sign lease or shortly thereafter.	Landlord
Leasehold Improvements ⁽³⁾	\$262,338 - \$357,043	As incurred	Pro rata during construction	Vendor
Equipment Package ⁽⁴⁾	\$125,000-\$205,000	Lump Sum	Before equipment order will be placed	Us
Small wares ⁽⁴⁾	\$3,000 - \$6,000	Lump Sum	As incurred	Vendor
Opening Inventory	\$15,000-\$20,000	Lump sum	Within 1 week of Opening	Approved Suppliers
Insurance ⁽⁵⁾	\$1,000 - \$6,000	As incurred	Before equipment order is placed	Vendor
Training Expenses ⁽⁶⁾ (including travel & lodging)	\$2,500 - \$5,000	As incurred	During training	Vendor
Store Development, Architectural and Design Fees ⁽⁷⁾	\$0 - \$15,000			
Site Development ⁽⁷⁾	\$10,000 - \$100,000	Lump Sum	As Incurred	Vendors
Engineering/Planning ⁽⁷⁾	\$2,000 - \$75,000			
Miscellaneous Expense ⁽⁸⁾	\$1,500 - \$10,000	As incurred	As required	Vendor
New Store Marketing ⁽¹⁰⁾	\$5,000	Lump sum	When you place your equipment order after you sign the Franchise Agreement	Us
Professional Fees	\$1,500 - \$ 10,000	Lump sum	Before opening	Vendor
Optional Security System (not including monitoring)	\$1,000 - \$5,000	Lump sum	When you place order	Vendor

Outside signage	\$16,000-\$42,457	Lump Sum	Before equipment order will be placed	Vendor
Additional Funds – three months. (9)	\$10,000 - \$30,000	As Incurred	As required	See Note 8
10% Buffer Fee ⁽¹¹⁾	\$18,750-\$30,750	Lump Sum	Before Equipment Order will be Placed	Us
TOTAL (12)	\$500,588 - \$959,250			

*At this time, we are only offering franchises for traditional drive thru and coffeehouse with drive thru locations.

NOTES:

Note 1. *Initial Franchise Fee.* The initial franchise fee is \$25,000. We currently offer a discount of the franchise fee for qualified US Veterans purchasing a franchise for certain locations.

Note 2. *Real Property.* We estimate this amount represents a security deposit of one month's rent and payment of one month's rent. You may pay a significantly higher security deposit if 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, but we estimate the typical monthly rent expense runs from a low of \$1,500 per month to a high of \$6,000 per month. Your cost may be higher. The typical coffee shop will require approximately 1,600 square feet of leased space. The typical drive-thru kiosk will require approximately 790 square feet of leased space for kiosk plus additional space for drive-thru lanes.

Note 3. *Leasehold Improvements.* Your local law may require use of a grease trap in your coffee shop. This may increase your leasehold improvement costs between \$8,000 and \$12,000 depending upon the location of the grease trap.

Note 4. *Equipment Package.* The full cost to purchase the equipment and furniture will range from \$128,000-\$205,000, not including the 10% buffer. When you purchase your equipment items through us, you must request an ACH debit originating from us for the cost of equipment. for the cost of the equipment package, plus a buffer of 10%. We hold the buffer to pay gross receipts tax, delivery charges, additional equipment costs, or other charges you must pay. You are responsible for the payment of any sales tax levied by any state or local taxing authority. We will return any amount left over 90 days after your location is opened and operating for business. You will have to pay them the balance if the buffer of 10% is not sufficient. 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.

You must use the PC-based POS System and software in all of your coffee shops with specifications that we have approved. When making a decision 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 \$9,000 and \$15,000. The high end of this estimate takes into account that most coffee shops will need two separate POS Systems.

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 \$6,000 per year, depending on factors like size, conditions and location of your premises.

Note 6. *Training Expenses.* You do not pay us a training fee, but you will be responsible for all personal expenses for the training, including transportation to Maine, lodging, meals, wages, and benefits for you and any of your

employees. We may substitute a local, shorter training program for franchisees, but you may have local travel costs depending on where you receive your training. We do not charge a separate training fee for franchises, but we may do so for franchises purchased in the future, if we are waiving the initial franchise fee at that time. 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.

Note 7. *Store Development, Architectural and Design Fees, Site Development, Engineering/Planning.* We may permit you to construct your coffee shop on real estate owned by a third party. You may be responsible for the costs to develop, design, and engineer your coffee shop.

Note 8. *Miscellaneous Expenses.* You must pay the cost of all permits, licenses, registrations, certifications, or other consents required for leasing, constructing, or operating your coffee shop. In addition to these expenses your municipality may assess impact fees on your coffee shop location. Impact fees are charges assessed by your municipality against new development projects, such as your coffee shop, in an attempt to recover the cost incurred by the municipality in providing the public facilities required to serve the new development. Impact fees may vary among municipalities; however, we estimate these fees to be between \$1,500 and \$10,000. These fees are nonrefundable.

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.

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 store marketing campaign designed to raise awareness in your area and to drive traffic to your coffee shop, you are required to spend \$5,000 on marketing activities prior to, during and within 120 days after opening your coffee shop. We will collect this amount when you place your equipment order, after you sign a franchise agreement, and hold the funds until your complete the marketing activities and are given reimbursement from this fund.

Note 11. *10% Buffer Fee.* When you purchase your equipment items through us, you will request an ACH debit originating from us for the cost of the equipment package, plus a buffer of 10%. We hold the buffer to pay gross receipts tax, delivery charges, additional equipment costs, or other charges you must pay. You are responsible for the payment of any sales tax levied by any state or local taxing authority. We will return any amount left over 90 days after your location is opened and operating for business. You will have to pay them the balance if the buffer of 10% is not sufficient.

Note 12. *Total.* These figures are estimates of the complete investment in setting up a coffee shop and operating it for 3 months. 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 kiosk 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. We have relied on the experience of our predecessor's over 20 years operating coffee shops to compile these figures.

We and our affiliates do not offer assistance or financing to you directly or indirectly, except as specifically stated in Item 10 regarding lease and miscellaneous equipment financing.

We have relied on our experience since 2013 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 Amount ¹	Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee	\$12,500-\$25,000 ²	Lump sum	When you sign the Area Development Agreement	Us
Total Estimated Initial Investment⁷	\$12,500-\$25,000			

NOTES:

(1) We do not offer direct or indirect financing for any of these items at this time. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable. This table does not include the costs that you will incur relating to the establishment and operation of your AROMA JOE'S ® coffee house. Some of the expenses you incur relating to your AROMA JOE'S ® coffee house will carry over and also cover the same or similar expenses with respect to our area representative Business, including your computer system, training expenses, insurance premiums, professional fees, utility deposits and working capital. The table above only lists your expenses that are in addition to those you will incur with respect to the establishment of your AROMA JOE'S ® coffee house.

(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.

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 coffee shop in accordance with our specifications. Specifications are available upon request 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 will purchase all required coffee, tea, energy drink, food, equipment, beverages, and other products or services typically used in AROMA JOE'S® coffee shops exclusively from a distribution center or another approved source, including us, an affiliate, or a third party, as we may designate. You may buy certain items 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.

You must order through us all major items of equipment, coffee, tea, certain beverage products, signage, menu boards, advertising, promotional items, and certain operational items, which will be provided to you from third party suppliers that we have approved. 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 will ship these items to you directly for a fee. You may experience delays and higher costs if you seek approval to purchase directly from vendors or from vendors not currently approved by us. 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.

In a few instances, depending upon the timeliness of bill payment, we may earn purchase discounts on the equipment we order for AROMA JOE'S® franchisees.

Our affiliate and owner of the AROMA JOE'S® system, AJ IP Holder, may from time to time collect fees through our approved supplier. As an example of these fees, AJ IP Holder has an ownership interest in the energy drink that you will be required to offer in your coffee shop. 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. AJ IP Holder receives a licensing fee of \$3 per case of canned RUSH energy drink and \$40 per 5-gallon box of concentrated RUSH energy drink syrup and \$24 per 3-gallon box of concentrated sugar free RUSH energy drink syrup. In 2022, AJ IP Holder earned \$1,066,785 from the above referenced licensing fees related to the RUSH energy drink.

There is one approved supplier for your POS system hardware, which is the only supplier that can meet our POS standards for hardware. In 2022, the cost to purchase the system was 6-7% of your total purchases.

+

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. The cost of the license fee for this software will represent 1% of your total purchases for the establishment of your coffee shop.

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 only 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; coffee toppings; Coffee Concentrate WONF; tea; iced tea bags; pastries; breakfast sandwiches; bagels; cream cheese; flavored smoothies; flavored syrups; juice; cider; oatmeal; soda; sugar/sweetener packets; whipped cream; honey; coffee bags; bleach; bottled water; butter; peanut butter; carbonated water; chai tea concentrate; java; chocolate milk (regular and low-fat); milk; soy 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. We estimate the purchase of these items will represent less than 9-10% of your total purchases to open your coffee shop, not including the shipping costs, sales tax, gross receipts tax or similar tax.

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 86% to 87% 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 1-3% 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 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 will 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, with all products within any category being virtually identical regardless of the supplier. All food product suppliers must successfully complete an application process, including 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. 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 ensure 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 2022 we and AROMA JOE'S® purchasing department negotiated the above prices, discounts and other purchases and received approximately \$606,000 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 2023.

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.

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

Obligation	Section in Agreement	Item in Franchise Disclosure Document
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
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

Item Financed	Source	Down Payment	Amount Financed	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Misc. Equipment	Ascentium Capital & Harbour Capital	Varies	None	Up to 7 years	Varies	Varies	Varies	Equipment Financed	Varies	Varies

Whether, and on what terms, you can obtain financing from third parties will depend on a variety of factors, including your own creditworthiness, the type of security you can offer, the policies of lending institutions, and the availability and cost of commercial credit generally. You may not be able to obtain a loan. We do not guarantee your notes, leases, or obligations. We have no present plan to sell or assign the note to any third party, although we may do so in the future. If we do sell or assign the note, you may lose all defenses against us and others in a

collection action on a note that is sold or discounted. We and our affiliates do not receive payments for the placement of financing or providing financing. We and our affiliates do not guarantee your obligations to third parties. We do require you to sign a general release of claims as a condition of making a loan to you. The primary lease or license for your coffee shop may contain a waiver of notice, confession of judgment, or a waiver of defenses. If the franchisee is an entity, its owners may be required to personally guarantee the debt.

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 to:

1. 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, with consideration given to accessibility requirements of the Americans with Disabilities Act. 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. Negotiation of the lease with a third-party landlord and an accompany lease rider with us after you confirm and we approve your coffee shop location. You must sign a lease with a third-party landlord and a contemporaneously executed Lease Rider with us for your coffee shop within 3 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, 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. 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, we approve your location, and you open your business is 6 to 18 months. The factors that affect this time usually include: difficulty of obtaining a satisfactory site; ability to obtain a lease, financing, or building permits; zoning 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.

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. 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"). Upon signing your Franchise Agreement, you must pay us or our designee an Advertising Fee of 4.5% of gross sales for your coffee shop. At this time, we are collecting 2.5% of gross sales on a temporary basis. 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 of 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 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.

All advertising contributions we retain will be spent solely on advertising and related expenses for the benefit of AROMA JOE'S® franchisees. Presently, we work in conjunction with a chainwide advertising advisory council comprised of elected franchisees to determine the allocation of advertising fund contributions in each respective market and throughout the nation. In the future, we may work in conjunction with chainwide and local advertising advisory councils comprised of elected franchisees, respectively, throughout the nation and within each region. 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 amount of 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. Other channels, such as television, are not currently utilized. 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 a national advertising agency to assist us with providing these services. We are not obligated to advertise in the area where you locate your franchise.

We may allocate up to one third of all 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 us 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 and Twitter, without our prior written consent.

Our chainwide advisory council offers input on how advertising funds will be allocated. The chainwide advisory council will consist of us and seven elected franchisees. In the future, the chainwide advisory council may consist of the elected AROMA JOE'S® franchisees to act as representatives for respective regions. The regions will be as follows: Pacific, West Central, Southwest, East Central, Southeast, and Northeast. 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 will be conducted on a regional basis with each region electing one board member. Voting for council members will be on the basis of one vote for each operating coffee shop. The chainwide advisory council will not develop local policy. The activities of the chainwide advisory council is governed by the *Policy and Procedure Manual* established by us.

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. Local advertising agencies may be required to sign an advertising agency agreement and adhere to our standards and criteria.

The chainwide advisory council members, 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, 2022, we spent approximately 22% of advertising fund expenses on the production of advertisements; 37% for media placement; 26% on administrative expenses; 2% for mystery shops; 7% for experiential marketing; 1% on website maintenance and support and 5% on the production and maintenance of a mobile application. The budget for the chainwide advertising fund in 2023 assumes we will spend 17% of advertising fund expenses on the production of advertisements; 39% for media placement; 28% for administrative expenses; 1% for mystery shops; 9% for experiential marketing; 2% on website maintenance and support; and 5% 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 Store Marketing Contribution.

Upon placing an order for your equipment package, you will be required to pay us \$5,000, which will be refunded to you upon confirmation that you have spent at least \$5,000 on your approved 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. The New Store 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 of your coffee shops, with the required POS software. The cost of purchasing the required system is between \$3,650 and \$9,000 which has an

average life cycle of three to four 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.

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 our approved Managed Service Provider ("MSP"), Alpine Business Solutions ("Alpine"). There are two approved hardware platforms you can purchase to satisfy our requirements for the PC-based POS system.

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 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, 2020, assuming a usage of the minimum two required point of sale systems the cost will be approximately \$5,800-\$8,700 plus taxes and shipping. You will be required to purchase the Select Electronic Kitchen Display System which is also available through Alpine for approximately \$775 plus taxes and shipping, with a minimum of three displays per location. We may act as collection agent for Alpine 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 MSP Alpine 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 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.

Statbridge™ is the approved POS software required for use in all coffee shops. We have entered into license agreement with the software supplier and will sublicense the software to you. You will be required to sign a sublicense agreement with us. Each month you will be required to pay a technology fee of approximately \$275 per coffee shop. The technology fee will be withdrawn from your pre-authorized account with us on behalf of the

software supplier. In the future, the software license fee may be payable on an annual basis. Each month, at the current time, the POS software support fee will be \$39.99-\$44.99 per POS System per month. The software license fee may increase or decrease in the future. All software license fees are nonrefundable. We may approve additional hardware and software vendors in the future.

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.

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 Alpine Technical Support. 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. Alpine offers a support package that provides for annual maintenance and support calls. The cost of this support package ranges from \$39.99 to \$44.99 per month. 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 issue you a copy of the confidential Operations Manual in either electronic form within three months after a lease is signed for your coffee shop or in a paper form, at your request. From time to time, we will issue you an updated copy of the confidential Operations Manual in electronic or paper form. We do not normally issue the Operations Manual to prospective franchisees but will permit you to inspect the Operations Manual at our headquarters or at your Development Agent's office or elsewhere, upon your request, before you purchase the franchise. You must sign a confidentiality agreement if we request, attached as Exhibit F-1. You must wait 14 calendar days or 10 business days (whichever is later) after you receive this Disclosure Document to sign the Confidentiality Agreement and view the Operations Manual. The Operations Manual is approximately 292 pages as of December 31, 2022. The Table of Contents of the Operations Manual may be found in Exhibit F.

We may modify the Operations Manual, unilaterally under any condition and to any extent which we consider necessary, to meet competition, protect trademarks, service marks, copyrights or trade names, or improve the quality of the product or service provided by the AROMA JOE'S® coffee shop, if modifications are applicable to all franchisees. We may have policies and procedures which apply only to certain programs, and these policies and procedures do not apply to franchisees not participating in the program. Any amendment to the Operations Manual will not unilaterally alter the fundamental rights and obligations created by the Franchise Agreement and this Disclosure Document.

