

FRANCHISE DISCLOSURE DOCUMENT

<p>Durar Investment, LLC a Michigan limited liability company 15010 W. Warren, Suite 113 Dearborn, Michigan 48126 Phone: (313) 247-5364 Email: info@azalcoffeeusa.com Website: www.azalcoffeeusa.com</p>	 The logo for Azal Coffee is displayed within a dark blue square. It features a stylized white steam rising from a golden-brown coffee cup. Below the cup, the word "AZAL" is written in a large, bold, golden-brown serif font, and the word "COFFEE" is written in a smaller, golden-brown sans-serif font below it.
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This Franchise Disclosure Document describes an Azal Coffee franchise. An Azal Coffee franchise is a coffee shop that specializes in Yemeni-grown coffee and that sells coffee based beverages, cold drinks, teas, coffee beans, coffee accessories, pastries, baked goods, and other related items.

The total investment necessary to begin operation of an Azal Coffee franchise is from \$283,500 to \$440,000. This includes \$115,000 to \$131,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Ramzi Mohammed at 15010 W. Warren, Suite 113, Dearborn, Michigan, or (313) 247-5364.

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

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

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

Issuance Date: May 30, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
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 H 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 Azal Coffee 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 Azal Coffee franchisee?	Item 20 or Exhibits F and G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Michigan. 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 Michigan than in your own state.
2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Short Operating History**. This Franchisor is at an early state of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

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.

NOTICE UNDER MICHIGAN'S FRANCHISE INVESTMENT LAW

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.

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (1) the term of the franchise is less than five (5) years and (2) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - a. the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
 - b. the fact that the proposed transferee is a competitor of the franchisor or sub-franchisor;

- c. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and
- d. the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor the right of first refusal to purchase the assets of a franchisee on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subsection 3.

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

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

IF FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED THOUSAND (\$100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

ANY QUESTIONS REGARDING THIS NOTICE MAY BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE, G. MENNEN WILLIAMS BUILDING, 525 W. OTTAWA STREET, P.O. BOX 30213, LANSING, MICHIGAN 48909, TELEPHONE (517) 335-7567.

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EXHIBITS

- A LIST OF STATE ADMINISTRATORS AND LIST OF AGENTS FOR SERVICE OF PROCESS
- B FRANCHISE AGREEMENT
- C ADDENDUM TO FRANCHISE AGREEMENT – RENEWAL
- D-1 ADDENDUM TO FRANCHISE AGREEMENT – TRANSFER
- D-2 FRANCHISE TERMINATION AND RELEASE AGREEMENT -- TRANSFER
- E CONFIDENTIALITY/NON-COMPETITION AGREEMENT
- F LIST OF AZAL COFFEE FRANCHISEES
- G LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM
- H FINANCIAL STATEMENTS
- I STATE SPECIFIC DISCLOSURES AND ADDENDA TO AGREEMENTS
- J STATE EFFECTIVE DATES
- K RECEIPT (2 COPIES)

APPLICABLE STATE LAW MAY REQUIRE CHANGES TO THE FRANCHISE AND OTHER AGREEMENTS. THESE CHANGES, IF ANY, ARE CONTAINED IN THE STATE SPECIFIC ADDENDA TO AGREEMENTS INCLUDED IN EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT.

ITEM 1—THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is Durar Investment, LLC. In this Franchise Disclosure Document, the Franchisor will be referred to as "we," "us," "Azal," or "Azal Coffee" and the person who buys the franchise will be referred to as "you." 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.

We are a Michigan limited liability company organized on December 28, 2022. We do business under our company name and the following names: "Azal" and "Azal Coffee." Our principal business address is 15010 W. Warren, Unit 113, Dearborn, Michigan 48126. Our agents for service of process are listed on Exhibit A.

Parents, Predecessors and Affiliates

We do not have any parents or predecessors. We have two affiliate(s). Our affiliate, V60 Coffee, LLC ("V60"), opened an Azal Coffee similar to the franchise being offered here in September 2023. V60's principal place of business is the same as ours. Our affiliate Azal Wholesale, LLC ("Wholesale") provides certain goods required to be purchased by our franchisees, including coffee beans, tea, coffee and tea mixes, equipment, paper products, syrups, sauces, milk, cups, mugs, branded products, coffee supplies, bakery goods, uniforms, and other inventory items. Wholesale's principal place of business is 13250 Rotunda Drive, Suite B, Dearborn, Michigan 48120. We or our affiliates, now existing or later created, may provide additional goods and services to our franchisees.

Except as described above, we do not have any affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

Franchisor's Business

We began offering and selling Azal Coffee franchises in July 2024. We do not offer, and have not offered, franchises in any other line of business. At this time, our business activities include the operation of the Azal Coffee franchise system. We may also offer and sell products and services to our franchisees. We do not currently have other business activities.

The Franchise Offered

The Azal Coffee franchise is a coffee cafe that specializes in Yemeni-grown coffee and that sells coffee based beverages, cold drinks, teas, coffee beans, coffee accessories, pastries, baked goods, and other related items ("Azal Coffee," "Franchise Business," or "Store").

You acquire the right to operate an Azal Coffee franchise by signing our standard Franchise Agreement (see Exhibit B). Under the Franchise Agreement, you will acquire the right to operate a single Store at a location approved by us (the "Franchise Location"), which must be operated under our trademarks ("Franchise Marks") and in accordance with our standards and specifications ("Franchise Systems").

If you are renewing your Azal Coffee franchise, you will sign our current standard Franchise Agreement as well as an Addendum to Franchise Agreement – Renewal ("Renewal

Addendum”) (see Exhibit C). The Renewal Addendum modifies some of the provisions of the standard Franchise Agreement to reflect your status as an existing franchisee. If you acquire an existing Azal Coffee franchise by transfer from another franchisee, you may sign our standard Franchise Agreement as well as an Addendum to Franchise Agreement – Transfer (“Transfer Addendum”) (see Exhibit D-1). The Transfer Addendum modifies some of the provisions of the standard Franchise Agreement to reflect the fact that you are acquiring an open and operating Azal Coffee franchise. In a transfer situation, the selling franchisee will sign a Franchise Termination and Release Agreement-Transfer (see Exhibit D-2).