Training Programs. Before you open for business, all individuals who sign your Franchise Agreement as Franchisee must attend and successfully complete the two-week long Training Program (the "Training Program") to our satisfaction. For most effectiveness, we recommend that you schedule your training as close to the store opening as possible. If you are purchasing an existing coffee shop through a transfer, we must approve your transfer before we will register you for training. You must attend training before the close of the transfer unless we permit otherwise. If you sign a Specific Location Rider, you must have a lease signed for the specific location before you can attend the Training Program.

We provide the Training Program for no additional charge. However, you are responsible for all of your personal expenses, including lodging, meals, and costs of transportation to and from the classroom and "on-the-job" training sites where you will train. We charge a cancellation fee if you fail to attend your scheduled training or if you cancel your registration with less than 10 business days' notice.

You will be exempt from attending the Training Program if: 1) you are a current franchisee purchasing an additional AROMA JOE'S® Coffee Shop and previously passed training, 2) if you are purchasing your first AROMA JOE'S® Coffee Shop but you successfully completed the Training Program less than 2 years ago and after serving as a coffee shop team leader or certified trainer.

You may request permission from us for your store manager to accompany you to the Training Program. Managers who attend training will receive a certificate from us indicating that they have attended the Training Program as a non-owner. 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.

Prior to attending our training program, we strongly recommend that you work at an existing coffee shop for a minimum of 40 hours after you have purchased your franchise. You must obtain the approval of our representative or your Development Agent and the existing franchisee operating the coffee shop at which you wish to be trained. In the future, we and our affiliates may offer additional training courses dealing with management, paperwork, advertising systems, and multi-unit ownership. These courses will be optional.

In order to successfully complete the Training Program, you must have (i) perfect attendance; (ii) an 80% final grade on the in-store component of the course; and (iii) an 80% average on the in-classroom quizzes. If you fail the final exam, you may be permitted to retake the final exam at our discretion, at a location and time we determine. If you fail to successfully complete one or more sections of the training program, you must contact us within 30 days after you attended the Training Program to discuss the options available to you to successfully complete the Training Program. If you do not contact us within 30 days, you will be required to repeat the Training Program in its entirety.

You may be provided with a copy of the Code of Business Conduct (the "CBC") in the Training Handbook emailed to you upon registration for Training, which you must sign. The CBC requires that all staff, students and guests act in a professional manner at all times during the Training Program. You must adhere to the CBC while on our property, in training stores, at area hotels and while attending any of our functions, dinners and social gatherings which might be considered an AROMA JOE'S® sponsored event. We may dismiss you from the Training Program and terminate your Franchise Agreement if you fail to act in accordance with the CBC. Your franchise fee will not be refunded under these circumstances.

We offer the classroom portion of the Training Program at either our headquarters in Portland, Maine or via a virtual video conference tool of our choosing. The "on-the-job" training site is an AROMA JOE'S® Coffee Shop located within close proximity of the training center in Maine or another location designated by us. You will be responsible for your own transportation to and from the classroom and "on-the-job" training sites. The franchisee training program is offered as needed, but not to exceed more than 12 times per year. Classroom work accounts for approximately 31 hours, and you will have approximately 40 hours of on-the-job training at nearby coffee

shops. You will also have from two to three hours of homework per evening. Prior to attending the Training Program and after you purchase your franchise, we may require you to work at an existing coffee shop in your area for a minimum of 40 hours. You will be responsible for all personal expenses. Upon completion of this work, you may be required to successfully complete a test. You may be required to retake and pass the standardized test during the Training Program unless you are otherwise exempt. We may modify the training courses from time to time. Any changes made to the training courses will be referenced in the Operations Manual. The Training Program uses the Operations Manual, a course workbook, and other written materials.

The Training Program is under the guidance of our Operations Department, which has been organizing all training activities since 2006. The Training Program is facilitated by Dave Tucci-Chief Operating Officer, Jory Pottle-Operations Manager and Nerissa McCormack – Field Operations. There are no fees for refresher training sessions. For all individuals involved in the facilitation of the Training Program, Franchisor requires a minimum of 12 months of internal Aroma Joe's operational experience; or a minimum of 5 years of external operational experience at similarly situated franchise or equivalent company.

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		So. Portland, ME or Virtually
AROMA JOE'S® Tools & Resources AJU and FranConnect	1.45		So. Portland, ME or Virtually
Menu Breakdown	0.5		So. Portland, ME or Virtually
Customer Engagement	2.5		So. Portland, ME or Virtually
Food Safety & Cross Contamination	0.5		So. Portland, ME or Virtually
POS Basics – Clerk Tasks	1		So. Portland, ME or Virtually
Intro to Paperwork and Controls	0.5		So. Portland, ME or Virtually
Control Sheet Mechanics	2.5		So. Portland, ME or Virtually
Distribution	1		So. Portland, ME or Virtually
Scheduling and Payroll	1		So. Portland, ME or Virtually

Successful Team Building	0.5		So. Portland, ME or Virtually
Employee Safety & Surveillance	0.5		So. Portland, ME or Virtually
Mystery Shopper Program	0.5		So. Portland, ME or Virtually
POS: Manager Tasks	2		So. Portland, ME or Virtually
Leasing	0.5		So. Portland, ME or Virtually
Construction & Equipment	0.5		So. Portland, ME or Virtually
Control Sheet Analysis	0.5		So. Portland, ME or Virtually
WISR Introduction & Mechanics	2		So. Portland, ME or Virtually
Break Even & Profitability Analysis	2		So. Portland, ME or Virtually
Accounting Best Practices	0.5		So. Portland, ME or Virtually
Professionalism and Management Style	0.5		So. Portland, ME or Virtually
Quality Control and Compliance Evaluations	1		So. Portland, ME or Virtually
New Store Opening	0.5		So. Portland, ME or Virtually
Marketing: Overview & Local Store Marketing	2		So. Portland, ME or Virtually
Life as a Franchisee	1		So. Portland, ME or Virtually
Financial Literacy	0.5		So. Portland, ME or Virtually
R&D	1		So. Portland, ME or Virtually

Barista Training		40	Approved location to be determined at time of training
Final Exam Review	0.15		So. Portland, ME or Virtually
Final Exam	2.5		So. Portland, 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 you purchase your coffee shop and successfully complete training, you and your staff may also be required to complete additional courses on a future date. We or your Development Agent will notify you when additional courses become required.

If we determine in our reasonable judgment you are not operating your coffee shop up to the standards set forth in the Operations Manual, you must send your current manager for your coffee shop to Manager Training within 30 days after we give you notice. You will pay all personal expenses transportation, lodging, and other expenses any of your employees incur to attend our Training Program.

Item 12 **TERRITORY**

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

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 with an existing franchisee. The Area Development Agreement gives a particular franchisee the right to develop all stores in a specified territory. The Area Developer may preclude, in the Area Developer's discretion, the development of coffee shops by third parties in their territory.

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.

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 of 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 give consideration to 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. 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, 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 locate 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. Because we do not know the ultimate development of each market, we approach each market using, as a starting point, a guideline of one coffee shop for every certain number of population within the market. We then modify our development goals for the specific market based upon the 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. At this time, we are only offering ADA's to existing franchisees who have owned and operated an Aroma Joe's® coffee shop for a minimum of 6 months. In the future, we may change or remove this ownership requirement in our sole discretion. 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.

TRADEMARKS AND/OR SERVICE

<u>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®	4,876,828	030	12/29/2015
AROMA MOCHA®	4,879,610	030	01/05/2016
BLACK JACK®	4,907,301	032	03/01/2016
STOOSH Symbol	5172549	030, 035, 043	03/28/2017
AROMA JOE'S®	5,539,378	030, 035, 043	08/14/2018
SOMETIMES HOT, ALWAYS COOL®	5,274,415	030, 035, 043	08/29/2017
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
HONDURAS COFFEE AROMA JOE'S	90639294	044	04/12/2021
CERTIFIED FARMERS GROUP			

*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 not 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 us 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 then 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 the coffee shop in strict compliance with all required methods, procedures, policies, standards and specifications of the AROMA JOE'S® system in the Operations Manual and in other writings we issue. You must use the coffee shop premises only for the operation of an AROMA JOE'S® Coffee Shop and you may not operate any other business at or from the location without our prior written consent. You must offer and sell only those goods and services we have approved.

You must offer all goods and services we designate as required for all franchisees. The Operations Manual states you must offer, at a minimum, the basic AROMA JOE'S® menu. We must approve additional menu items. We may authorize tests of new products or methods at company or affiliate-owned or franchised coffee shops. Based upon the results of these tests, we may make changes in our menu. We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. There are no limits on our right to do so. You must comply with our new requirements. 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. We also designate some goods and services as optional programs for qualified franchisees. To offer optional goods or services, you must be in compliance with your Franchise Agreement and the Operations Manual and meet any additional requirements we may have for the program, including state or local licenses, training, marketing, and insurance. The Operations Manual and other written or electronic materials we distribute contain written lists and requirements for optional programs.

We do not impose any restrictions or conditions that limit your access to customers, but you may not sell any goods or services to another vendor for resale without our consent. You may not sell goods or services except from your approved location without our 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	<p>Term is 20 years, but you must sign a lease (as applicable) and an accompanying lease rider within 3 years of franchise purchase or your franchise terminates. We may grant you an extension.</p> <p>Term is 20 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.</p> <p>Your term is 20 years, but you must open for business and commence operation of the coffee shop within 3 years after signing the Franchise</p>

	DLR Paragraphs I, II	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 20-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	<p>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.</p> <p>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 20-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.</p>
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 twenty (20) 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.
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 franchise's 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

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
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.

Store Number & Location	Actual Gross Annual Sales as reported to AJF	Average Weekly Sales per individual store	Median Weekly sales per individual store	Type
01 - NH Rochester	\$743,900.39	\$14,305.78	\$14,462.20	Double Drive Thru
02 - NH Somersworth	\$592,113.87	\$11,386.81	\$11,495.78	Double Drive Thru
03 - NH Rochester	\$599,001.56	\$11,519.26	\$11,442.05	Double Drive Thru
04 - ME Sanford	\$907,228.09	\$17,446.69	\$17,509.59	Coffee House & Drive Thru
05 - NH Dover	\$540,689.25	\$10,397.87	\$10,528.93	Double Drive Thru
07 - ME Berwick	\$852,866.31	\$16,401.28	\$16,442.61	Single Drive Thru
08 - ME Biddeford	\$1,091,626.24	\$20,992.81	\$21,090.06	Double Drive Thru
09 - NH Somersworth	\$989,841.53	\$19,035.41	\$19,395.38	Coffee House & Drive Thru
10 - ME Portland	\$1,097,795.01	\$21,111.44	\$20,791.67	Single Drive Thru
11 - ME Sanford	\$806,356.35	\$15,506.85	\$15,760.95	Double Drive Thru
12 - ME S. Berwick	\$869,019.67	\$16,711.92	\$16,932.33	Coffee House & Drive Thru
13 - NH Rochester	\$641,141.34	\$12,329.64	\$12,583.87	Coffee House & Drive Thru
14 - NH Barrington	\$636,998.91	\$12,249.98	\$12,110.47	Single Drive Thru
15 - NH Durham	\$491,096.14	\$9,444.16	\$10,845.58	Coffee House
16 - NH Laconia	\$1,120,135.59	\$21,541.07	\$21,188.86	Double Drive Thru
17 - ME Wells	\$940,194.57	\$18,080.66	\$17,677.61	Single Drive Thru
06 - NH Dover	\$981,108.76	\$18,867.48	\$19,071.35	Single Drive Thru
18 - ME Saco	\$1,885,253.00	\$36,254.87	\$35,423.40	Double Drive Thru
19 - NH Rochester	\$1,427,475.39	\$27,451.45	\$28,071.42	Coffee House & Drive Thru
30 - NH Hampton	\$1,087,578.27	\$20,914.97	\$20,966.31	Double Drive Thru
20 - ME Waterville	\$1,455,829.86	\$27,996.73	\$27,311.10	Coffee House & Drive Thru
22 - NH Dover	\$607,089.56	\$11,674.80	\$11,802.33	Single Drive Thru
23 - ME Alfred	\$1,085,108.25	\$20,867.47	\$21,050.05	Double Drive Thru
31 - NH Ossipee	\$626,050.91	\$12,039.44	\$10,946.87	Coffee House & Drive Thru
32 - ME Oxford	\$840,463.74	\$16,162.76	\$16,409.94	Double Drive Thru
39 - ME Orono	\$1,779,477.75	\$34,220.73	\$35,313.88	Coffee House & Drive Thru
29 - ME Lisbon Falls	\$725,419.22	\$13,950.37	\$13,750.59	Single Drive Thru
35 - ME Windham	\$1,293,385.38	\$24,872.80	\$25,040.58	Single Drive Thru
34 - NH Manchester	\$1,378,062.95	\$26,501.21	\$26,671.72	Coffee House & Drive Thru
27 - NH Derry	\$1,052,199.32	\$20,234.60	\$20,106.85	Single Drive Thru
36 - NH Newmarket	\$680,290.65	\$13,082.51	\$13,228.51	Single Drive Thru
44 - ME Waterboro	\$1,059,883.85	\$20,382.38	\$20,566.23	Single Drive Thru
26 - NH Epping	\$1,115,103.75	\$21,444.30	\$21,818.56	Single Drive Thru
37 - ME S. Portland	\$1,166,848.49	\$22,439.39	\$22,851.54	Double Drive Thru
24 - NH Lee	\$823,549.47	\$15,837.49	\$15,999.22	Coffee House & Drive Thru
40 - ME Standish	\$1,102,196.60	\$21,196.09	\$20,960.37	Single Drive Thru
49 - ME Gorham	\$1,488,690.02	\$28,628.65	\$28,955.22	Coffee House & Drive Thru
45 - NH Alton	\$959,315.73	\$18,448.38	\$17,446.13	Single Drive Thru
48 - NH Tilton	\$1,023,317.33	\$19,679.18	\$19,839.12	Double Drive Thru
63 - NH Newport	\$636,949.51	\$12,249.03	\$12,613.67	In a Convenience Store
47 - ME Gray	\$1,246,941.93	\$23,979.65	\$23,968.09	Single Drive Thru
50 - NH Greenland	\$672,248.43	\$12,927.85	\$12,892.86	Single Drive Thru
53 - NH Hooksett	\$969,662.79	\$18,647.36	\$19,071.67	Single Drive Thru
62 - NH North Conway	\$701,436.58	\$13,489.17	\$13,374.49	Single Drive Thru
51 - ME Kennebunk	\$1,163,305.66	\$22,371.26	\$21,844.48	Coffee House & Drive Thru
33 - ME Kittery	\$918,880.28	\$17,670.77	\$17,692.40	Single Drive Thru