Market and Competition

The Azal Coffee franchise will primarily serve the public within the vicinity of the Franchise Location. The market for stores serving coffee is developed. Depending on the location of the Azal Coffee franchise, you may experience high/low seasons. There is substantial competition in the coffee industry and an Azal Coffee franchise will compete with other coffee shops and other restaurants generally, including those that are nationally affiliated, regionally affiliated and local, franchised and independently owned.

Regulations

You must comply with all local, state, and federal laws and regulations relating to your Franchise Business and businesses in general, which may vary in different jurisdictions. These include, but are not limited to, the Americans with Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Federal Wage and Hour Laws, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Employee Retirement Income Security Act, and the Occupational Safety and Health Act. It is your sole responsibility to maintain compliance with federal, state and local laws and health regulations regulating restaurants and food handling and labeling generally, including any requirements related to nutritional representations, food and menu labeling, and storage, preparation, and sale of food and beverage products; and health, sanitation, and safety regulations relating to food service. Some local agencies may require that employees who prepare your food products become certified food handlers. You should check with city, township and county regulatory agencies to determine if certification will be required of your employees. It is your sole responsibility to obtain, and keep in force, all necessary licenses and permits required by public authorities. Some state and local governments also regulate indoor air quality, including prohibiting the use of tobacco products in public places.

In addition, you must ensure compliance with Payment Card Industry (“PCI”) Data Security Standard (“DSS”) Requirements and Security Assessment Procedures and other applicable PCI requirements (“PCI Requirements”).

There may be other laws and regulations applicable to your business and we urge you to make inquiries about any laws or regulations that may impact your business.

Prior Business Experience

We do not operate and have not operated a business of the type to be operated by our franchisees. Our affiliate, V60, opened the first Azal Coffee in September 2023, which business is of the type to be operated by our franchisees. We have offered franchises for the type of business to be operated by our franchisees since July 2024. Our affiliate(s) have not offered

franchises for the same type of business to be operated by our franchisees. Except as described above, neither we nor our affiliates have offered franchises in any other line of business.

ITEM 2—BUSINESS EXPERIENCE

Ramzi Mohammed – President

Ramzi Mohammed has been our President since our inception in December 2022. Mr. Mohammed has also been the Vice President of our affiliates V60 and Wholesale since their inception in May 2023 and June 2024, respectively. From April 2018 to Present, Mr. Mohammed has also served as the Manager of Al Saeedah Grocery and Spices located in Dearborn, Michigan.

Amr Alraidi– Vice President

Amr Alraidi has been our Vice President since our inception in December 2022. Mr. Alraidi has also been the President of our affiliates V60 and Wholesale since their inception in May 2023 and June 2024, respectively. From July 2017 to March 2019, Mr. Alraidi served as a pharmacy technician at Life Pharmacy located in Farmington Hills, Michigan. From October 2019 to June 2023 Mr. Alraidi served as a pharmacy technician at United Specialty Pharmacy located in Dearborn, Michigan.

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

You must pay an initial franchise fee of \$40,000 for an Azal Coffee franchise. The initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is earned at the time of payment and is not refundable under any circumstances. The Initial franchise fee is uniform. It is our intent to charge all new franchisees the same initial franchise fee.

You must pay our affiliate, Wholesale \$70,000 to \$80,000 for your initial supply of coffee beans, tea, coffee and tea mixes, equipment, paper products, syrups, sauces, milk, cups, mugs, branded products, coffee supplies, bakery goods, uniforms, and other inventory items. This range also includes the estimated cost to ship the goods to your Franchise Location. You must pay this amount before you open and immediately upon invoice. This payment is not refundable.

You must also pay our affiliate, Wholesale \$5,000 to \$10,000 for your interior and exterior signage. You must pay this amount before you open and immediately upon invoice. This payment is not refundable.

As part of our lease approval process, we may have an attorney review the proposed lease to ensure that the proposed lease meets our requirements. We will have a right to charge

you a non-refundable fee up to \$1,500 to cover the cost of that review. You must pay this fee within seven (7) days of demand. This payment is not refundable.

ITEM 6—OTHER FEES

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty	A monthly amount equal to 5% of Gross Sales	On the 1 st business day of each month by electronic funds transfer (EFT) based on your Gross Sales for the preceding calendar month	Gross Sales include all revenues from the Franchise Business minus sales taxes paid, and allowable discounts and refunds. ⁽²⁾
Marketing Fund Contribution	Up to 3% of Gross Sales. Currently, 1% of Gross Sales	On the 1 st business day of each month by EFT based on your Gross Sales for the preceding calendar month	We currently impose a marketing fund contribution of 1% of Gross Sales and reserve the right to charge up to 3% of Gross Sales. Corporate or affiliate owned stores will contribute to the marketing fund on the same basis as franchisees.
Minimum Local Advertising and Advertising Cooperative	1% of monthly Gross Sales	As incurred	You must spend this amount each month on advertising in your local market. We do not currently have any advertising cooperatives. ⁽³⁾
Mobile Application / Technology Fee	\$50 per month, but may increase to \$300 per month.	On the 1 st business day of each month	This fee may increase as our costs and expenses increase. This fee will be used by us for expenses relating to the development and maintenance of technology used in our franchise system.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Initial Supply of Inventory, Signage, and Equipment	\$75,000 to \$90,000	Before you open and on receipt of billing	You are required to purchase your initial and ongoing supply of certain inventory and equipment items from us or our affiliates. You are also required to purchase your interior and exterior signage from us. Due to the unpredictable nature of sales, we cannot predict how much you will spend to purchase your ongoing supply of inventory or other items from us or our affiliates.
Point-of-Sale System Fee	Actual cost to us	On receipt of billing	We do not currently, but reserve the right to, require you pay us each month for licensing and management fees associated with your point-of-sale system that we will distribute to the appropriate third-party vendors.
Maintenance, Repairs, Renovation, and Modernization	Not more than \$75,000 every 5 years	As incurred	Maintenance, repair, renovation, and modernization fees are payable to us only if you do not perform required maintenance, repairs, renovation, and modernization. ⁽⁴⁾
Mystery Shopper Fee	Actual cost to us	5 th day of each month	We will use these fees to administer a program to evaluate and report on the operations of our franchisees and to otherwise support the uniformity and quality of operations of Stores.
Insurance	Actual cost to us	On receipt of billing	If you fail to purchase insurance for your Franchise Business, we may do so at your expense.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Gift Card and other Programs	Actual cost to us	Periodically by EFT that we initiate	If we establish a program, we may periodically reconcile payments and we may charge an administrative fee equal to our actual cost of running the program(s). See Note 5.
Additional Training	\$250 per trainer per day plus travel, room and board expenses.	Before additional training	We may charge training fees if you request to have additional people attend the initial training program or if you request or we require additional training. ⁽⁶⁾
Rescheduling & Cancellation Fees	Our actual expenses	On receipt of billing	If you are not ready to open, and we have to reschedule opening training, you will pay the expense of rescheduling, which may include cancellation fees, travel and living expenses incurred by us and our employees and agents, and the wages due to them.
Late Charge, NSF Fees and Interest	\$100 late charge, NSF fees of at least \$30 for each item returned, and 1.5% per month interest or maximum rate allowed by law.	On receipt of billing	A late charge must be paid on all late payments; you must reimburse us for NSF fees we incur; and interest must be paid on all overdue amounts.
Review Fee	\$10,000	At the time of delivery of an offer notice	If you desire to accept an offer from a 3 rd party to purchase your franchise, you must deliver an offer notice to us along with the review fee. If we do not exercise our right of 1 st refusal and we consent to the transfer, the review fee will be applied to the transfer fee due.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee	25% of the standard initial franchise fee being charged by us at the time of transfer	At the time of our consent to the transfer	You or the proposed transferee must pay a transfer fee if you transfer your franchise or any equity interest in the franchisee or substantially all the assets of the franchise.
Renewal Fee	25% of the standard initial franchise fee being charged by us at the time of renewal	At the time of renewal	You must pay this fee as a condition to renewal if you renew your franchise at the end of the initial term of the franchise.
Relocation Fee	\$10,000	On receipt of our billing	This fee must be paid if you change the location of your Store.
Management Fee	10% of Gross Sales plus employee costs and our actual expenses	On receipt of our billing	This fee must be paid if we manage the Franchise Business after the death or incapacity of the franchisee or the last surviving owner of the franchisee and is in addition to the Royalty and other fees payable by you.
Annual Convention Fees	Up to \$1,000 per year for attending the annual convention	On the date specified by us	You must pay the applicable fee in any year in which we conduct an annual convention.
Audit and Inspection Expenses	Cost of audit or inspection plus employee expenses	On receipt of our billing	This cost must be paid if the audit is necessary because of your failure to furnish reports or financial information, or the audit discloses an understatement of 2% or more of Gross Sales.
Product and Supplier Approval Fee	Up to \$3,000	Before approval of a product or supplier	You may be required to pay this fee if you request that we approve a product or supplier.