59 - NH Exeter (Epping Rd)	\$709,402.38	\$13,642.35	\$13,855.56	Single Drive Thru
58 - NH Exeter (Portsmouth Ave)	\$928,665.79	\$17,858.96	\$17,140.89	Coffee House & Drive Thru
65 - ME Auburn	\$1,288,344.26	\$24,775.85	\$25,039.90	Coffee House & Drive Thru
74 - ME Ellsworth	\$990,536.29	\$19,048.77	\$19,279.15	Single Drive Thru
69 - NH Concord	\$1,045,704.15	\$20,109.70	\$20,346.93	Coffee House & Drive Thru
64 - MA Leominster	\$924,518.33	\$17,779.20	\$18,066.18	Single Drive Thru
66 - ME North Berwick	\$830,655.85	\$15,974.15	\$16,290.00	Single Drive Thru
75 - ME South Sanford	\$1,029,123.14	\$19,790.83	\$20,041.86	Single Drive Thru
82 - ME Brunswick	\$751,431.51	\$14,450.61	\$14,488.85	Single Drive Thru
78 - PA Greensburg	\$798,667.66	\$15,358.99	\$15,414.52	Coffee House & Drive Thru
83 - NH Merrimack	\$672,786.28	\$12,938.20	\$13,157.54	In a Convenience Store
84 - FL Pompano Beach	\$896,788.84	\$17,245.94	\$17,405.58	Coffee House & Drive Thru
67 - Farmington NH	\$848,516.78	\$16,317.63	\$16,194.77	Single Drive Thru
55 - NH Salem	\$887,141.00	\$17,060.40	\$16,443.74	Single Drive Thru
91 - ME South Portland	\$1,609,921.44	\$30,960.03	\$31,244.96	Coffee House & Drive Thru
100 - NH Portsmouth	\$861,189.77	\$16,561.34	\$16,670.32	Single Drive Thru
79 - MA Salisbury	\$1,412,068.56	\$27,155.16	\$26,384.70	Coffee House & Drive Thru
81 - ME Augusta	\$1,113,902.23	\$21,421.20	\$21,515.18	In a Convenience Store
95 - MA Haverhill	\$851,062.71	\$16,366.59	\$16,450.55	Coffee House & Drive Thru
68 - ME Bath	\$786,305.94	\$15,121.27	\$15,040.04	Single Drive Thru
76 - NH Portsmouth (Lafayette Rd)	\$648,093.27	\$12,463.33	\$12,144.04	In a Convenience Store
105 - ME Lewiston	\$1,460,080.30	\$28,078.47	\$28,599.05	Single Drive Thru
102 - FL Land O Lakes	\$721,162.02	\$13,868.50	\$13,982.15	Coffee House & Drive Thru
103 - MA Swansea	\$688,014.48	\$13,231.05	\$13,226.49	Coffee House & Drive Thru
101 - NH Amherst	\$750,231.38	\$14,427.53	\$14,189.53	Single Drive Thru
96 - NH Concord	\$778,700.05	\$14,975.00	\$15,000.54	Single Drive Thru
71 - NH Epsom	\$846,829.50	\$16,285.18	\$16,579.97	Single Drive Thru
110 - Raynham, MA	\$557,533.43	\$10,721.80	\$10,827.98	Single Drive Thru
116 - Rindge, NH	\$432,072.75	\$8,309.09	\$8,294.30	Single Drive Thru
118 - Haverhill, MA	\$749,356.20	\$14,410.70	\$14,588.49	Coffee House & Drive Thru
88 - Tewksbury, MA	\$991,696.15	\$19,071.08	\$19,321.24	Coffee House & Drive Thru
124 - Lewiston, ME	\$792,122.87	\$15,233.13	\$15,762.00	Single Drive Thru
123 - Providence, RI	\$510,766.85	\$9,822.44	\$10,088.70	Non Trad (Walk-Up Only)
112 - Portland, ME (Hannaford)	\$389,189.43	\$7,484.41	\$7,651.61	Non Trad (Walk-Up Only)
134 - Pittsburg, PA	\$732,421.35	\$14,085.03	\$14,235.65	Single Drive Thru
94 - Plymouth, NH	\$957,751.99	\$18,418.31	\$18,829.46	Single Drive Thru

The average total sales for all AROMA JOE'S® coffee shops and drive thru kiosks open and operating during the 52-week period beginning January 1, 2022 and ending December 31, 2022 was \$928,242.48 and the median total sales was \$878,080.34. Forty-seven coffee shops, or 49%, attained or surpassed the average total sales amount. The total number of coffee shops, drive-thru kiosks and walk-up service operating for the entire 52-week time frame was 82. Out of the 82 Coffee Shops 25 locations have inside seating for patrons and a drive-thru, 1 location is a coffee house only without a drive-thru, 4 locations are located within a convenience store, 3 locations are located inside another business structure and the remaining 51 are drive-thru only locations. The average sales for the 1 coffee house without a drive-thru was \$491,096.14. The average sales for the 4 locations located within a convenience store were \$767,932.82. The average sales for the 25 locations with inside seating and a drive-thru were \$1,063,796.87 and the median sales were \$959,253.66. For the remaining 51 drive-thru only locations the average sales were \$898,280.70 and the median sales were \$852,866.31.

Basis

The average total sales figures were derived from the actual historical performances of 82 AROMA JOE'S® coffee shops and drive-thru kiosks open and operating during a 52-week period beginning January 1, 2022 and

ending December 31, 2022. All 82 coffee shops, drive-thru kiosks and walk-up service were open and operating for the entire 52-week period. Sales figures for the other 13 coffee shops and drive-thru kiosks that opened at various times during the 52-week period were not included to prepare the average total sales figures. By the end of 2022, there were 38 locations in the state of Maine, 40 locations in the state of New Hampshire, 10 locations in the state of Massachusetts, 2 locations in the state of Pennsylvania, 3 locations in the state of Florida, 1 location in the state of Connecticut and 1 location in the state of Rhode Island. The Founders own and operate 22 of the 95 locations. Currently, all 95 locations are open and operating.

Assumptions

All 82 coffee shops are located in densely populated suburban areas. The market in which you operate your coffeeshop 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 2020 to 2022

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	2020	66	72	+6
	2021	72	81	+9
	2022	81	95	13
Company Owned	2020	1	2	+1
	2021	2	1	-1
	2022	1	0	-1
U.S. Total Outlets	2020	67	74	+7
	2021	74	82	+9
	2022	82	95	13

Table No. 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor) from 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Connecticut	2020	0
	2021	0
	2022	0
Maine	2020	0

	2021	1
	2022	1
New Hampshire	2020	1
	2021	1
	2022	1
Massachusetts	2020	0
	2021	2
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	0
Florida	2020	0
	2021	0
	2022	0
TOTAL	2020	1
	2021	4
	2022	2

Table No. 3
Status of Franchised Outlets For years 2020 to 2022

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	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Maine	2020	29	1	0	0	0	0	30
	2021	30	2	0	0	0	0	32
	2022	32	6	0	0	0	0	38
New Hampshire	2020	33	3	0	0	0	0	36
	2021	36	2	0	0	0	0	38
	2022	38	2		0	0	0	40
Massachusetts	2020	3	1	0	0	0	0	4
	2021	4	3	0	0	0	0	7
	2022	7	3	0	0	0	0	10
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Florida	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Rhode Island	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTAL	2020	66	6	0	0	0	0	72
	2021	72	9	0	0	0	0	81

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
	2022	81	14	0	0	0	0	95

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022

Column 1 State	Colum n 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	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
New Hampshire	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Massachusetts	2020	0	1	0	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Pennsylvania	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
TOTAL	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	1
	2022	1	0	0	0	1	0

Table No. 5
Projected Openings as of December 31, 2022

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	2	1	0
Maine	19	5	0
Massachusetts	14	6	0
New Hampshire	17	1	0
New York	1	1	0
Rhode Island	2	1	0
Pennsylvania	2	2	0
Florida	18	5	0
Connecticut	2	2	0
TOTAL	77	24	0

Exhibit K lists the name of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2022.

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.

The following is a list of franchisees who have signed Franchise Agreements but not yet opened for business as of December 31, 2022.

Store #	State	City	Franchisees	Franchise Sale Date
159	NY	Troy	Robert Hurley, Mark Dego, Lawrence Jasenski, Brooks Church,	04/06/22
160	RI		Brian Reall, Christopher Franklin, Ted Franklin, Gordon Craig 15 Cowesett Rd. Warwick, RI 02886	04/08/22
141	CT	Waterbury	Henry Laughlin, Mark MacGregor and Clayton Prugh 607 Wolcott Street New Haven, CT 06705	07/28/21
176	RI	Warwick	Stephen and Anne Marie Lukin 47 South Angell St. Providence, RI 02096	09/26/22
185	CT		Clayton Prugh 1235 Farmington Ave. Bristol, CT 06010	09/29/22
153	PA	Monroeville	Greg Gasparich, Nate Nennett, and Rafe Hughes 1401 Harrison Ave. Jeanette, PA 15644	03/20/22
163	PA	Indiana	Stephen and Richelle McCabe 220 Robin St. Indiana, PA 15701	07/05/22
111	FL		Nicholas Cyr, Taylor Hudson, and Sara Yates (207) 651-8394	01/20/20
121	FL	Westley Chapel	Michael and Melissa Barber, Rick Pelletier 344 Pendleton Way Land O'Lakes, FL 34630 (497) 592-0110	09/14/20
143	FL	Kissimmee	Ansel B. Crombleholme II 5141 Appenine Loop W Saint Cloud, FL 34771	07/29/21
151	FL		Martin & Marlene McKenna 75 Saddletrail Drive Dover, NH 603-813-3111	02/17/22
152	FL	Wilton Manors	Tim McKenna, Marissa Baroniel, Kaitlyn Mathews 14506 Powerline Rd. Pompano Beach, FL 33069	03/28/22

155	FL	Palmetto	Betteanne Esposito and Robert Esposito 4503 Arbor Gate Dr. Brandenton, FL 34203	04/06/22
156	FL		Betteanne Esposito and Robert Esposito 4503 Arbor Gate Dr. Brandenton, FL 34203	04/06/22
157	FL		Betteanne Esposito and Robert Esposito 4503 Arbor Gate Dr. Brandenton, FL 34203	04/06/22
161	FL	Cape Coral	Aaron Wiswell and Robert Brennan 9 White Pine Way North Berwick, ME 03906	04/08/22
162	FL		Sarah Johnson 65 Lincoln Rd. Saco, ME 04072	07/05/22
164	FL		Eric Gustafson, Kim Gustafson, Joshua Gustafson, Zachary Gustafson 39 Barbara Lane Strafford, NH 03884	07/20/22
168	FL		Aaron Wiswell 9 White Pine Way North Berwick, ME 03096	08/20/22
169	FL		Aaron Wiswell 9 White Pine Way North Berwick, ME 03906	08/20/22
170	FL		Michael and Melissa Barber, Rick Pelletier 344 Pendleton Way Land O'Lakes, FL 34639 (497) 592-0110	08/30/22
172	FL	Pompano Beach	Tim McKenna, Marissa Baroniel, Kaitlyn Mathews 2091 NE 36 th St. Lighthouse Point, FL 33074	09/23/22
183	FL		Eric Gustafson, Kim Gustafson, Joshua Gustafson, Zachary Gustafson 39 Barbara Ln. Strafford, NH 03884	09/28/22
200	FL		Martin & Marlene McKenna 75 Saddletrail Drive Dover, NH (603) 813-3111	09/29/22
230	FL		Tim McKenna, Marissa Baroniel, Kaitlyn Mathews 2091 NE 36 th St. Lighthouse Point, FL 33074	09/29/22
106	MA	Salisbury	Nathaniel Higgins and Paul Casso 16 Snowbird Lane York, ME 03909	07/27/19
119	MA		Robert Aziz and Elaine Ferris 5 Lewis Road Riverside, RI 02915	09/25/20
126	MA	North Andover	Alan Arcadipane 1503 Osgood St. North Andover, MA 01845	10/13/20
127	MA		Nicole and Timothy Keefe 62 Province Strafford, NH 03884	10/23/20
131	MA		Chimene Lantz, Anna Podnecky, Alicia Marden 12 Sherwood Road Londonderry, NH 03053 (617) 388-0042	12/12/20
130	MA		Kevin Ahern and Brad Pacheco	12/23/20

			(978) 758-8507	
149	MA		Michael Brown 12 Lane Ave. Greenland, NH 03840	01/14/22
150	MA		Corrigan and Lindsey Wilt 198 Union St. Portsmouth, NH 03801	02/03/22
158	MA		Robert Hurley, Mark Deso, Lawrence Jasenski, Brooke Church	04/06/22
165	MA		Kenneth and Zachary Lennon 67 Forest St. Suite 270, #953 Marlborough, MA 01752	07/27/22
175	MA		Bonne Realejo, Victor Realejo, Jeff Realejo, and Jonathan Realejo 164 Beverly Rd. Riverside, RI 02915	09/27/22
181	MA		Alan Arcadipane C/O R.T. Hawk LLC 265 Franklin St., Suite 1605 Boston, MA 02110	09/29/22
182	MA		Alan Arcadipane C/O R.T. Hawk LLC 265 Franklin St., Suite 1605 Boston, MA 02110	09/29/22
199	MA		Johnny Ahern, Kevin Ahern, Brad Pachecho 175 Central St., Suite 215 Lowell, MA 01852	10/08/22
201	MA		Johnny Ahern, Kevin Ahern, Brad Pachecho 175 Central St., Suite 215 Lowell, MA 01852	10/09/22
104	ME		Kendal O'Gorman, Steve Hanscom PO Box 972 Scarborough, ME 04070	05/06/19
108	ME		Heidi Lynn and Victor Lindquist 391 Cedar Breeze N Glenburn, ME 04401	12/19/19
109	ME		Brendan O'Hazo, Ronia Laita-Clement, Richard (Rick) Lincoln PO Box 1420 Scarborough, ME 04070 (207) 939-4427	01/07/20
117	ME		Kat, Donna, and Arthur McAleer 45 Village Way, Unit 40 Rockport, ME 04856	08/15/20
122	ME		Patrick and Wendy Garnon 66 Lambs Mill Road Naples, ME 04055	09/15/20
129	ME		Daniel, Heidi, and Isabelle Reidman 735 Stevens Ave. Portland, ME 04103 (803) 394-7916	11/27/20
133	ME	Augusta	Stephen Pracher and Kyle Hersey 26 Collins Mills Rd. West Gardiner, ME 04345 (207) 330-5050	03/04/21
138	ME		Loren Goodridge, Mark Carey, and Maryna Shulikouskaya 75 John Roberts Rod, Suite 100A S. Portland, ME 04106	06/04/21
144	ME		Glen and Tracy Amnott 1324 Upper City Road Pittsfield, NH 03283	09/10/21

148	ME	Unity	Gregory Shpunder 787 Broadway Street Cape Vincent, NY 13618	01/09/22
166	ME	Turner	Robert and Wendy Levesque 16 Richmond Road Turner, ME 04282	08/02/22
167	ME	Naples	Loren Goodridge, Mark Carey, and Maryna Shuliakouskaya 75 John Roberts Rd., Suite 100A S. Portland, ME 04106	08/14/22
171	ME		Mary Anne and Ronald Spearin 51 Round Pond Lane Charlotte, ME 04666	09/21/22
179	ME		Steve Hanscom and Kendal O'Gorman 79 Ash Swamp Rd. Scarborough, ME 04074	09/27/22
180	ME		Steve Hanscom and Kendal O'Gorman 79 Ash Swamp Rd. Scarborough, ME 04074	09/27/22
191	ME		Loren Goodridge, Mark Carey, and Maryna Shuliakouskaya 75 John Roberts Rd., Suite 100A S. Portland, ME 04106	09/30/22
192	ME	Kittery	Loren Goodridge, Mark Carey, and Maryna Shuliakouskaya, Kaitlyn Burnell 75 John Roberts Rd., Suite 100A S. Portland, ME 04106	09/30/22
193	ME		Cody Currier 12 Myrtle Ave. Lewiston, ME 04240	09/30/22
194	ME		David and Jennifer Gilles 33 Plummer Dr. Raymond, ME 04071	09/30/22
195	ME		David and Jennifer Gilles 33 Plummer Dr. Raymond, ME 04071	09/30/22
97	NH	Middleton (MA)	Jamey & Katherine Beland 209 S. Main Street Middleton, MA 01949 (603) 502-6788	01/23/19
99	NH	Belmont	Eric, Kim, and Joshua Gustafsen 93 Daniel Webster Highway Belmont, NH 03220	02/06/19
115	NH	Hudson	Scott and Jodi Zielfelder 56 Derry Rd. Hudson, NH 03051	03/22/20
132	NH	Methuen	Chandrasekhara "MC" Muppala 46 Daniels Dr. Lee, NH 03861 (571) 309-3662	02/15/21
136	NH		Ann Berry 87 Tingley Street Rochester, NH 03867	03/29/21
137	NH		Pat and Sarah Duffy 537 Middle Road Dover, NH 03820	05/28/21
140	NH	Manchester	Rob Hanson, Tracy Hanson 525 Hooksett Rd. Manchester, NH 03104	06/29/21
145	NH	Manchester	Robert and Tracy Hanson 525 Hooksett Rd. Manchester, NH 03104	09/02/21

154	NH	Keene	Aaron Wiswell 9 White Pine Way North Berwick, ME 03906	03/17/22
173	NH		Eli and Katie Carleton 20 Wheelwright Dr. Lee, NH 03861	09/27/22
174	NH		Eli and Katie Carleton 20 Wheelwright Dr. Lee, NH 03861	09/27/22
184	NH		Melissa Ceppetelli 100 Small Rd. Barrington, NH 03825	09/30/22
186	NH		Melissa Ceppetelli 100 Small Rd. Barrington, NH 03825	09/30/22
187	NH		Melissa Ceppetelli 100 Small Rd. Barrington, NH 03825	09/30/22
188	NH		Dane Spence and Harry Wesson 66 Meadow St. Sanbornville, NH 03872	09/28/22
189	NH		Dane Spence and Harry Wesson 66 Meadow St. Sanbornville, NH 03872	09/28/22
190	NH		Dane Spence and Harry Wesson 66 Meadow St. Sanbornville, NH 03872	09/30/22
196	NH		Mike and Brian Willon 63 Broadway Dover, NH 03820	09/30/22
197	NH		Rob and Tracy Hanson 730 1 st Crown Point Rd. Strafford, NH 03884	09/30/22
198	NH		Tyler and Amanda Parkhurst, Dennis and Margaret Munson 95A Fourth St. Dover, NH 03820	09/30/22

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, 2022, 2021, and 2020.

**Item 22
CONTRACTS**

The following contracts are attached to this Disclosure Document:

Franchise Agreement.....	Exhibit A
Franchise Disclosure Questionnaire	Exhibit A-1
StatBridge® POS End User License Agreement.....	Exhibit A-2
Landlord Lease Rider	Exhibit A-3
Guaranty and Assumption Agreement.....	Exhibit A-4
Pre-Authorized Bank Form.....	Exhibit C
Confidentiality Agreement for Disclosure of Operations Manual.....	Exhibit F-1
Privacy Policy.....	Exhibit G
Mutual 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 75 John Roberts Road, Suite 100A, South Portland, ME 04106 ("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 and 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 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.
- L. 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. [Check one]:

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

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

c. 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 three (3) 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.

d. Add-On Fee. \$6,250 - \$12,500. You agree to pay us \$6,250 to add individuals who are existing AROMA JOE'S® franchisees and have successfully completed our franchisee training program. 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 agree to pay us \$12,500 to add individuals who are not existing AROMA JOE'S® franchisees. 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.

e. 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.

f. 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.

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

h. 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 three (3) 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.

If, during the term of this Agreement, the Designated Manager is not able to continue to serve in the capacity of Designated Manager, 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 this Agreement.

You, your Designated Manager any substitute or replacement manager may be dismissed from our training program and this Agreement may be terminated, with no refund of your Franchise Fee, if you or any such manager fails to act in accordance with our Training Code of Business Conduct during the training program. You may be required to pass our standardized test given during the training program, with one retest permitted. If you or any such manager fails the standardized test, we may dismiss you from the training program, cancel this Agreement and refund one-half (½) of your Franchise Fee. If more than one individual signs this Agreement, any one of the individuals who fails the standardized test may be dismissed from the training program and removed from this Agreement with no refund of the Franchise Fee.

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 will 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 \$5,000 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 fifty dollar (\$50) fee 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 1/2%) 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 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 is 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 twenty (20) years from the date of this Agreement and will automatically renew for additional twenty (20) 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 twenty (20) 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 twenty (20) 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 the franchise, an interest in the franchise business or the operating entity, this Agreement, the Coffee Shop, or a substantial portion of the assets of the Coffee Shop owned by the Franchisee 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 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 assign your rights to operate the Coffee Shop without our written consent, which may not be unreasonably withheld and subject to our right of first refusal to purchase your franchised business as set forth in Section 9.c. Any such assignment will not relieve you of any liability under this Agreement.
- c. Conditions to Other Transfer or Assignment: You (and your partners and equity holders, if any) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your Coffee Shop business, substantially all or all of the assets of your Coffee Shop, this Agreement or any controlling interest in Franchisee (a "controlling" interest includes a proposed transfer of fifty percent (50%) or more of the equity interest of a Franchisee which is an entity) 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; and
- ix. The Franchisee assigns to the transferee-franchisee the lease and accompanying lease rider for the Shop premises.

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 Franchisee entity; (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. 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
75 John Roberts Road, Suite 100A
South Portland, ME 04106
E-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 accompanying 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.l. 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 PRECEEDING 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): _____

Title (please print): _____

Name (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) Have you had an opportunity to review the Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, but rather chose 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 that even though we require you to pass our standardized test to qualify for the purchase of a franchise, you may have to retake and pass the test during the training program and if you do not pass the test (with one final retest optional), we may dismiss you from the training program, cancel your Franchise Agreement and refund one-half of your franchise fee?

_____ 16. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

_____ 17. 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.)

_____ 18. 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.)

_____ 19. 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?

_____ 20. 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)

_____ 21. 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?

_____ 22. 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?

_____ 23.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?

_____ 24. 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

STATBRIDGE® POS END USER LICENSE AGREEMENT

IMPORTANT: PLEASE READ THE TERMS AND CONDITIONS OF THIS LICENSE AGREEMENT BEFORE INSTALLING AND USING THIS SOFTWARE. FRANCHISE TECHNOLOGIES, INC. ("FTI") HAS LICENSED THIS SOFTWARE TO AROMA JOE'S COFFEE LLC (AJ's) AND AJ's IS WILLING TO SUB-LICENSE THE SOFTWARE TO YOU AS THE INDIVIDUAL, THE COMPANY OR THE LEGAL ENTITY THAT WILL BE UTILIZING THE SOFTWARE (REFERENCED BELOW AS "YOU", "YOUR" OR "LICENSEE") ONLY ON THE CONDITION THAT YOU ACCEPT ALL OF THE TERMS AND CONDITIONS OF THIS END USER LICENSE AGREEMENT (AGREEMENT). THIS IS A LEGAL AND ENFORCEABLE CONTRACT BETWEEN YOU AND AJ's MADE IN PART FOR THE BENEFIT OF FTI. BY CLICKING THE "ACCEPT" OR "YES" BUTTON OR OTHERWISE INDICATING ASSENT ELECTRONICALLY, OR INSTALLING OR USING THE SOFTWARE, YOU AGREE TO THE TERMS AND CONDITIONS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THESE TERMS AND CONDITIONS, CLICK THE "I DO NOT ACCEPT" OR "NO" BUTTON OR OTHERWISE INDICATE REFUSAL, MAKE NO FURTHER USE OF THE SOFTWARE AND CONTACT AJ's ON HOW TO OBTAIN A REFUND OF THE AMOUNT YOU PAID FOR THE SOFTWARE SUB-LICENSE (LESS ANY SHIPPING, HANDLING, AND ANY APPLICABLE TAXES).

1. Definitions. As used in this Agreement, the following terms shall have the meanings hereinafter set forth:

- (a) "Licensed Software" shall mean STATBRIDGE® POS Restaurant Management System, in object code (machine readable) form, all Product Updates (as hereinafter defined) and revisions supplied to you by AJ's during the term of this Agreement, and all permitted copies thereof.
- (b) "Licensed Documentation" shall mean all documentation related to and supplied with the Licensed Software supplied by AJ's under this Agreement, and all permitted copies thereof.
- (c) "Licensed Products" shall mean collectively the "Licensed Software" and "Licensed Documentation".
- (d) "Use" shall mean running the Licensed Software on a computer, the reading into and out of computer memory of the Licensed Software and the execution of Licensed Software in whole or in part and use of the Licensed Documentation in conjunction with the Licensed Software.
- (e) "Supplier" shall mean AJ'S from which You have obtained the Sub-license to Use the Licensed Products, and from whom you will obtain any technical or other support and services.
- (f) "Product Updates" shall mean any update, service packs, patch and/or new release of the Licensed Software that FTI supplies to AJ's and which AJ's sub-licenses to you. Product Updates shall be subject to the terms and conditions of the license agreement between FTI and AJ's and sub-licensed to You pursuant to the current version of this Agreement.

(g) "Maintenance Subscription" shall mean a subscription to Product Updates during the term of this Agreement.

(h) "SAAS" shall mean software-as-a-service.

(i) "SAAS Subscription" shall mean a Sub-license granted as provided in paragraph 2(a) hereof in which such Sub-license is automatically terminated unless AJ's periodically renews such SAAS Subscription and pays the fees required for such renewal. For the purposes of this Agreement, a Sub-license with an active SAAS Subscription shall be considered as also having an active Maintenance Subscription, and a Sub-license with an expired SAAS Subscription shall be considered as having an expired Maintenance Subscription.

(j) "Computer" shall mean a POS Main Register, POS Secondary Register, personal computer, tablet or other device used in connection with the Licensed Products.

2. Grant of Sub-License and Related Provisions.

(a) AJ's, subject to the terms and conditions of this Agreement, hereby grants to You, and You hereby accept from AJ's, a non-exclusive, non-transferable, limited Sub-license (the "License") during the term of this Agreement to Use the Licensed Documentation and the Licensed Software on one (1) computer. A separate Sub-license shall be required, together with the payment of additional license fees and charges, to Use the Licensed Software on another computer. (For example, if You want to Use the Licensed Software on each of (5) computers, You must purchase five (5) Sub-licenses to the Licensed Software). A Sub-license for the Licensed Software may not be shared or Used concurrently on different computers.

(b) The Licensed Products are licensed, not sold. The Licensed Products are and shall remain the exclusive property of FTI and its licensors. You shall not acquire any title to or ownership of the Licensed Products, nor shall You claim such title or ownership in the future.

(c) Except as permitted in paragraph 2(f) hereof, this License does not include any right to modify the Licensed Software, or to make, sell, develop, sublicense, copy and/or distribute modifications, variations or derivative works of the Licensed Software, or permit use of any software that interfaces directly with the Licensed Software, nor shall You claim any such right in the future.

(d) Except as permitted in paragraph 2(f) hereof, You may not copy, sell, sublicense, rent or lease the Licensed Software, or use the Licensed Software as an Internet application service provider (including software as a service) or service bureau.

(e) You may not Use the Licensed Products in connection with the operation of nuclear facilities, in aircraft navigation, in aircraft communication, in aircraft flight control, in aircraft traffic control systems, life support systems, human implantation, medical devices, alarm

or security systems, environmental monitoring systems, or in computers or other devices or systems in which injury, illness, death or property damage to the operator of the device or system, or to others due to a malfunction (including, without limitation, software related delay or failure) could reasonably be foreseen.

(f) If AJ's has not provided You with a back-up copy of the Licensed Software, You may make a back-up copy of the Licensed Software, which You shall use solely for archival or recovery purposes, however, no more than two (2) copies of the Licensed Software may be in existence at any one time. All copies of the Licensed Software, in whole or in part, shall contain all restrictive and proprietary notices, such as copyright or trademark notices as they appear on the copies of the Licensed Software provided by AJ's.

(g) If the Licensed Product is an upgrade from a previous version of the Licensed Product, then, upon upgrading such Licensed Product, You shall destroy all copies of each prior version of the Licensed Product, and no longer Use such Licensed Product.

(h) You shall be fully responsible for the selection and Use of the Licensed Product, including obtaining any third-party approvals (including but not limited to AJ's approvals) and certifications necessary for installation, configuration and Use of the Licensed Product. Technical support of the Licensed Product is provided, if at all, by AJ's and NOT provided by FTI. FTI shall not be obligated to provide such support to You, and You shall not contact FTI for such support. You shall make any arrangements You deem necessary with AJ's for technical support and services related to the installation and Use of the Licensed Product and look solely to AJ's for any such support and services.

3. Protection of Licensed Product and Trademarks.

(a) You acknowledge and agree that the Licensed Product and all copies thereof are the exclusive property of and constitute a valuable trade secret of FTI and its licensors. You acknowledge the validity of the copyright claims of FTI and its licensors. You agree that all techniques proprietary to FTI, algorithms, and processes contained in the Licensed Software or any modification or extraction thereof constitute trade secrets of FTI and shall be safeguarded by You in a manner no less protective than You use with other confidential or proprietary material. You shall not copy nor shall you authorize any third party to copy, reproduce, re-manufacture or in any way duplicate all or any part of the Licensed Software, whether modified or translated into another language or not, or the Licensed Documentation, or any other material provided by AJ's in association with the Licensed Products except as specified in this Agreement and in accordance with the terms and conditions of this Agreement. You agree that unauthorized distributing, copying, duplication, or otherwise reproducing all or any part or translated part of the Licensed Software or the failure to protect the Licensed Software will actually and materially damage AJ's and/or FTI. You agree that in

the event You breach this agreement, You will be liable to AJ's and/or FTI for damages.

(b) You acknowledge and agree that FTI is the exclusive owner of the names, trademarks and styles represented by its business name, web domains, product names and the logos associated therewith, including but not limited to Franchise Technologies, Inc., the Franchise Technologies, Inc. corporate logo, the ftipos.com, statbridge.net, and personalpos.com web domains, STATBRIDGE®, the STATBRIDGE® logos, STATBRIDGE® Schedulator™, FTI POS (TM), the FTI POS(TM) logo, FTI POS Schedulator(TM), FTI POS HOME OFFICE(TM), FTI POS In-Store HOME OFFICE Support(TM), FTI POS Software Option(TM), the FTI Integration Platform(TM), the FTI Integration Platform(TM) logo, and any trademark or logo owned or intended to be used by FTI, and that FTI owns the goodwill associated with such trademarks and logos and that You have no right, goodwill or claim of ownership in said trademarks and logos, nor shall You make any such claim in the future.

(c) You shall not, and shall not permit or cause any third party to, reverse engineer, decompile, disassemble or otherwise decode by any method the Licensed Software in whole or in part for any purpose whatsoever. Nothing in this Agreement shall be construed to grant You any rights with respect to the source code version of the Licensed Software, nor shall You claim any such right in the future.

4. Term and Termination.

(a) This Agreement shall become effective upon the date You (or a party you or AJ's has authorized on Your behalf) has accepted the terms and conditions of this Agreement, or the date on which You (or a party you or AJ's has authorized on Your behalf) install or first Use the Licensed Product, whichever comes first, and the Agreement shall continue in force for an Initial Term of one (1) month, unless a different Initial Term was provided for in the SAAS Subscription. Unless otherwise terminated, after the expiration of the Initial Term and each Renewal Term (as defined herein), this Agreement shall renew upon AJ's making a recurring timely payment of the current Subscription Fee or SAAS Subscription fee for successive monthly periods (each such period a "Renewal Term"), and such Renewal Terms shall be subject to the termination provisions hereunder.