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Data Security Consultant and Cyber Insurance Costs	Cost of engaging vendor or of cyber insurance policy	Periodically by EFT that we initiate	We may require you to pay for a consultant on data security and/or for a cyber insurance policy.
Indemnification	Our actual costs, expenses, and liability we incur from the operation of your franchise	As incurred	You must reimburse us if we incur liability from the operation of your franchise.
Liquidated Damages for Failure to Comply with Obligations	\$100 to \$2,500 depending on the violation	On the date specified by us	We have the right to charge liquidated damages if you fail to comply with certain obligations under the Franchise Agreement.
Deadline Extension Fee	\$5,000	At the time you request an extension	You may obtain a three-month extension of the time to obtain a location if you timely notify us and pay a non-refundable extension fee.
Liquidated Damages For Loss of Bargain Under Franchise Agreement	See Note (7)	On demand	Payable as part of the damages due to us if you breach the Franchise Agreement and the Franchise Agreement is terminated.
Attorneys' fees and Other Expenses	The actual amount of attorneys' fees and expenses we incur	As incurred	You must reimburse us for costs and attorneys' fees if we prevail in a judicial proceeding or if we engage a lawyer because of your failure to comply with the Franchise Agreement or if we incur expenses responding to any special requests from you.

Notes to Item 6 Table

(1) All fees are imposed by and payable to us or our affiliates except minimum local advertising expenses, which may be paid directly to advertising providers. All fees paid to us or our affiliates are non-refundable. We intend to uniformly impose the fees described in the table.

You must make all payments to us by electronic funds transfers (automatic bank transfers). You must install, at your expense, and use pre-authorized payment and computerized point-of-sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. We may specify these requirements to fulfill any business purpose reasonably related to the operation of your Store and the Franchise Systems and to allow us to access reports of Gross Sales and other information and to initiate electronic or other transfers of all payments you are required to make to us. We may specify that any or all required payments to us be made daily, weekly, monthly, or another interval, instead as otherwise provided in the Franchise Agreement. We may require you to make required payments at different intervals than other franchisees.

(2) The Franchise Agreement defines Gross Sales as the entire amount of the franchisee's revenues from the ownership or operation of the Franchise Business and any business at or about the Franchise Location or any approved remote locations including the proceeds of any business interruption insurance and any revenues received from the lease or sublease of a portion of the Franchise Location, whether the revenues are evidenced by cash, credit, checks, gift certificates, electronic payment, digital currency, food stamps, coupons and premiums (unless exempted by us), services, property or other means of exchange, minus only: (a) the amount of any sales taxes that are collected and paid to the taxing authority; (b) approved discounts given to customers if the non-discounted price is included in the revenues; and (c) cash refunded and credit given to customers and receivables uncollectible from customers if the cash, credit or receivables are or were included in revenues. Gross Sales include fees charged by third-party delivery service providers and are deemed received by the franchisee at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Revenues of property or services (for example, "bartering" or "tradeouts") are valued at the prices applicable to the products or services exchanged for those revenues at the time the revenues are received.

(3) You must provide documentation to our reasonable satisfaction that you have spent the required amount of local advertising or, in our discretion we may require you to pay the minimum local advertising amounts to us for advertising in your local market. If we require you to pay the minimum local advertising amounts to us, we may use these amounts, in our discretion, for local advertising and promotion for you (including but not limited to Digital Advertising, social media or other internet posts, flyers, promotions, mailers, etc.) or as part of joint advertising or cooperative advertising. If you fail to pay these amounts in your local market, you are required to pay the local advertising amount to us as additional royalty. If you participate in joint advertising, you will pay your proportionate share of each advertisement. If an advertising cooperative has been or is formed for your market, the cooperative may require advertising fees be paid to the cooperative, but only if authorized by a majority vote of the members of the cooperative. As of the date of this Franchise Disclosure Document, no advertising cooperatives have been formed. The amounts spent by you for local advertising, joint advertising, cooperative advertising, and any promotional programs specified by us will apply to your minimum local advertising obligations. Except for pre-opening/grand opening advertising and any contributions to the marketing fund that we may require, you will not be required to spend more than the amounts specified in the table for local advertising, joint advertising, cooperative advertising.