(b) This Agreement, including the Sub-license and all rights granted hereunder to You, shall formally cease and terminate without prior notice or legal action if:

(i) You are in default of any provision of this Agreement; or

(ii) You make any assignment of assets or business for the benefit of creditors, or if a trustee or receiver is appointed to administer or conduct Your business or affairs, or if You are adjudged in any legal proceeding to be either a voluntary or involuntary bankrupt, then all rights granted herein shall formally cease and terminate without prior notice or legal action; or

(iii) AJ's has not renewed an expired or otherwise terminated SAAS Subscription.

(iv) The License Agreement between FTI and AJ's terminates for any reason.

(d) In the event of any termination of this Agreement, AJ's may:

(i) Require that You cease any further Use of the Licensed Products or any portion thereof and immediately return the same and all copies thereof, in whole or in part; and

(ii) Cease performance of all AJ's obligations under this Agreement without liability to You.

(e) Because of the unique nature of the Licensed Products, You further acknowledge and agree that any disclosure or Use of the Licensed Products other than as permitted herein, would be wrongful, would cause irreparable injury to AJ's and FTI and that monetary damages would be inadequate to compensate for such breach. Accordingly, You acknowledge that the remedies at law for the breach of the covenants herein contained are inadequate and that AJ'S and/or FTI shall be entitled, in the event of any such breach, to seek preliminary and permanent injunctive relief to the fullest extent available under New York law enjoining You from engaging in any conduct constituting or threatening a breach of the foregoing covenants. The remedies set forth herein shall be in addition to, not in substitution of, any other remedies which AJ's and/or FTI may have at law or in equity in the event of a breach or threatened breach of any of the foregoing covenants by You.

5. Negation of Warranty and Limitation of Liability.

(a) THE LICENSED DOCUMENTATION AND THE INFORMATION CONTAINED THEREIN MAY INCLUDE TECHNICAL OR OTHER INACCURACIES OR TYPOGRAPHICAL ERRORS. ANY USE OF THE LICENSED DOCUMENTATION OR THE LICENSED SOFTWARE IS AT YOUR SOLE RISK. THERE IS NO WARRANTY THAT THE LICENSED SOFTWARE WILL BE BUG-FREE OR OPERATE ERROR-FREE. THE LICENSED PRODUCT IS PROVIDED ON AN "AS IS" BASIS. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NEITHER AJ's NOR FTI SHALL HAVE ANY SUCH LIABILITY TO YOU THEREFOR TO THE FULLEST EXTENT ALLOWED BY LAW. YOU SHALL BE SOLELY RESPONSIBLE FOR THE SELECTION AND USE OF THE LICENSED PRODUCTS, OBTAIN ANY THIRD PARTY APPROVALS OR CERTIFICATIONS NECESSARY FOR INSTALLATION AND USE OF THE LICENSED PRODUCTS, AND DETERMINE THE SUITABILITY OF THE LICENSED PRODUCTS.

(b) THERE IS NO WARRANTY, EXPRESS OR IMPLIED, THAT THE LICENSED PRODUCT IS FREE FROM CLAIMS OF COPYRIGHT INFRINGEMENT OR INFRINGEMENT OR MISAPPROPRIATION OF THIRD PARTY RIGHTS OF ANY KIND, AND NEITHER AJ's NOR FTI SHALL HAVE ANY LIABILITY TO YOU THEREFOR.

(c) IN NO EVENT SHALL AJ's, FTI OR EITHER OF THEIR RESPECTIVE LICENSORS, SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS OR

AFFILIATES, BE LIABLE TO YOU FOR ANY INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOST PROFITS, LOST SAVINGS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION OR LOSS OF GOODWILL ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR THE PERFORMANCE OR BREACH THEREOF, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY THEREOF. LIABILITY TO YOU UNDER THIS AGREEMENT, IF ANY, SHALL IN NO EVENT EXCEED THE LICENSE FEES (LESS SHIPPING, HANDLING AND APPLICABLE TAXES) PAID UNDER THIS AGREEMENT DURING THE THIRTY (30) DAY PERIOD PRECEDING THE DATE OF THE INITIAL EVENT RESULTING IN SUCH LIABILITY.

(d) IN NO EVENT SHALL AJ'S, FTI OR EITHER OF THEIR RESPECTIVE LICENSORS BE LIABLE TO YOU FOR ANY DAMAGES RESULTING FROM OR RELATED TO ANY FAILURE OF THE LICENSED PRODUCTS, INCLUDING, BUT NOT LIMITED TO, LOSS OF DATA, OR FOR DELAY IN DELIVERY OF THE LICENSED PRODUCT.

6. Miscellaneous.

(a) Any waiver of a fee, charge, or right under this Agreement, in any instance shall not mean that such fee or charge, right or any portion of this Agreement shall continue to be waived.

(b) You agree that the terms and conditions of this Agreement shall survive the expiration, termination or cancellation of this Agreement.

(c) Should any part of this Agreement be construed or declared invalid, that decision shall not affect the validity of any of remaining portion of this Agreement.

(d) This Agreement shall be interpreted and enforced in accordance with the laws of the State of New York applicable to agreements made in and to be performed in the State of New York, United States of America, without regard to the principles of conflicts of law.

(e) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Licensee may not assign this Agreement without prior written consent of AJ'S.

(g) Licensee shall comply with all applicable laws and regulations concerning the Use of the Licensed Products.

(h) If You are located in Québec the following shall apply: The parties hereto hereby acknowledge that they have required this Agreement to be drawn up in the English language. Les parties reconnaissent avoir demandé que le présent contrat soit rédigé en langue anglaise.

7. Headings. The headings used in this Agreement are for convenience only and shall not be considered in the interpretation of the provisions of this Agreement.

EXHIBIT A-3
LANDLORD LEASE RIDER

Franchise # _____

This Landlord Lease Rider is made and entered into this day of _____, 21__ 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 _____, 21__ ("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
75 John Roberts Road, Suite 100A
South Portland, ME 04106
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-4

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____ 20____ by and between _____.

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.

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, 2022, 2021 & 2020



Aroma Joe's Franchising, LLC

FINANCIAL STATEMENTS

December 31, 2022 and 2021

With Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

Board of Shareholders
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, 2022, and the related statements of income and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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.

Prior Period Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2021 were audited by other auditors whose report dated April 8, 2022 expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, during the year ended December 31, 2022. Our opinion is not modified with respect to that matter.

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. generally accepted accounting principles, 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. generally accepted auditing standards 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. generally accepted auditing standards, 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.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
March 14, 2023

AROMA JOE'S FRANCHISING, LLC

Balance Sheets

December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 1,467,729	\$ 1,524,494
Accounts receivable	575,971	201,040
Inventory	225,528	15,217
Prepaid expenses	103,934	46,644
Due from related parties	364,262	-
Deferred store opening expenses, current portion	<u>50,000</u>	<u>83,750</u>
Total current assets	2,787,424	1,871,145
Property and equipment, net	220,062	234,275
Right of use asset - operating lease	132,558	-
Deferred store opening expenses, net of current portion	146,876	25,001
Due from related parties, long term	<u>22,049</u>	<u>175,281</u>
Total assets	\$ 3,308,969	\$ 2,305,702

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

LIABILITIES AND MEMBERS' EQUITY

	<u>2022</u>	<u>2021</u>
Current liabilities		
Notes payable, current portion	\$ -	\$ 10,875
Operating lease obligation	<u>134,586</u>	-
Accounts payable and accrued expenses	<u>1,296,110</u>	688,675
Other current liabilities	<u>312,627</u>	674,345
Due to related party	<u>31,880</u>	90,740
Deferred revenue, current portion	<u><u>201,000</u></u>	<u>150,000</u>
Total current liabilities	<u><u>1,976,203</u></u>	1,614,635
Notes payable, net of current portion	-	5,660
Deferred revenue, net of current portion	<u><u>635,500</u></u>	<u>300,000</u>
Total liabilities	<u><u>2,611,703</u></u>	1,920,295
Members' equity		
Total liabilities and members' equity	<u><u>\$ 3,308,969</u></u>	<u>\$ 2,305,702</u>

AROMA JOE'S FRANCHISING, LLC

Statements of Income and Changes in Members' Equity

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Royalties	\$ 5,012,103	\$ 4,107,582
Franchise fees	118,500	82,500
Advertising	2,160,028	1,838,907
Management fees	141,505	58,000
Commissions revenue	606,319	-
Other income	<u>102,003</u>	<u>85,517</u>
 Total revenues	 <u>8,140,458</u>	 6,172,506
Selling, general and administrative expense	<u>7,818,819</u>	<u>6,360,116</u>
 Operating income (loss)	 <u>321,639</u>	 <u>(187,610)</u>
Other expense (income)		
Interest income	(7,196)	(5,748)
Interest expense	553	1,238
Other expense	16,423	-
Debt forgiveness income	<u>-</u>	<u>(184,500)</u>
 Total other expense (income)	 <u>9,780</u>	 <u>(189,010)</u>
 Net income	 <u>311,859</u>	 1,400
Members' equity, beginning of year	<u>385,407</u>	<u>384,007</u>
Members' equity, end of year	<u>\$ 697,266</u>	<u>\$ 385,407</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net income	\$ 311,859	\$ 1,400
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	112,411	98,043
Amortization of right of use asset	131,185	-
Debt forgiveness income	-	(184,500)
(Increase) decrease in		
Accounts receivable	(374,931)	(42,890)
Inventory	(210,311)	(8,165)
Prepaid expenses	(57,290)	(3,700)
Due from related parties	(211,030)	15,995
Deferred store opening expenses	(88,125)	(20,626)
Increase (decrease) in		
Accounts payable and accrued expenses	607,435	142,976
Other current liabilities	(361,718)	674,345
Deferred revenue	386,500	82,500
Due to related party	(58,860)	69,993
Operating lease obligation	<u>(129,157)</u>	-
Net cash provided by operating activities	<u>57,968</u>	<u>825,371</u>
Cash flows from investing activities		
Purchases of property and equipment	(98,198)	(92,186)
Collections on note receivable	<u>-</u>	9,764
Net cash used by investing activities	<u>(98,198)</u>	<u>(82,422)</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(16,535)</u>	(10,306)
Net cash used by financing activities	<u>(16,535)</u>	(10,306)
Net (decrease) increase in cash	<u>(56,765)</u>	732,643
Cash, beginning of year	<u>1,524,494</u>	<u>791,851</u>
Cash, end of year	<u>\$ 1,467,729</u>	<u>\$ 1,524,494</u>
Supplemental disclosures		
Interest paid	<u>\$ 553</u>	<u>\$ 1,193</u>

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

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

Nature of Operations

Aroma Joe's Franchising, LLC (the Company) was formed as a limited liability company on May 17, 2013. 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, 2022 and 2021, the Company had 95 and 82 franchised locations.

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions 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 net realizable value. The Company maintains an allowance for doubtful accounts for estimated losses that may arise if any of its franchisees or vendors are unable to make required payments under franchise and other agreements. In assessing the collectability of receivables, management specifically analyzes past payment trends, the age of franchisee balances, historical bad debt experience, customer credit-worthiness, changes in payment terms and other nonfinancial information. If the financial condition of any of its franchisees were to deteriorate, whether due to franchisee specific or general economic issues, the Company may be required to increase its allowance for doubtful accounts. Accounts receivables are written off when all collection attempts have failed. For the years ended December 31, 2022, and 2021, the Company considered the receivables to be fully collectible; therefore, no allowance for doubtful accounts was recorded. The total accounts receivable balance was \$158,150 at January 1, 2021.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

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 base 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 Obligation

Effective January 1, 2022, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, and related guidance (ASC 842) using the modified retrospective approach. Accordingly, the Company adopted the provisions of ASC 842 effective January 1, 2022 through a cumulative-effect adjustment. At adoption, the Company elected the practical expedient to not reassess (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs incurred to obtain existing leases. The Company has also 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 agreement does 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 sheet. 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.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

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 elected the practical expedient to use the risk-free rate when the rate of the lease is not implicit in the lease agreement.

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

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

The adoption of ASC 842 resulted in the following impact at January 1, 2022, which represented a non-cash transaction:

Right of use asset - operating lease	\$ <u>263,743</u>
Current portion of operating lease obligation	\$ 129,157
Operating lease obligation, excluding current portion	<u>134,586</u>
Total lease obligation	\$ <u>263,743</u>

Results for the period prior to January 1, 2022 continues to be reported in accordance with the Company's historical accounting treatment for leases.

Operating Lease

The Company has a lease for office space that expires in 2023. The lease requires the Company to pay all executory costs (property taxes and maintenance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

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, 2022 and 2021

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 expended amounted to \$219,892 and \$207,086 as of December 31, 2022 and 2021, respectively and these amounts are reported in accounts payable and accrued expenses on the balance sheets.

Commissions Revenue

During 2022, the Company established an in-house purchasing division. The 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 2022, the Company returned \$114,917 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.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

In accordance with ASC 606, *Revenue from Contracts with Customers*, the Company satisfies the performance obligation related to the franchise agreement and area development agreements over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components, a fixed-fee related to the franchise/development agreement, a sales based royalty fee and a sales-based advertising fee. Payment for the area development agreements consist of a fixed fee. The fixed fees, as determined by the signed area development agreement and/or franchise agreement is non-refundable and due at the time the area development agreement or franchise agreement is entered into, and/or when the franchise agreement is signed.

The Company elected to adopt Accounting Standards Update (ASU) 2021-02 *Franchisors - Revenue from Contracts with Customers (Subtopic 952-606)* (ASU 2021-02). 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
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and 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, however, the standalone selling price of these services are reduced from the franchise fee and recognized at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration 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 and liabilities consist of fees from franchisees upon execution of their respective area development and/or franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise and area development agreements or upon cancellation of the area development agreement or franchise agreement by the Company due to a default as outlined in the agreement, or by permanent store closure. Revenue from franchise agreements and area development agreements are recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

A summary of significant changes to the deferred store opening expenses (contract asset) and deferred revenue (contract liability) balances during 2022 and 2021 is as follows:

	<u>Deferred Store Opening Expenses</u>		<u>Deferred Revenue</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning of year balance	\$ 108,751	\$ 88,125	\$ 450,000	\$ 367,500
Expenses / fees deferred	116,250	41,250	499,000	165,000
Expenses / fees recognized	(28,125)	(20,624)	(112,500)	(82,500)
End of year balance	<u>\$ 196,876</u>	<u>\$ 108,751</u>	<u>\$ 836,500</u>	<u>\$ 450,000</u>

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, 2022 and 2021 was \$2,212,464 and \$1,838,907, respectively, and is included on a gross basis as a component of selling, general and administrative expenses in the statements of income and changes in members' equity.

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.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Company has considered transactions or events occurring through March 14, 2023, which was the date that the financial statements were available to be issued.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

2. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 107,543	\$ 104,346
Furniture, fixtures and equipment	107,577	125,501
Vehicles	57,481	57,481
Software	105,194	105,194
Work in progress	<u>95,000</u>	-
	472,795	392,522
Less accumulated depreciation and amortization	<u>252,733</u>	158,247
Property and equipment, net	<u>\$ 220,062</u>	<u>\$ 234,275</u>

Work in progress at December 31, 2022, represents costs incurred in connection with an upgraded point-of-sale system that is expected to be placed into service during 2023.

3. Borrowings

Term Note

At December 31, 2021 the Company had an unsecured note payable to Machias Savings bank for \$16,535 due in monthly installments of \$958, including interest at 5.31%. The amount was repaid in full during 2022.

Line of Credit

The Company maintains a \$500,000 line of credit with Partners Bank of New England, which expired on February 15, 2023. The interest rate on the line of credit is 0.25% above the Wall Street Journal prime rate (7.75% at December 31, 2022). The line of credit is personally guaranteed by the members' of the Company. There was no outstanding balance on the line of credit at December 31, 2022 and 2021. Management is in the process of renewing the line of credit.