(4) If at any time, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Franchise Location or its equipment, furniture, fixtures, signs, Franchise Trade Dress, or other property do not meet our standards or specifications, we may notify you in writing, specifying the action you must take to correct the deficiency. You must initiate the specified action

within thirty (30) days after receipt of the notice and diligently proceed to complete the specified action.

(5) You must participate in any gifts cards, electronic gift or money cards (E-cards), frequency cards, awards or loyalty programs, discounts, or other programs specified by us and honor all such cards, awards, and other programs issued by us, our affiliates, or by other franchise owners in accordance with our policies.

(6) We have the right to charge you for additional training. Any additional training fees will be uniform as to all persons attending training at that time.

(7) In addition to any other remedies available to us, if the Franchise Agreement is terminated before its expiration (other than termination by you for cause), we will be entitled to recover from you damages attributable to the loss of bargain resulting from that termination. Our damages for loss of bargain will be the royalty fees and marketing fund contributions that would have been payable to us for the balance of the term of this Agreement, but not more than thirty-six (36) months. The aggregate amount of royalty fees and marketing fund contributions that would have been payable will be calculated utilizing annual Gross Sales equal to the annual Gross Sales of the Franchise Business for the 12-month period [or such lesser period if you were not in operation for a full twelve (12) months] immediately preceding the date of termination or the date that you ceased to operate if earlier than the date of termination and multiplying that amount by the applicable time period. If the Franchise Agreement is terminated by us before you open your franchise, liquidated damages will be \$100,000.

ITEM 7—ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$40,000 ⁽¹⁾	Lump sum	On signing the Franchise Agreement	Us
Lease Review Fee ⁽²⁾	\$0.00 to \$1,500	As incurred	Before opening as incurred	Us
Grand Opening Advertising ⁽³⁾	\$3,000 to \$6,000	As incurred	As incurred	Advertising Providers
Initial Lease Payments ⁽⁴⁾	\$9,000 to \$20,000	As agreed	As specified in lease	Landlord
Leasehold Improvements ⁽⁵⁾	\$120,000 to \$190,000	As agreed	Before opening as incurred	Contractors and Suppliers
Equipment, Fixtures, and Furniture ⁽⁶⁾	\$55,000 to \$75,000	As agreed	Before opening as incurred	Suppliers

Notes to Item 7 Table

(1) The initial franchise fee is payable to us when you sign your Franchise Agreement. This amount is not refundable.

(2) You will not incur this fee if we do not have an attorney review your lease.

(3) You must spend an amount specified by us to conduct grand opening advertising and promotions. The amount specified will range from \$3,000 to \$6,000. The grand opening advertising and promotions must be conducted in accordance with a plan that you must submit to us. We have the right to modify your plan and may require you to use a public relations firm to assist with your grand opening. The grand opening advertising and promotions must occur within the period beginning on the opening of the Franchise Business and ending approximately four (4) weeks after the opening of the Franchise Business. The amount you must spend on grand opening advertising and promotions is separate from and in addition to your other advertising obligations, including local and national marketing.

(4) You will generally lease your Franchise Location. The square footage of a Store will generally range from between 2,000 square feet to 3,500 square feet with seating for fifty (50) to one hundred (100). The range in the table includes our estimate of base rent for your first three (3) months of business. It does not include expenses you may incur for common area maintenance, triple net charges, utilities, or a security deposit. Your rent may be subject to escalation clauses based on inflation or other factors as provided in your lease. The annual rent amount may vary significantly depending on the condition, location, and size of the location and the demand for the location among prospective tenants. Our estimates are based on our experience in the markets in which we currently conduct business. Your rent costs could be lower or significantly higher if your location is in an area in which we do not conduct business. The estimates in the table do not reflect an amount for investment in real estate, since real estate costs vary significantly from market to market. Your initial investment will be much greater if you purchase real estate and construct your Franchise Location and we do not have any estimate of those costs.

(5) This category will include mechanical installations (e.g., HVAC), leasehold improvements (e.g. walls and counters, wall and floor coverings, ceilings, lighting, electrical and plumbing) as well as the cost of a qualified architect to prepare a site plan and construction drawings for the Franchise Location. This category also includes fees you may be required to pay to us for site inspections if you request and we approve your use of a general contractor other than the general contractor designated by us. The costs of these items may vary considerably depending on the size, physical condition and location of the premises and the amount of the costs, if any, a landlord may be willing to assume (however, if the landlord assumes costs, you will probably pay a higher rent for the location and you may have to personally guaranty the lease payments for a period of time to allow the landlord to amortize its costs). The estimated cost assumes the landlord will provide you with a “white box,” including utility hookups, etc. or will directly pay or reimburse you for a portion of the expenses. If the landlord does not provide a “white box” or pay or reimburse you for a portion of the expenses, you may have to incur substantial additional expenses for leasehold improvements. The estimated range does not include fees and costs relating to obtaining building and other permits and licenses.

(6) This category includes store equipment, furniture, and fixtures. These costs will vary depending on the size of the Franchise Location. This category also includes the purchase of video cameras to monitor your Franchise Business. We reserve the right to independently access your video camera system from time to time to ensure compliance with the Franchise Systems. You must comply with all federal, state, and local laws governing the operation of video camera systems.

(7) The price for signage will vary depending on the type of site and local ordinances for outdoor and indoor signage.

(8) The range in the table is an estimated range for two (2) trainees, you and your General Manager, to attend our initial training program. Although we do not charge any additional fees for the initial training program, you are responsible for paying any wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during initial training. These costs will depend on the distance you and your employees must travel and the type of accommodations you choose. Also, you may have to pay a fee for attending any certification program required by state or local laws or regulations. That fee is not payable to us.

(9) The estimate in this table is an estimated range of the initial cost for insurance for your Franchise Business. The low end of the range is based on the insurance company accepting a partial up-front payment of 50%, which some insurance companies may do if you meet their credit requirements. The high end of the range is based on the full cost for a year of coverage. Evidence of insurance coverage must be provided at least fourteen (14) days before you begin operating your Franchise Business. Certificates of renewal must be provided no later than fourteen (14) days before the expiration date of each policy. If you do not provide us with evidence of these insurance policies at any due date, we may purchase that insurance at your expense. You must immediately pay for any insurance obtained by us. Each required policy of insurance must name us as an additional insured and must provide that we will be given thirty (30) days' notice before cancellation, modification or amendment of the policy. Your lease may require higher limits or additional coverages. We may change or modify insurance coverages in our discretion.