Paycheck Protection Program Loan

In response to the COVID-19 outbreak, the U.S. government responded with relief legislation. Certain legislation called Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended, among other things, authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). The Company benefited under the CARES Act by receiving \$184,500 under the PPP. During 2021, the Small Business Administration forgave all PPP proceeds received by the Company and the lender canceled the obligations, at which time the Company recognized the forgiven amounts as debt forgiveness income in the 2021 statement of income and changes in members' equity.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

4. Lease Obligation

The Company leases a facility under a noncancelable operating lease. Lease related expenses are recognized in the statements of income and changes in members' equity as selling, general and administrative expenses. Total lease expense for the operating lease was approximately \$133,200 and \$26,400 in 2022 and 2021, respectively. As of December 31, 2022, the remaining lease term for the operating lease obligation was one year. As ASC 842 was adopted during 2022, the following table presents lease-related assets and liabilities recognized on the balance sheet as of December 31, 2022:

Operating lease	
Right of use asset	\$ <u>132,558</u>
Current portion of lease obligation	\$ <u>134,586</u>

Future operating lease commitments under the noncancelable operating lease at December 31, 2022, are as follows:

2023	\$ 135,233
Less discount (discount rate of 1.04%)	<u>647</u>
Total lease obligation	\$ <u>134,586</u>

5. Related Parties

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, 2022 and 2021, the Company's expense pursuant to these agreements, included in selling, general and administrative expenses in the statements of income and changes in members' equity, totaled \$1,758,684 and \$1,436,438, respectively. As of December 31, 2022 and 2021, the Company had accrued development fees of \$123,921 and \$104,969, respectively, which are included in accounts payable and accrued expenses in the balance sheets.

The Company has 32 and 27 franchised locations owned by members of the Company as of December 31, 2022 and 2021, respectively. The Company received royalties and advertising revenue totaling \$1,586,674 and \$1,021,851 from related party franchise locations for the years ended December 31, 2022 and 2021, respectively. Receivables from these locations were \$55,064 and \$15,398 as of December 31, 2022 and 2021 respectively, which are included in accounts receivable on the balance sheets.

Related Party Receivable

Amounts due from related parties incurred in the normal course of operations totaled \$22,049 and \$175,281 at December 31, 2022 and 2021, respectively, and are included in due from related parties on the balance sheets. Amounts due from related parties are non-interest bearing and have no specific dates for repayment.

AROMA JOE'S FRANCHISING, LLC

Notes to Financial Statements

December 31, 2022 and 2021

License Agreement

The Company has a license agreement with AJ IP Holder, LLC (AJ IP), and entity affiliated with the Company. 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, 2022 and 2021 were \$377,240 and \$308,069, respectively, and are included in selling, general and administrative expenses on the statements of income and changes in members' equity. At December 31, 2022 and 2021, amounts due from AJ IP of \$31,880 and \$90,740, respectively, are included in due from related parties on the balance sheets.

6. Concentrations

For the years ended December 31, 2022 and 2021, the Company had one related party franchisee which individually accounted for 16.4% and 14.3%, respectively, of total royalty fee and advertising fee revenue.

7. 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 at the present time. 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 all such matters either are 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 consolidated financial position or results of future operations.

8. 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 \$30,000 and \$38,400 for the years ended December 31, 2022 and 2021, respectively.

Aroma Joe's Franchising, LLC

Financial Statements
As of and for the Years Ended
December 31, 2021 and 2020

Aroma Joe's Franchising, LLC

Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

Aroma Joe's Franchising, LLC

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Independent Auditor's Report

Board of Shareholders
Aroma Joe's Franchising, LLC
Portland, Maine

Opinion

We have audited the financial statements of Aroma Joe's Franchising (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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.

BDO USA, LLP

Cincinnati, OH

April 8, 2022

Financial Statements

Aroma Joe's Franchising, LLC

Balance Sheets

	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,524,494	\$ 791,851
Accounts Receivable	201,040	158,150
Notes Receivable, current portion	-	9,764
Inventory	15,217	7,052
Prepays	46,644	42,944
Deferred store opening expenses, current portion	33,750	21,582
Total Current Assets	1,821,145	1,031,343
Property and equipment, net	234,275	240,131
Long-term Assets		
Deferred store opening expenses, net of current portion	75,001	66,543
Due from related parties	175,281	191,276
Total Long-term Assets	250,282	257,819
Total Assets	\$ 2,305,702	\$ 1,529,294
Liabilities and Members' Equity		
Current Liabilities		
Notes payable, current portion	10,875	61,556
Other current liabilities	674,345	-
Accounts payable and accrued expenses	688,675	545,699
Due to member	90,740	20,747
Deferred revenue, current portion	150,000	90,000
Total Current Liabilities	1,614,635	718,002
Long-term Liabilities		
Notes payable, net of current portion	5,660	149,785
Deferred revenue, net of current portion	300,000	277,500
Total Liabilities	1,920,295	1,145,287
Members' Equity	385,407	384,007
Total Liabilities and Members' Equity	\$ 2,305,702	\$ 1,529,294

See accompanying notes to the financial statements.

Aroma Joe's Franchising, LLC

Statements of Income and Members' Equity

Year ended December 31,	2021	2020
Revenue		
Royalties	\$ 4,107,582	\$ 3,040,283
Franchise Fees	82,500	60,000
Advertising	1,838,907	1,395,536
Management Fees	58,000	133,000
Other Income	85,517	68,316
Total Revenue	6,172,506	4,697,135
Expenses		
Selling, general and administrative expenses	6,360,116	4,498,332
Other (Income) Expense		
Interest Income	(5,748)	(135,395)
Interest Expense	1,238	1,741
PPP Loan Forgiveness	(184,500)	-
Total Other Income	(189,010)	(133,654)
Net Income	1,400	332,457
Members' Equity, beginning of period	384,007	51,550
Members' Equity, end of period	\$ 385,407	\$ 384,007

See accompanying notes to the financial statements.

Aroma Joe's Franchising, LLC

Statements of Cash Flows

Year ended December 31,	2021	2020
Cash Flows from Operating Activities		
Net income	\$ 1,400	\$ 332,457
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	98,043	39,441
Gain on forgiveness of PPP loan	(184,500)	-
(AIncrease) decrease in:		
Accounts Receivable	(42,890)	(150,829)
Due from related parties	15,995	(13,999)
Inventories	(8,165)	(2,189)
Prepaid Expenses	(3,700)	(2,677)
Deferred store opening expenses	(20,626)	(35,625)
Increase (decrease) in:		
Accounts payable and accrued expenses	142,976	(4,495)
Other current liabilities	674,345	-
Deferred revenue	82,500	150,000
Related party payable	69,993	(6,615)
Net Cash Provided by Operating Activities	825,371	305,469
Cash Flows from Investing Activities		
Purchases of property and equipment	(92,187)	(110,128)
Collections on note receivable	9,764	12,462
Net Cash Used in Investing Activities	(82,423)	(97,666)
Cash Flows from Financing Activities		
Payments on long-term debt	(10,306)	(9,762)
Proceeds from issuance of long-term debt	-	184,500
Net Cash (Used in) Provided by Financing Activities	(10,306)	174,738
Net Increase in Cash and Cash Equivalents	732,642	382,541
Cash and Cash Equivalents, beginning of year	791,851	409,310
Cash and Cash Equivalents, end of year	\$ 1,524,494	\$ 791,851
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 1,193	\$ 1,741

See accompanying notes to the financial statements.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Business Activity

Aroma Joe's Franchising, LLC (the "Company") was formed as a Delaware limited liability company on May 17, 2013. 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, 2021 and 2020, the Company had 82 and 73 franchised locations.

During the years ended December 31, 2021 and 2020, the Company operated a webstore to sell certain merchandise and product. Subsequent to year end, the Company made the decision to close their webstore.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Reporting Period

The Company's fiscal year is the calendar year ending December 31. The beginning of the reporting period is January 1.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could materially differ from those estimates.

Cash and Cash Equivalents

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. Cash and cash equivalents are maintained at financial institutions, and at times, balances may exceed federally insured limits. Management does not believe the Company is exposed to any unusual risk.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from franchisees related to initial franchise fees, royalty fees, and advertising fund fees. The Company reports receivables at net realizable value. The Company maintains an allowance for doubtful accounts for estimated losses that may arise if any of its franchisees are unable to make required payments under franchise and other agreements. In assessing the collectability of receivables, management specifically analyzes past payment trends, the age of franchisee balances, historical bad debt experience, customer credit-worthiness, changes in payment terms and other nonfinancial information. If the financial condition of any of its franchisees were to deteriorate, whether due to franchisee specific or general economic issues, the Company may be required to increase its allowance for doubtful accounts.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

Accounts receivables are written off when all collection attempts have failed. For the years ended December 31, 2021, and 2020, the Company considered the receivables to be fully collectible; therefore, no allowance for doubtful accounts was recorded.

Inventory

Inventory is comprised of webstore inventory and 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 base lease term or the estimated life of the asset. Furnitures, fixtures and equipment is depreciated over 5 - 7 years, and vehicles are depreciated 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.

Software is included as part of the property and equipment balance and is amortized over a life of 5 years.

Note Receivable

Notes receivables consisted of a note receivable from an unrelated franchisee. The note receivable was recorded at the outstanding loan balance, including accrued interest. Due from related parties were recorded at net realizable value consisting of the carrying amount.

The note was due in monthly installments of \$1,102, including interest at 5.0% through September 2021. This receivable was fully collected in 2021. The remaining amount due as of December 31, 2021 and 2020 were \$0 and \$9,764, respectively.

The Company uses the allowance method to account for uncollectible financing receivables. The allowance is increased by charges to expense and decreased by chargeoffs, net of recoveries. The Company's periodic evaluation of the allowance is made based on factors such as the extent to which the receivable is in default and the credit quality of the receivable. For purposes of the allowance calculation, the receivable is exposed to the risk of deteriorating economic climate and its impact on the Company's collection of outstanding balances and industry-specific risks related to the borrower. Financing receivables are charged off when all available means of collection have been exhausted. For the years ended December 31, 2021 and 2020, the Company had no activity and no ending balance in the allowance for credit losses related to financing receivables.

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 will be recognized as revenue in the same period as sales are earned by the franchisees. Sales-based fees qualify under the royalty constraint exception, and do not require

Aroma Joe's Franchising, LLC

Notes to Financial Statements

an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties.

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. Sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. The Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties. 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 expended amounted to \$207,086 and \$250,297 for the years ended December 31, 2021 and 2020, respectively, and is included in accounts payable and accrued expenses on the accompanying balance sheets.

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.

In accordance with Topic 606, the Company satisfies the performance obligation related to the franchise agreement and area development agreements over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components, a fixed-fee related to the franchise/development agreement, a sales-based royalty fee and a sales-based advertising fee. Payment for the area development agreements consists of a fixed fee. The fixed fees, as determined by the signed area development and/or franchise agreement, is nonrefundable and due at the time the area development agreement or franchise agreement is entered into, and/or when the franchise agreement is signed.

During the year ended December 31, 2020, the Company elected to early adopted ASU 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)* (ASU 2021-02) using the full retrospective method of adoption, as required by the standard. This practical expedient simplifies the identification of performance obligations for private company franchisors for certain pre-opening services.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

These preopening 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
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and 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, however, the standalone selling price of these services are reduced from the franchise fee and recognized at a point in time when the services have been fully rendered to the franchisee, which approximates the store opening. Remaining consideration is recognized on a straight-line basis over the life of the remaining franchise fee, which is typically ten years.

Prior to the adoption of Topic 606, the Company generated revenues from franchising through individual franchise agreements. Franchise revenues were recognized in accordance with ASC 952, *Franchisors*, which required deferral of initial franchise fees until substantial performance of franchisor obligations was complete. Typically, completion of substantial performance was deemed to be the date of the opening of the new franchised restaurant.

Deferred Revenue and Deferred Expenses

The Company's contract liabilities consist of fees from franchisees upon execution of their respective area development and/or franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise and area development agreements or upon cancellation of the area development agreement or franchise agreement by the Company due to a default as outlined in the agreement, or by permanent store closure. Revenue from franchise agreements and area development agreements are recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement.

Prior to the adoption of Topic 606, the Company received deposits from franchisees upon execution of their respective franchise agreements. The amounts received were recorded as deferred revenue until the Company satisfies the requirements under the franchise and area development agreements, as noted above. Incremental direct costs, such as commissions, were deferred and recognized when the related franchise fees were recognized.

A summary of significant changes to the deferred revenue balance during 2021 and 2020 is shown below.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

	December 31, 2021	December 31, 2020
Beginning of year balance	\$ 367,500	\$ 217,500
Franchise fees recognized	(82,500)	(60,000)
Franchise fees deferred	165,000	210,000
 End of year balance	 \$ 450,000	 \$ 367,500

The following table illustrates the estimated revenue to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2021:

2022	\$ 150,000
2023	300,000
 Total	 \$ 450,000

Other income

The Company generates revenues from other miscellaneous sources, primarily the sale of online merchandise to third parties (as noted above this was discontinued subsequent to year end) and fees earned from transfers in franchisee ownership.

Advertising Expenses

Advertising expenses are expensed when 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 production fund that will not be collected from franchised and member-owned stores in the future.

Advertising expense for the years ended December 31, 2021 and 2020 was \$1,838,907 and \$1,395,536, respectively, and is included on a gross basis as a component of selling, general and administrative expenses in the accompanying statements of income and members' equity.

Income Taxes

The Company has elected to be formed as a partnership under the provisions of the Internal Revenue Code. In lieu of paying taxes at the company level, its members' are taxed on the Company's taxable income. As such, no provision or liability for federal or state income taxes has been recorded, as taxable income for the Company is allocated to the respective members' who is responsible for the payment of the federal and certain state taxes based on their respective shares.

The Company accounts for uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. There are no recorded liabilities for income tax provisions as of December 31, 2021 and 2020.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

The Company's policy is to include interest and penalties related to unrecognized tax benefits in selling, general and administrative expense. There were no interest and penalties recorded for the year ended December 31, 2021 and 2020.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The FASB issued ASU 2020-05 that permitted the deferral of the effective date for private companies for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company will be required to adopt the new standard in fiscal year 2022. A modified retrospective transition approach or new transition alternative are available for application, along with certain practical expedients. The Company is currently analyzing the impact of the pending adoption of this new standard on its consolidated financial statements.

2. Property and Equipment

Property and equipment consisted of the following as of:

	December 31, 2021	December 31, 2020
Leasehold improvements	\$ 104,346	\$ 187,427
Furniture, fixtures and equipment	125,501	125,501
Vehicles	57,481	57,481
Software	105,194	105,194
	392,522	475,603
Less: accumulated depreciation	158,247	235,471
Property and equipment, net	\$ 234,275	\$ 240,131

Depreciation expense was \$98,043 and \$39,441 for the years ended December 31, 2021 and 2020, respectively.