(10) This category may include fees for lawyers, market research consultants, engineers, accountants or other advisers, business licenses, permits, and other miscellaneous pre-opening expenses. You may need to obtain licenses to operate the Store from your state or local governing authorities, such as occupancy permit and health department licenses or permits.

(11) This category covers expenses you may incur during the three-month initial phase of your Store. These expenses may include advertising expenses, royalty, mystery shopper fees, utilities, insurance premiums, technology licensing fees, payroll costs, additional inventory and supplies, etc. These expenses do not include any amounts for an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs during this initial phase will depend on factors including: how much you follow our procedures; your management skill, experience, and business abilities; local economic conditions; the local market for the franchise's product; competition; and the sales level reached during this initial phase. We relied on our affiliates' and owners' experience in developing and operating similar businesses to formulate the amount required for this category.

(12) Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreements with those parties.

We do not offer any financing for any part of your initial investment.

The table describes our estimate of your initial investment to develop one (1) Azal Coffee franchise. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise.

ITEM 8—RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all products and services used in the development and operation of your Franchise Business in accordance with our specifications and only from manufacturers, suppliers or distributors designated or approved by us.

Obligations to Purchase or Lease from the Franchisor or Designated Suppliers

We designate certain products and services used in the development and operation of your Franchise Business as “Designated Products or Services.” Designated Products or Services must be purchased in accordance with our specifications and only from us or a manufacturer, supplier, distributor, or professional or other service provider specifically designated by us (which may be our affiliate, now or not yet in existence) (a “Designated Supplier”). We are not required to approve other suppliers for Designated Products or Services and we do not issue criteria to our franchisees for Designated Products or Services.

We currently designate the following products and services as Designated Supplier Products that must be purchased from a Designated Supplier: coffee beans, tea, coffee and tea mixes, equipment, signage, paper products, syrups, sauces, milk, cups, mugs, branded products, coffee supplies, bakery goods, uniforms, other inventory items, and POS system hardware and software. We currently are not a Designated or Approved Supplier. However, our affiliate Wholesale is currently the Designated Supplier for coffee beans, tea, coffee and tea mixes, equipment, signage, paper products, syrups, sauces, milk, cups, mugs, branded products, coffee supplies, bakery goods, uniforms, and other inventory items. Other than our affiliate Wholesale, none of our officers or owners own an interest in any Designated or Approved Suppliers.

Obligations to Purchase or Lease from Approved Suppliers

Unless otherwise specified by us, all items used in the Franchise Business, other than Designated Products or Services, must be obtained in accordance with our specifications from a supplier that has been approved by us (an “Approved Supplier”). An Approved Supplier will be a supplier that: (a) meets our standards for quality and uniformity of goods and services and other relevant standards established by us; (b) we have designated in writing as an Approved Supplier; and (c) we have not later revoked the designation as an Approved Supplier.

Alternative Supplier Approval

You may request to have a supplier for items other than Designated Products or Services approved by submitting to us the information, samples or agreements necessary for our determination under the procedures specified by us. This request must be in writing and must include information about the product or supplier relating to our specifications, a sample of the product or service to be approved or a person at the manufacturer or supplier that we can contact for information. We may submit the information to an independent laboratory or another independent expert to determine if the product or supplier meets our specifications. We require that you reimburse us for our actual costs incurred in making this determination. On your request, and only on a confidential basis, we will furnish you with any issued standards and specifications for items other than Designated Products or Services, as well as any issued criteria for supplier approval. We will notify you in writing of our approval or disapproval of a supplier within thirty (30) days after receiving all information that we reasonably believe is necessary to make the determination.

Before we approve a supplier, the supplier may be required to enter into an agreement with us in a form reasonably acceptable to us providing that the supplier will: (a) follow our

procedures, specifications and standards, formulas, patterns, and recipes; (b) allow periodic quality control inspections of the supplier's premises and production facilities; (c) provide a reasonable number of samples, without charge, for inspection; (d) keep any trade secrets or other confidential information disclosed to it by us in confidence and have employees to which disclosure is made sign agreements that they will not use or disclose confidential information; and (e) pay a reasonable license fee for a limited license for the production and sale of items using our intellectual property. An approval of a supplier is not a blanket approval of the items the supplier may sell but only for specific items sold by that supplier as approved by us.

Obligations to Purchase under Specifications

Although we have the right to require you to purchase all items used in the Store from Designated and Approved Suppliers, in our discretion we may issue specifications for certain products and allow you to purchase those products from any source as long as the products comply with our specifications. We formulate and modify our specifications based on our experience in the business. Factors that we consider include reliability and practicality for the intended use, and quality and uniformity of products and services. Except as described above with respect to the approval of products or suppliers, we are not required to issue our specifications to our franchisees. Also, we may not issue specifications for some products and supplies and we may allow you to purchase those products and supplies from any source until we do issue specifications and/or supplier requirements for those items.

Your lease must be approved by us. However, we will not evaluate or be responsible for the commercial reasonableness or suitability of your lease. That is your sole responsibility and we recommend that you engage independent counsel to assist you in the evaluation and negotiation of your lease. Also, unless we otherwise agree, you and your landlord must sign a Lease Addendum acknowledging certain rights we have under the Franchise Agreement that relate to your lease and you must sign a Collateral Assignment of Lease that assigns the lease to us at our option on the occurrence of certain events. A copy of our standard Lease Addendum is attached to the Franchise Agreement as Appendix G and a copy of our standard Collateral Assignment of Lease is attached to the Franchise Agreement as Appendix H.

In addition, your Franchise Location must be constructed or improved in accordance with the specifications we have issued for build-out, décor, signage, equipment layout, front of the house and back of the house space layout, etc. We must approve all drawings, plans and specifications relating to the design, construction and/or improvement of the Franchise Location. We will have the right to inspect and approve the construction before you open your Store to make sure the approved plans and any specifications issued by us have been followed. If, in our opinion, the approved plans and any applicable specifications have not been followed, you must resolve any issues to our satisfaction before opening your Store. Although we have the right to review and comment on and must approve all drawings, plans and specifications relating to the design, construction, and/or improvement of your Franchise Location, we are only acting to ensure compliance with the approved plans and any applicable specifications issued by us. We will not evaluate or be responsible for compliance with governmental requirements, legal requirements or adequacy of design and engineering relating to the design and construction and/or improvement of your Franchise Location and you are solely responsible for those matters.