3. Line of Credit

The Company maintained a \$500,000 line of credit with Sanford Institution for Savings, which expired in November 2021. The interest rate on the line of credit was 0.25% above the Wall Street Journal prime rate (5.00% at December 31, 2020). The line of credit was personally guaranteed by the members' of the Company. There was no outstanding balance on the line of credit at December 31, 2020.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

4. Long-Term Debt

<i>Long-term debt consisted of the following at:</i>	December 31, 2021	December 31, 2020
Unsecured note payable to Machias Savings Bank due in monthly installments of \$958, including interest at 5.31%. Guaranteed by the members' of the Company. The loan matures June 2023.	\$ 16,535	\$ 26,841
During 2020, the Company applied for, and received, funds under the Paycheck Protection Program (PPP) in a principal amount of \$184,500. The PPP loan bore interest at a fixed rate of 1.00% per year. Payment of principal and interest was deferred until the earlier of 1) receipt of notice of forgiveness by the Small Business Administration (SBA) or 2) 10 months from the covered period's expiration, at which time, the unforgiven balance was to be repaid over 18 equal monthly installments. The loan was set to mature in January 2023. During 2021, this loan was forgiven by the SBA. See additional details below.	-	184,500
Total long-term debt	16,535	211,341
Less: current portion	(10,875)	(61,556)
Long-term debt, less current portion	\$ 5,660	\$ 149,785

The aggregate principal payments of long-term debt for each of the three years subsequent to December 31, 2021 are:

<i>Year</i>
2022
2023

Paycheck Protection Program Loan

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The PPP loan is administered by the U.S. SBA and the Company's loan was made through Nodaway Valley Bank. The PPP loan provides for customary events of default including, among other things, cross-defaults on any other loan with the issuing bank. The PPP loan may be accelerated upon the occurrence of an event of default. The PPP loan may be prepaid by the Company at any time with no prepayment penalties applied.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

The proceeds of the PPP loan is guaranteed by the United States SBA, and may be used for payroll costs, costs related to certain group health care benefits, rent payments, utility payments, mortgage interest payments, and interest payments on other debt obligations that were incurred before February 15, 2020.

During 2021, the Company applied for forgiveness of the PPP loan. During the year ended December 31, 2021, the Company received forgiveness for the PPP loan in the amount of \$184,500, which is included with other income on the accompanying statements of income and members' equity.

5. Related Parties

The Company has development agreements with members' of the Company. Pursuant to the 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, 2021 and 2020, the Company's expense pursuant to this agreement, included in selling, general and administrative expenses in the accompanying statements of income and members' equity, totaled \$1,436,438 and \$955,940, respectively. As of December 31, 2021 and 2020, the Company had accrued development fees of \$104,969 and \$71,702, which are included in accrued expenses in the accompanying balance sheets.

The Company has 27 franchised locations owned by members of the Company as of December 31, 2021 and 2020, respectively. The Company received royalties and advertising revenue totaling \$1,269,854 and \$1,021,851 from related party franchise locations for the years ended December 31, 2021 and 2020, respectively. Receivables from these locations were \$15,398 and \$8,253 as of December 31, 2021 and 2020, respectively, which are included in accounts receivable on the accompanying balance sheets.

The Company leases office space from an entity affiliated with a member of the Company at a monthly rate of \$2,200. For the years ended December 31, 2021 and 2020, the Company's expense pursuant to the lease agreement, included in selling, general and administrative expenses in the accompanying statements of income and changes in members' equity, totaled \$26,400. The lease term expires December 31, 2024 and may be renewed for an additional five year term at the option of the Company. Future lease commitments are \$26,400 for the years ending December 31, 2021 through December 31, 2024, totaling \$105,600.

The Company leased office space from AJ Holding Company, LLC, an entity affiliated with the Company, at a monthly rate of \$1,144. For the year ended December 31, 2020, the Company's expense pursuant to the lease agreement, included in selling, general and administrative expenses in the accompanying statements of income and changes in members' equity, totaled \$13,728. The lease term expired September 30, 2021.

Related Party Receivable

Amounts due from related parties incurred in the normal course of operations totaled \$175,281 and \$63,450 at December 31, 2021 and 2020, respectively, and are included in due from related parties on the accompanying balance sheets. The amount is non-interest bearing and has no specific dates for repayment.

Aroma Joe's Franchising, LLC

Notes to Financial Statements

License Agreement

The Company has a license agreement with AJ IP Holder, LLC (AJ IP), an entity affiliated with the Company. AJ IP owns the rights to the 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, 2021 and 2020 were \$308,069 and \$69,992, respectively, and are included in selling, general and administrative expenses on the accompanying statements of income and changes in members' equity.

6. Concentrations

For the years ended December 31, 2021 and 2020, the Company had one related party franchisee which individually accounted for 14.3% and 15.0%, respectively, of total royalty fee and advertising fee revenue.

7. 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 at the present time. A significant increase in the number of claims or an increase in amounts owing under successful claims could materially adversely affect the Company's business, financial condition, results of operations and cash flows.

8. 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 \$38,396 and \$20,455 for the years ended December 31, 2021 and 2020, respectively.

9. Subsequent Events

The Company has evaluated events and transactions that occurred between December 31, 2021 and April 8, 2022, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. See Note 1.

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.

<i>Arkansas</i> Corporation Service Company 300 Spring Building, Suite 900 300 S. Spring Street Little Rock, AR 72201	Office of Atty. Gen. Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7786	(401) 462-9582
<i>California</i> Dept. of Financial Protection and Innovation One Sansome Street, Ste. 600 San Francisco, CA 94104 (213) 576-7500	<i>Michigan</i> 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	<i>South Dakota</i> Department of Labor & Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501 (605) 773-4823
<i>Connecticut</i> Securities & Bank Investments CT - Div. Dept. of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8230	<i>Minnesota</i> Minn. Dept. of Commerce Franchise Division 85 7th Place East, Ste 500 St. Paul, MN 55101 (651) 296-4026	<i>Texas</i> Statutory Document Section Secretary of State 1019 Brazos Austin, TX 78701 (512) 463-5705
<i>Florida</i> Dept. of Agriculture and Consumer Services Div. of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399-6500 (850) 922-2966	<i>Nebraska</i> Dept. of Banking & Finance Commerce Court 1230 O St., Ste. 400 Lincoln, NE 68508 (402) 471-2171	<i>Utah</i> Department of Commerce Division of Consumer Protection 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704 (801) 530-6601
<i>Hawaii</i> Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant St, Rm 203 Honolulu, HI 96813 (808) 586-2722	<i>New York</i> NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Fl. New York, NY 10005 (212) 416-8285	<i>Virginia</i> State Corp. Comm. Division of Securities and Retail Franchising 1300 E. Main St./9th Fl Richmond, VA 23219 (804) 371-9051
<i>Illinois</i> Franchise Division Office of the Atty. Gen. 500 South Second St. Springfield, IL 62706 (217) 782-1090	<i>North Dakota</i> Securities Department 600 E. Blvd. Ave., 5th Floor Bismarck, ND 58505-0510 (701) 328-2910	<i>Washington</i> Dept. of Financial Inst. Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (206) 753-6928
<i>Indiana</i> Secretary of State Indiana Securities Division Room E-111 302 W. Washington St. Indianapolis, IN 46204 (317) 232-6681	<i>Oregon</i> Corp. Securities Section Dept. of Insurance & Finance 350 Winter Street NE PO Box 14480 Salem, OR 97309 (503) 378-4100	<i>Wisconsin</i> Dept. of Financial Institutions Wisconsin Securities Commission 201 W. Washington Ave., Suite 300, Madison, WI 53703 (608) 266-8557
<i>Iowa</i> Securities Bureau 340 Maple Street Des Moines, IA 50319 (515) 281-4444	<i>Rhode Island</i> Department of Business Regulation, Securities Division John O. Pastore Complex 1511 Pontiac Avenue Bldg. 69-1 Cranston, RI 02920	
<i>Maryland</i>		

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.

AGENT NAME	ADDRESS	CITY	STATE	ZIP
Corporation Service Company	9360 Glacier Highway Suite 202	Juneau	AK	99801
CSC-Lawyers Incorporating Service Incorporated	150 S. Perry Street	Montgomery	AL	36104
Corporation Service Company	300 Spring Street Suite 900	Little Rock	AR	72201
Corporation Service Company	2338 W. Royal Palm Road Suite J	Phoenix	AZ	85021
Corporation Service Company Which Will Do Business As CSC-Lawyers Incorporating Service	2710 Gateway Oaks Drive Suite 150N	Sacramento	CA	95833-3505
Corporation Service Company	1560 Broadway Suite 2090	Denver	CO	80202
Corporation Service Company	100 Pearl St., 17 th Floor, Suite MC CSC1	Hartford	CT	06103
Corporation Service Company	1090 Vermont Avenue N.W.	Washington	DC	20005
Corporation Service Company	2711 Centerville Road Suite 400	Wilmington	DE	19808
Corporation Service Company	1201 Hays Street	Tallahassee	FL	32301
Corporation Service Company	40 Technology Parkway S #300	Norcross	GA	30092
CSC Services Of Hawaii, Inc.	1003 Bishop Street Suite 1600 Pauahi Tower	Honolulu	HI	96813
Corporation Service Company	505 5th Avenue Suite 729	Des Moines	IA	50309
Corporation Service Company	12550 W. Explorer Drive Suite 100	Boise	ID	83713
Illinois Corporation Service Company	801 Adlai Stevenson Drive	Springfield	IL	62703
Corporation Service Company	135 N. Pennsylvania St Suite 1610	Indianapolis	IN	46204
Corporation Service Company	2900 SW Wanamaker Drive Suite 204	Topeka	KS	66614
Corporation Service Company	421 W. Main Street	Frankfort	KY	40601
Corporation Service Company	501 Louisiana Avenue	Baton Rouge	LA	70802-5921
Corporation Service Company	84 State Street	Boston	MA	02109
Maryland Securities Commissioner	200 St. Paul Place	Baltimore	MD	21202-2020

AGENT NAME	ADDRESS	CITY	STATE	ZIP
Corporation Service Company	45 Memorial Circle	Augusta	ME	04330
CSC-Lawyers Incorporating Service (Company)	601 Abbot Road East	Lansing	MI	48823
Corporation Service Company	2345 Rice Street Suite 230	Roseville	MN	55113
CSC-Lawyers Incorporating Service Company	221 Bolivar Street	Jefferson City	MO	65101
Corporation Service Company	5760 I-55 N Suite 150	Jackson	MS	39211
Corporation Service Company	26 W 6th Avenue P.O. Box 1691	Helena	MT	59624-1691
Corporation Service Company	327 Hillsborough Street	Raleigh	NC	27603
Corporation Service Company	1709 N 19th Street Suite 3	Bismarck	ND	58501-2121
CSC-Lawyers Incorporating Service Company	233 S 13th Street Suite 1900	Lincoln	NE	68508
Corporation Service Company d/b/a Lawyers Incorporating Service	10 Ferry Street Suite 313	Concord	NH	03301
Corporation Service Company	Princeton South Corporate Ctr., Ste 160, 100 Charles Ewing Blvd.	Ewing	NJ	08628
Corporation Service Company	123 East Marcy Street Suite 101	Santa Fe	NM	87501
CSC Services Of Nevada, Inc.	2215-B Renaissance Drive	Las Vegas	NV	89119
Corporation Service Company Or - New York Secretary of State	80 State Street 99 Washington Ave.	Albany	NY	12207
CSC-Lawyers Incorporating Service (Corporation Service Company)	50 West Broad Street Suite 1800	Columbus	OH	43215
Corporation Service Company	115 S.W. 89th Street	Oklahoma City	OK	73139
Corporation Service Company	1127 Broadway Street NE Suite 310	Salem	OR	97301
Corporation Service Company	2595 Interstate Drive Suite 103	Harrisburg	PA	17110
The Prentice-Hall Corporation System, Puerto Rico, Inc	c/o FGR Corporate Services Inc BBVA Tower STE P1	254 Munoz Rivera Avenue	Puerto Rico	918
Corporation Service Company	222 Jefferson Boulevard Suite 200	Warwick	RI	02888
Corporation Service Company	1703 Laurel Street	Columbia	SC	29201
Corporation Service Company	503 South Pierre Street	Pierre	SD	57501
Corporation Service Company	2908 Poston Avenue	Nashville	TN	37203

Corporation Service Company d/b/a CSC-Lawyers Incorporating Service	211 E. 7th Street Suite 620	Austin	TX	78701- 3218
AGENT NAME	ADDRESS	CITY	STATE	ZIP
Corporation Service Company	10 East South Temple Suite 850	Salt Lake City	UT	84133
Clerk of the State Corporation	1300 East Main Street	Richmond	VA	23219
Corporation Service Company	100 North Main Street Suite 2	Barre	VT	05641
Corporation Service Company	300 Deschutes Way SW Suite 304	Tumwater	WA	98501
Corporation Service Company	8040 Excelsior Drive Suite 400	Madison	WI	53717
Corporation Service Company	209 West Washington Street	Charleston	WV	25302
Corporation Service Company	1821 Logan Avenue	Cheyenne	WY	82001

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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: _____

SIGNATURE: _____

NAME: _____
(Please Print)

NAME: _____
(Please Print)

SIGNATURE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

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.
Portland, Maine

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- 6. ACCESS**
- 7. DATA INTEGRITY – INFORMATION PURPOSE LIMITATION**
- 8. ONWARD SHARING**
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- 10. PRIVACY OFFICER CONTACT INFORMATION**
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 - 11.1. Information Regarding Children**
 - 11.2. Links to Third-Party Websites**
 - 11.3. Changes to the Privacy Statement**
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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, user name 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 75 John Roberts Road, Suite 100A, South Portland ME 04106

Telephone Number: 1-(207)-517-1071
Portland, ME 04103 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

MUTUAL RELEASE

This MUTUAL 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 Agreement, 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 _____, 21 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.dfp.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 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."

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 subfranchisor.
 - (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

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:

AROMA JOE'S FRANCHISING, LLC

FRANCHISEE:

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 75 John Roberts Road, Suite 100A, South Portland, ME, 04106 (“Aroma Joe’s”), and _____ whose principal address is _____, an individual/partnership/corporation/limited liability company established in the state of _____. (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 Twenty (20) 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:

Additional Franchise	Date
1	
2	*
3	*

4	*
5	*

*Each Additional Franchise shall be opened for business on or before Eighteen (18) months from the date the prior Additional Franchise opened for business. 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. For example, if Additional Franchise 3 opens for business on March 31, 2019, then Additional Franchise 4 must open for business on or before September 30, 2020.

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. **FRANCHISE FEE.** Grantee shall pay Aroma Joe's the then-current Franchise Fee applicable at the time Grantee signs an Additional Franchise Agreement for any Additional Franchise. The Grantee shall receive a credit of Twelve Thousand Five Hundred Dollars (\$12,500.00) ("Development Fee Credit") towards the Franchise Fee for each Additional Franchise to be opened under the Development Schedule until such time as the Option Fee is exhausted. The Franchise Fee, less the Development Fee Credit, for each Additional Franchise is due upon the execution of each single-unit Franchise Agreement. If the Franchise Fee for a particular Additional Franchise exceeds the Development Fee Credit, then Grantee shall pay the difference at the time the Franchise Agreement is signed. Once the funds paid under this Agreement are exhausted, Grantee shall be responsible for paying the entire Franchise Fee at the time Grantee signs each subsequent single-unit Franchise 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**

Signature: _____

By: Loren Goodridge, CEO

GRANTEE: _____

AROMA JOE'S DEVELOPMENT AGENT OF

Signature: _____

By:

Its: Development Agent for _____

Signature: _____

By:

Its:

EXHIBIT J-1 TERRITORY

{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 and between

In consideration of, and as an inducement to, the 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.

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, 2022. 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, 2022.