You must purchase insurance coverage for your business in accordance with our standards and specifications. We currently specify the following insurance coverages:

- Comprehensive general liability insurance with limits of at least \$1,000,000 per person per occurrence (and \$2,000,000 aggregate for bodily injury) and at least \$50,000 for property damage per occurrence.
- Personal injury and advertising injury insurance with limits of at least \$1,000,000 per occurrence; Building Improvements and Betterments – Full Replacement Cost.
- Employer Practices Liability insurance with limits of at least \$1,000,000; An Umbrella Liability Insurance Policy with a limit of at least \$1,000,000.
- “All risk” insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property.
- Cyber Security Liability insurance with limits of liability as provided in our Brand Standards Manual.
- Worker’s Compensation and/or Employer’s Liability Insurance as required by law.
- Business Interruption Insurance with limits acceptable to us and with coverage effective no later than 24 hours from time of loss.
- Any other insurance coverages we may require in the future.

Revenues of Franchisor and Affiliates

We and our affiliates have the right to receive rebates or other fees from Designated and Approved Suppliers based on sales of goods or services to our franchisees. Our affiliate, Wholesale, currently receives rebates ranging from 1% to 5% based on our franchisees purchases of certain equipment.

Also, if we or our affiliates directly supply products or services to you, we or they will derive revenue or other material consideration. In the year ending December 31, 2024, neither we nor our affiliates received revenue in connection with required purchases made by our franchisees.

Percentage of Purchases

All of your purchases from us, Designated Suppliers, Approved Suppliers or in accordance with our specifications will represent 90% to 100% of your total purchases in the establishment of your franchise and 90% to 100% of your total purchases in operating your franchise.

Cooperatives

We do not have any purchasing or distribution cooperatives.

Negotiated Prices

We negotiate purchase arrangements, including prices and payment terms, with certain suppliers for certain products.

Material Benefits

We do not provide material benefits to a franchisee based on the use of Designated or Approved Suppliers.

ITEM 9—FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 6.1 and 6.2 of the Franchise Agreement (“FA”); Section F of Renewal Addendum; Section G of Transfer Addendum	Items 7, 8, 11 and 17
b. Pre-opening purchases/leases	Article 6 of the FA; Section F of Renewal Addendum; Section G of Transfer Addendum	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Sections 6.3 to 6.8 of the FA; Section F of Renewal Addendum; Section G of Transfer Addendum	Items 5, 7 and 11
d. Initial and ongoing training	Article 7 of the FA; Section I of Renewal Addendum	Item 11
e. Opening	Sections 5.5 and 6.8 of the FA; Section G of Renewal Addendum; Section H of Transfer Addendum	Items 11 and 17
f. Fees	Section 3.2, Article 4, Sections 7.1, 7.3, 8.8, Article 9, Sections 14.3, 15.7, 16.5, 17.1, and 18.6; Sections C and D of Renewal Addendum; Sections C and E of Transfer Addendum	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 2.1, 2.2, 3.2, 4.4, 4.11, Article 6, Section 7.2, Article 8, Section 9.5, Article 10, Sections 11.3 and 14.3 of the FA; Section C of Renewal Addendum; Section C of Transfer Addendum	Items 8, 11, 13 and 16
h. Trademarks and proprietary information	Article 11 of the FA; Sections 1 and 2 of the Confidentiality/Non-Competition Agreement (“C/NCA”)	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.3, 8.5 and 8.6 of the FA	Items 8, 11 and 16

j. Warranty and customer service requirements	None	
k. Territorial development and sales quotas	None	Item 12
l. Ongoing product/service purchases	Sections 8.3 and 8.5 of the FA	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 8.8 of the FA; Section C of Renewal Addendum; Section C of Transfer Addendum	Items 11 and 17
n. Insurance	Section 8.11 of the FA	Items 7 and 8

ITEM 10—FINANCING

We do not offer direct or indirect financing for your franchise. We do not guaranty any of your notes, leases or other obligations.

ITEM 11--FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your business, we will:

1. Approve the area in which you will select the site for your franchise. We will also review your proposed location for approval (Section 6.1 of Franchise Agreement).

We do not select the site for your franchise. We may or may not own the location of your franchise and lease it to you. You will generally lease your Franchise Location from an unrelated third party or potentially from us. You are responsible for the selection of the site of your franchise. However, we may assist you and may recommend the site for your Store. We must also approve the site for your Store. The factors that we consider when we recommend or approve a site include the surrounding population density, income levels, vehicle traffic counts, pedestrian traffic counts, visibility, ingress and egress, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms. We may use a third party to research the market prior to approving the site which would be paid by the franchisee. Although we may provide assistance in finding your location, it is your sole responsibility to find a suitable location for your Store and to evaluate the commercial value of the location for operation of your franchise. Our location assistance, recommendations and/or our approval of your location do not constitute a representation or guaranty of the commercial value, profitability or success of your location or your business.

If we cannot agree on a site and you have not obtained a site for your Franchise Business within three (3) months of the date of the Franchise Agreement, we may terminate the Franchise Agreement. However, if you anticipate that you will not obtain a site within three (3) months after the date of the Franchise Agreement, you may obtain a 3-month extension of the deadline. In order to obtain the extension, you must, no later than thirty (30) days before the end of the 3-month period: (a) notify us in writing that you intend to extend the deadline; and (b) pay us a nonrefundable fee of \$5,000 for the extension. You may not obtain more than one (1) 3-month extension of this deadline.

2. Review the lease for your Franchise Location for approval. Although we have the right to review and comment on your lease for the Franchise Location, we will not evaluate or be responsible for the commercial reasonableness or suitability of the lease. You and the landlord must sign our standard Lease Addendum and you must sign our Collateral Assignment of Lease before you open (Section 6.2 and Appendices G and H of the Franchise Agreement).

3. Review for approval your plans, drawings, and designs for construction or improvement of the Franchise Location. We will have the right to inspect and approve the construction before you open the Store to make sure the approved plans and any specifications issued by us have been followed. (Section 6.4 of Franchise Agreement).

4. Provide our specifications and sources of supply for the equipment, fixtures, signs, inventory, and other products and services necessary for you to develop and begin operation of the Store (Section 5.2 of Franchise Agreement).