Store #	City	State	Address	Zip	Store Tel Number	Franchisee's	Mailing Address
128	Bristol	CT	1235 Farmington Ave.	06010	860-973-4732	Henry Laughlink Mark MacGregor and Clayton Prugh	1235 Farmington Ave. Bristol, MT 06010
84	Pompano Beach	FL	1450 South Powerline Road	33069	954-532-0596	Tim McKenna, Marissa McKenna, Kaitlyn Mathews	1450 South Powerline Rd Pompano Beach FL 33069
102	Land O Lakes	FL	7016 Land O' Lakes Blvd, Unit 108	34637	813-591-2615	Martin & Marlene McKenna	75 Saddletrail Drive, Dover, NH 03820
107	Land O'Lakes	FL	3939 Land O'Lakes Blvd	34639	813-388-5937	Martin & Marlene McKenna	3939 Land O'Lakes Blvd., Suite B, Land O'Lakes, FL 34639
64	Leominster	MA	200 New Lancaster Road	01453	978-401-2945	Kevin Ahern & Brad Pacheco	200 New Lancaster Rd., Leominster, MA 01432
79	Salisbury	MA	1 Merrill Street	01952	978-255-4108	Nathaniel Higgins and Paul Casso	16 Snowbird Lane, York, ME 03909
88	Tewksbury	MA	1583 Andover St	01876	978-455-1370	Brad Pacheco, Kevin Ahern, Johnny Ahern	1583 Andover St., Tewksbury, MA 01876
95	Haverhill	MA	87 Plaistow Road	01830	978-519-3941	Dana Spence, Harry Wesson	66 Meadow Pond Rd., South Berwick, ME, 03908
103	Swansea	MA	755 GAR Highway	02777	508-300-3934	Bonnie Realejo, Victor Realejo, Jeff Realejo, and Jonathan Realejo	166 Beverly Road, Riverside, RI 02915
110	Raynham	MA	325 New State Highway	02767	508-386-0653	Stephen Lukin, Anne Marie Lukin, Scott	47 South Angell Street,

						Zielfelder, Jodi Zielfelder	Providence RI 02906
118	Haverhill	MA	727 S. Main Street	01835	978-914-7388	Alan Arcadipane	3 Arrowhead Drive, Groveland, MA 01834
120	Mansfield	MA	30 Reservoir St.	02048	774-719-0463	Bonnie Realejo, Victor Realejo, Jeff Realejo and Jonathan Realejo	30 Reservoir St., Mansfield MA 02048
135	Wrentham	MA	1 Outlet Blvd.	02093	774-847-5146	Alex Koppel	1 Premium Outlet Blvd., Suite 345, Wrentham, MA 02093
147	North Easton	MA	507 Foundry St.	02356	508-297-1739	Alan Arcadipane	3 Arrowhead Dr., Groveland MA 01834
4	Sanford	ME	6 Washington St.	04073	207-490-7121	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
7	Berwick	ME	67 School St	03901	603-698-7105	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
8	Biddeford	ME	547 Alfred St	04005	207-602-1619	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
10	Portland	ME	519 Warren Ave	04103	207-518-9046	Mike & Kim Pelletier	PO Box 52 Barrington, NH 03825
11	Sanford	ME	1247 Main St.	04073	207-850-1045	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
12	South Berwick	ME	170 Main St	03908	207-704-0356	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
17	Wells	ME	44 Sanford Rd	04090	207-216-4798	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
18	Saco	ME	1 Moody St	04072	207-282-3341	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya	1 Moody St. Saco, ME 04072
20	Waterville	ME	84 KMD	04901	207-660-4218	Loren Goodridge, Mark Carey, Tom Farr. Paul Boucher	84 KMD, Waterville, ME 04901
23	Alfred	ME	5 Biddeford Rd	04002	207-850-9078	Steven Cantwell	PO BOX 111, Alfred ME 04002
29	Lisbon Falls	ME	692 Lisbon St	04252	207-353-2016	Rich George	14 Maine St., Box 50, Brunswick, ME 04011
32	Oxford	ME	1570 Main St. Suite 3	04270	207-743-7800	Loren Goodridge, Mark	1578 Main St., Oxford, ME 04270

						Carey, Maryna Shuliakouskaya	
33	Kittery	ME	89 Route 236	03904	207-703- 2347	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya	89 Route 236 Kittery, ME 03904
35	Windham	ME	704 Roosevelt Trail	04062	207-893- 8678	Kristal Duffy, Joel Woodward	704 Roosevelt Trail, Windham, ME 04062
37	South Portland	ME	443 Western Ave	04106	207-536- 0513	Stephen Pracher and Zachary Camire	26 Collins Mills Rd, West Gardiner, ME 04345
39	Orono	ME	99 Park St	04473	207-866- 1109	Loren Goodridge, Mark Carey, Tom Farr. Paul Boucher	99 Park. St., Orono, ME 04473
40	Standish	ME	10 Ossipee Trail West	04084	207-648- 4171	Brendan & Ronia O'Hazo, Richard (Rick) Lincoln	PO Box 1420, Scarborough, ME 04070
44	Waterboro	ME	236 Main St	04087	207-247- 1352	Steven Cantwell	PO BOX 111, Alfred ME 04002
47	Gray	ME	6 Brown St	04039	207-657- 1182	David (Deke) & Jenn Gillies	6 Brown Street Gray, ME 04039
49	Gorham	ME	109 Main St., Unit A	04038	207-222- 2921	Loren Goodridge, Mark Carey, Tom Farr, Maryna Shuliakouskaya	109 Main Street Unit A, Gorham, ME 04038
51	Kennebunk	ME	76 Portland Rd	04043	207-502- 7755	Lori Vela & Sarah Johnson	76 Portland Rd. Kennebunk, ME 04043
57	Topsham	ME	1 Second St.	04086	207-406- 2453	Loren Goodridge, Allison Milliken	1 Second St., Topsham, ME 04086
65	Auburn	ME	166 Center Street	04210	207-241- 7038	Tulio DeAlmeida	161 Randall Road, Lewiston, ME 04240
66	North Berwick	ME	19 Main Street	03906	207-676- 6975	Aaron Wiswell	9 White Pine Way, North Berwick, ME 03906
68	Bath	ME	135 Leeman Highway	04530	207-389- 6250	Mike & Kim Pelletier	PO Box 52 Barrington, NH 03825
74	Ellsworth	ME	233 High Street	04605	207-664- 0470	Brendan & Ronia O'Hazo, Richard (Rick) Lincoln	PO Box 1420, Scarborough, ME 04070
75	Sanford	ME	42B Jagger Mill Road	04073	207-850- 1085	Loren Goodridge, Mark Carey	42 Jagger Mill Road Sanford, ME 04073

81	Augusta	ME	205 Western Ave	04330	207-480-1556	Stephen Pracher & Zachary Camire	26 Collins Mills Rd, West Gardiner, ME 04345
82	Brunswick	ME	154.5 Pleasant Street	04011	207-560-8973	Rich George	14 Maine St., Box 50, Brunswick, ME 04011
91	South Portland	ME	633 Main St	04106	207-430-0880	Kendal O'Gorman & Steve Hanscom	633 Main Street South Portland, ME 04106
92	Scarborough	ME	25 Saco St.	04074	207-222-0144	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya	25 Saco Street, Scarborough, ME 04074
105	Lewiston	ME	403 Sabattus Street	04240	207-312-5306	Tulio DeAlmeida	161 Randall Road, Lewiston, ME 04240
112	Portland	ME	295 Forest Avenue	04101	207-591-4432	Kendal O'Gorman & Steve Hanscom	633 Main Street, South Portland, ME 04106
114	Raymond	ME	1256 Roosevelt Trail	04071	207-655-6075	David and Jennifer Gilles	1256 Roosevelt Trail, Raymond, ME 04071
124	Lewiston	ME	1930 Lisbon Street	04240	207-689-3458	Cody Currier	1930 Lisbon Street, Lewiston, ME 04240
125	Lewiston	ME	754 Main St.	04240	207-440-5637	Tulio DeAlmeida	754 Main Street, Lewiston, ME 04240
139	Auburn	ME	791 Kittyhawk Ave.	04210	207-241-0762	Kristal Duffy and Joel Woodward	791 Kittyhawk Ave., Auburn ME 04210
142	Winslow	ME	9 Bay St.	04901	207-616-0521	Loren Goodridge, Mark Carey, Maryna Shuliakouskaya	9 Bay Street, Winslow, ME 04091
1	Rochester	NH	113 Highland St	03839	603-332-1724	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
2	Somersworth	NH	392 Route 108	03878	603-692-0511	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
3	Rochester	NH	190 Milton Rd	03839	603-332-4344	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
5	Dover	NH	71 Broadway	03820	603-742-6080	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
6	Dover	NH	1 Charles St	03820	603-842-4649	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820

9	Somersworth	NH	10B Andrews Rd	03878	603-841-3733	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
13	Rochester	NH	47 Farmington Rd	03839	603-617-2612	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
14	Barrington	NH	528 Route 125	03825	603-905-9034	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
15	Durham	NH	72 Main St	03855	603-397-5623	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
16	Laconia	NH	644 Union Ave	03246	603-527-8004	Patrick & Sarah Duffy	536 Middle Road Dover, NH 03820
19	Rochester	NH	26B Gonic Rd/754 Columbus Ave	03839	603-948-1074	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
22	Dover	NH	887A Central Ave	03820	603-516-1515	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
24	Lee	NH	71 Calef Hwy, Suite 1	03861	603-815-4107	Mike Sillon, Brian Sillon	63 Broadway, Dover, NH 03820
26	Epping	NH	55 Railroad Ave.	03042	603-734-4521	Mike & Kim Pelletier	PO Box 52 Barrington, NH 03825
27	Derry	NH	13 Manchester Rd/Route 28	03038	603-552-3581	Jodi & Scott Zielfelder	13 Manchester Rd., Derry, NH 03038
30	Hampton	NH	836 Lafayette Rd	03842	603-601-8196	Kayla, Richard & Miriam Pelletier	836 Lafayette Rd., Hampton, NH 03842
31	West Ossipee	NH	2315 White Mountain Hwy	03890	603-651-1280	Ann and Mark Berry	7 Tingley St., Rochester, NH 03867
34	Manchester	NH	2 So. Beech St	03103	603-518-5409	Rob Hanson, Tracy Hanson	730 1st Crown Pt Road Strafford, NH 03884
36	Newmarket	NH	66 Main St	03857	603-292-5709	Dana Spence, Harry Wesson	PO Box 493 Rochester, NH 03866
45	Alton	NH	64 Main St	03809	603-875-0234	Tyler & Amanda Parkhurst, Dennis Munson	98 Overlook Circle, Barrington, NH 03825
48	Tilton	NH	478 West Main St	03276	603-729-0030	Eric, Kim, Josh Gustafson	39 Barbara Ln, Strafford, NH 03884
50	Greenland	NH	13 March Farm Way	03840	603-501-0456	Dana Spence, Harry Wesson	66 Meadow Pond Rd., South Berwick, ME, 03908

53	Hooksett	NH	3 Chambers Dr. #1	03106	603-932-2890	Rob & Tracy Hanson	730 1st Crown Pt Road Strafford, NH 03884
55	Salem	NH	171 North Broadway	03079	603-458-6335	Jodi & Scott Zielfelder	171 North Broadway Salem, NH 03079
58	Exeter	NH	31 Portsmouth Avenue	03833	603-580-1586	Dana Spence & Harry Wesson	66 Meadow Pond Rd., South Berwick, ME, 03908
59	Exeter	NH	6 Mckay Drive	03833	603-418-7340	Mike & Kim Pelletier	PO Box 52 Barrington, NH 03825
62	North Conway	NH	28 Shaws Way	03818	603-662-0491	Brendan & Ronia O'Hazo, Richard (Rick) Lincoln, Lynsey Munroe - Durepos	PO Box 1420, Scarborough, ME 04070
63	Newport	NH	34 Elm Street	03773	603-863-7802	Global Montello Group, Corp. Attn: Pete Oehmsen	800 South St., Suite 500, Waltham, MA 02454 ATTN: Jason Cooper
67	Farmington	NH	430 Route 11	03835	603-509-9083	Aaron Wiswell	9 White Pine Way, North Berwick, ME 03906
69	Concord	NH	135 Loudon Road	03301	603-715-8109	Patrick & Sarah Duffy	536 Middle Road Dover, NH 03820
71	Epsom	NH	1912 Dover Road	03234	603-739-0505	Eli & Katie Carleton	20 Wheelwright Dr, Lee, NH 03861
76	Portsmouth	NH	2975 Lafayette Road	03801	603-319-8082	Miriam, Richard and Kayla Pelletier	2975 Lafayette Road Portsmouth, NH 03801
83	Merrimack	NH	140 Daniel Webster Highway	03054	603-459-8702	Energy North Group	140 Daniel Webster Highway Merrimack, NH 03054
94	Plymouth	NH	1 Boulder Point Drive	03264	603-238-9616	Mike & Kim Pelletier	PO Box 52 Barrington, NH 03825
96	Concord	NH	214 Fisherville Road	03303	603-565-5497	Melissa Ceppetelli	100 Small Rd., Barrington, NH 03825
100	Portsmouth	NH	1850 Woodbury Avenue	03801	603-285-9142	Mike Sillon & Brian Sillon	63 Broadway, Dover, NH 03820

101	Amherst	NH	2 Paul's Way	03031	603-402-1195	Robert & Tracy Hanson	730 1st Crown Pt Road Strafford, NH 03884
115	Hudson	NH	56 Derry St.	03051	603-521-8785	Scott and Jodi Zielfelder	56 Derry St., Hudson, NH 03051
116	Rindge	NH	1116 NH Route 119	03461	603-899-6600	Global Montello Group, Corp. Attn: Pete Oehmsen	800 South St., Suite 500, Waltham, MA 02454 ATTN: Jason Cooper
146	Salem	NH	401 Main St.	03079	603-458-2770	Scott and Jodi Zielfelder	401 Main Street, Salem, NH 03079
78	Greensburg	PA	891 North Greengate Road	15601	724-221-6878	Nicholas Bennett and Gregory G. Gasparich	1401 Harrison Ave. Jeanette PA 15644
134	Pittsburgh	PA	2435 Golden Mile Highway	15239	724-519-7083	Greg Gasparich, Nate Bennett, and Rafe Hughes	1401 Harrison Ave. Jeannette, PA 15644
123	Providence	RI	257 Thayer St.	02906	401-642-2597	Stephen and Anne Marie Lukin	47 South Angell Street, Providence RI 02906

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

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

Franchise Agreement #	Franchisee Names	Execution Date	Expiration Date
98	Michael & Christine Sullivan, Shari Manson, Keith Tebo	2/6/19	2/6/22
130	Kevin Ahern & Brad Pacheco	12/23/20	12/23/22

Transferred Franchise Agreements

Franchise Agreement #	Transferor Names	Address	Phone Number	Transfer Date
74	Brendan O'Hazo, Ronia O'Hazo 7 Richard Lincoln	233 High Street Ellsworth, ME	207-664-0470	3/14/22
31	Gustafson Legacy Ventures, LLC	2315 NH-16 West Ossipee, NH	603-651-1280	9/12/22

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	May 9, 2023
North Dakota	
Rhode Island	
South Dakota	
Virginia	August 6, 2023
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., 75 John Roberts Road, Suite 100A, South Portland, ME 04106; Phone: (207) 553-2975; and:

Date of Issuance: April 6, 2023. 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 April 6, 2023 that included the following Exhibits: A - Franchise Agreement; A-1 - Franchise Disclosure Questionnaire; A-2 - StatBridge® POS End User License Agreement; A-3-Landlord Lease Rider; A-4 Guaranty and Assumption Agreement; B - Audited Financial Statements for AJF for the Fiscal Years Ended December 31, 2022, 2021, 2020; 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: _____

SIGNATURE: _____

NAME: _____
(Please Print)

NAME: _____
(Please Print)

DATE: _____

DATE: _____

SIGNATURE: _____

SIGNATURE: _____

NAME: _____
(Please Print)

NAME: _____
(Please Print)

DATE: _____

DATE: _____

ADDRESS: _____

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