5. When developed by us, we will provide you with access to our Brand Standards Manual for use in the operation of your Franchise Business (Section 5.3 of Franchise Agreement). Additional information regarding the Brand Standards Manual is set forth below in this Item under the subheading "Brand Standards Manual."

6. Provide an initial training program to train you to operate the Store (Sections 5.4 and Article 7 of Franchise Agreement). This obligation does not apply on renewal (Section E of Renewal Addendum). The training program is described in more detail below in this Item under the subheading "Training."

7. Provide one (1) or more representatives for up to five (5) days surrounding opening (the specific number of days will be determined by us) to assist in the initial operation of your Franchise Business (Section 5.5 of Franchise Agreement). This obligation does not apply on renewal or transfer (Section E of Renewal Addendum and Section E of Transfer Addendum).

8. Designate the Authorized Products to be offered by the Store and provide sources of supply for all products used in the Store (Section 5.6 of Franchise Agreement).

9. Provide guidance on the pricing of your products and services (Section 8.7 of Franchise Agreement).

10. Review for approval your plans for grand opening advertising for the Franchise Business (Sections 5.8 and 9.1 of Franchise Agreement).

Time of Opening

We expect franchisees to open their Stores within six (6) to ten (10) months after signing the Franchise Agreement or paying consideration to us. The main factors that we expect to affect this time period are the availability of suitable locations, the ability to obtain mutually acceptable lease terms, the need for rezoning of the location, the ability to obtain financing, the local time frame for obtaining building permits, construction delays, shortages, delayed installation of equipment, fixtures or signs, and your personal timetable. You must sign your lease within one (1) month of obtaining location consent and open for business no later than ten (10) months after you sign your Franchise Agreement, and the failure of either of which, we may terminate the Franchise Agreement.

During Operation

During the operation of your franchise, we will:

1. When developed by us, provide you with access to any updates to our Brand Standards Manual and other specifications for all aspects of the Store (Section 5.3 of Franchise Agreement).
2. Provide ongoing training as specified by us (Section 5.4 and Article 7 of Franchise Agreement).
3. Provide one (1) or more representatives for up to five (5) days from opening (the specific number of days will be determined by us) to assist in the initial operation of your Store (Section 5.5) of Franchise Agreement). This obligation does not apply on renewal or transfer (Section E of Renewal Addendum and Section E of Transfer Addendum). If you request the assistance of our representatives beyond the 5-day period, we may provide the representatives for an additional period of time, but you must pay a charge for the additional services in an amount determined by us.
4. Designate the Authorized Products to be offered by the Store and provide you with updates in our specifications for the Authorized Products. We will also provide sources of supply for all products used in the Store and will review for approval any products or services or suppliers requested by you, except with respect to any Designated Products or Services (Sections 5.6, 8.5 and 8.6 of Franchise Agreement).
5. Periodically visit your Store at such intervals we deem appropriate throughout the term of the Franchise Agreement. During these visits, we will evaluate your operations and provide any operational advice and assistance deemed necessary by us. We will also provide reasonable operational advice and assistance to you by email, other internet resources, or telephone, including advice on specific Authorized Products, if requested by you (Sections 5.7 and 10.3 of Franchise Agreement).
6. Provide guidance on the pricing of your products and services (Section 8.7 of Franchise Agreement).
7. Administer and control the marketing fund for the benefit of the Franchise Marks and Franchise Systems and review for approval any local advertising proposed by you (Sections 4.3 and 5.8, and Article 9 of Franchise Agreement).
8. Make all modifications to or substitutions of our intellectual property on a uniform basis for all similar situated franchisees in a particular market (Section 11.6 of Franchise Agreement).
9. If your initial location becomes unusable, review for approval any alternative location proposed by you (Section 6.1 of Franchise Agreement).
10. Review proposed transferees of your Store for approval (Article 14 of Franchise Agreement).

Advertising

You are required to contribute 1% of your Gross Sales to the marketing fund. We reserve the right to increase that amount to up to 3% of your Gross Sales. We did not collect any marketing fund payments from franchisees or corporate or affiliate owned Stores in 2024. We are not obligated to continue the marketing fund and may terminate the marketing fund at any time (or reinstate the marketing fund if it is terminated). We intend that all Azal Coffee franchises will contribute to the marketing fund at the same rate. We further intend that our corporate and affiliate owned Stores will contribute to the marketing fund on the same basis as franchisees. As of the date of this Disclosure Document, we do not have any advertising cooperatives or advertising council composed of franchisee that advise us on advertising policies.

We or an affiliate or other entity designated by us will administer and control the marketing fund. Contributions made to the marketing fund will be used to maximize general public recognition and patronage of the Franchise Marks and Stores; formulate, develop, and produce marketing, advertising and sales support materials; conduct marketing, advertising and promotional programs on a national, regional or local level; provide marketing support services to franchisees; develop, maintain and support franchise technology ; obtain public relations services; obtain marketing and advertising services; pay the expenses of the marketing fund, including without limitation, salaries and other employment expenses of our marketing staff, administrative costs, overhead, and other expenses we incur in connection with the administration of the marketing fund; and other uses as we determine at our discretion. We are not required to spend your marketing fund contributions to place advertising in your market or in any specific media. The marketing fund will not be used for marketing that is principally a solicitation for the sale of franchises. We will submit to you, on request, an annual report of the receipts and disbursements of the marketing fund, unaudited, prepared by our management, and provided in the manner we specify.

We intend to spend marketing fund fees contributed to the marketing fund during the fiscal year the fees are received. If we spend less than the total amount of funds available in the marketing fund during any fiscal year, we will spend the unused funds during a future fiscal year.

You must spend 1% of your Gross Sales each month for advertising in your local market. If you fail to pay that amount in your local market, you are required to remit the amount to us as additional royalty. Your minimum local advertising requirement is separate from and in addition to your obligations for grand opening advertising and for contributions to the marketing fund.

We may require an advertising cooperative to be formed and operated in a local, regional, or national advertising area (an "Advertising Area"). If your Franchise Business is within that designated Advertising Area, you must join, maintain a membership in, and sign and abide by the cooperative agreement for the advertising cooperative in that Advertising Area. Each advertising cooperative must adopt a cooperative agreement governing the organization and operation of the advertising cooperative. The responsibility for administration of the cooperative will also be governed by the cooperative agreement. If specified by us, the cooperative agreement must require contributions to the advertising cooperative to be paid to us or to the advertising cooperative by electronic funds transfer. You must make contributions to the advertising cooperative at the times and in the amounts as determined by the advertising cooperative, but will not exceed 5% of your Gross Sales per month. Each Azal Coffee in the advertising cooperative (including Stores operated by us or our affiliates) will have one vote on matters before the advertising cooperative. Decisions will be made as provided in the cooperative agreement, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of

the advertising cooperative. We will have the authority to form, change, dissolve or merge advertising cooperatives.

All advertising and marketing by you in any medium must conform to our standards and specifications and must be approved by us in writing before it is used. You must not use your own advertising or digital marketing materials without our prior written consent. If you develop your own advertising or digital marketing materials, you must submit them to us for approval at least thirty (30) days before use. We have the right to disapprove the use of any advertising and digital marketing materials by you at any time. You must discontinue the use of advertising and digital marketing materials immediately on receipt of our written notice, even if we previously approved the use.

Point of Sale (POS) and Computer Systems

You must acquire and use technology specified by us and in the manner specified by us. You must pay all required license fees, service fees, management fees, and support, maintenance, update, and upgrade costs that are charged by us and third parties to use and maintain the franchise technology in the manner specified by us, which currently ranges from \$60 to \$80 per month.

The franchise technology that we currently specify for establishing an Azal Coffee includes a point-of-sale and order management system (the “POS system”), specified computer equipment and software (the “computer system”). The POS system for an Azal Coffee includes the following hardware and software: a terminal base system; cash drawer, printer, sticky label printer, barcode scanner, and POS system software and API access specified by us. The specified computer equipment and software will be used in your business to record sales transactions, including providing a break-down of credit card, check and cash sales, discounts, products sold, etc., be the method of delivering the order to the production line, be used for receipts of transactions, be used to manage gift card and loyalty programs, and be used to provide sales data to our home office. We estimate that the initial cost for the POS system operating with one (1) terminal is approximately \$0 to \$6,000. The POS systems must be acquired from a Designated Supplier. We do not have an obligation to maintain, update, upgrade, or support the hardware or software.

We will have the right to independently access and use the sales and other data generated or stored by technology used in our franchise system, including your POS systems. There are no contractual limitations on our right to access or use the information and data.

You must maintain high-speed Internet access at all times in the manner specified by us for communication with us, use of franchise technology, and to allow us to access information from franchise technology.

Video Camera System

You must purchase a video camera system to monitor your Store. We estimate the cost of the video camera system to be \$5,000. We reserve the right to access your video camera system from time to time to ensure compliance with the Franchise Systems. You must comply with all federal, state, and local laws, rules, and regulations governing the operation of a video camera system.

Brand Standards Manual

As of the date of this disclosure document, we do not have a Brand Standards Manual, but reserve the right to create and develop one. When we create our Brand Standards Manual, it will provide detail concerning the methods of operation of the Store. Once created, the Table of Contents of the Brand Standards Manual will be attached to this disclosure document. Once created, you will be given a paper copy, an electronic copy, or access on-line to an electronic copy of the Brand Standards Manual. You will be provided updates as they become available (Sections 5.3 and 8.2 of the Franchise Agreement).

Training

You must not begin to operate the Store unless a Designated Owner, and the General Manager, if the Designated Owner is not the General Manager (see Item 15) has attended and completed our initial training program. The training program must be completed to our satisfaction. You must provide us with written notice that you are ready to start the initial training program at least thirty (30) days in advance of the time you desire to begin the initial training program. We do not guaranty that you will be able to start training after the thirty (30) day period, but we will use reasonable efforts to schedule you for the initial training program as soon as possible after the thirty (30) day period. You must complete the initial training program at least thirty (30) days before you commence introductory classes at the Franchise Business. We may waive a portion of the initial training program or alter the training schedule, if in our discretion, a designated owner or the manager has sufficient prior experience or training. If you fail to complete the training program to our satisfaction, we may terminate your Franchise Agreement or require you to complete additional training. If we require you to complete additional training, in addition to all other expenses you may incur for travel, labor, lodging, meals, etc., you will pay us to conduct such additional training at a rate of \$250 per person per day.

Amr Alraidi will oversee our training program. Mr. Alraidi has over three (3) years of experience in the coffee industry and two (2) years of experience with Azal Coffee. Other staff will assist in the training program and generally will have no less than twelve (12) months of experience in the coffee industry and twelve (12) months of experience in the topic for which they have responsibility.

The length of the training program will be approximately seven (7) days depending on your experience in the coffee industry. The training program will be provided to two (2) persons (one (1) Designated Owners and one (1) General Manager) without charge as part of your Initial Franchise Fee. We will train additional persons if you request, but we may charge a fee of \$250 per person per day for each additional person trained. The training program will be conducted at our affiliate's Azal Coffee in Dearborn, Michigan or other location to be determined by us in our sole discretion. You are responsible for any traveling and living expenses of you or your employees during the training program. The persons attending training may be required to sign an agreement relating to confidentiality and/or noncompetition in a form approved by us before beginning the training program (see Exhibit E and Item 14).

Our training program will be conducted as often as necessary to ensure that new franchisees complete training before opening their Store. The following table provides additional information about the training program and an approximate time estimate.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Azal Coffee History and Menu Basics	1 hours	1 hours	Dearborn, Michigan or other location to be determined by us.
Coffee and Menu Preparation	8 hours	20 hours	Dearborn, Michigan or other location to be determined by us
Permits, POS Systems, Safety Protocol	2 hours	2 hours	Dearborn, Michigan or other location to be determined by us
Opening and Closing the Store	2 hours	2 hours	Dearborn, Michigan or other location to be determined by us
Food Preparation, Handling, Labeling, Storage, and Inventory	3 hours	4 hours	Dearborn, Michigan or other location to be determined by us
Customer Service and Marketing	2 hours	4 hours	Dearborn, Michigan or other location to be determined by us
Beverage Trials and Testing	2 hours	3 hours	Dearborn, Michigan or other location to be determined by us
TOTALS	20 hours	36 hours	

In addition, and immediately prior to your Store opening, we will provide a representative for up to two (2) days prior to the opening of your Store (the specific number of days will be determined by us) to assist in the initial operation of your Franchise and continuing for up to two (2) days after your Store opening to assist you in training your staff and opening your Franchise Business. This obligation does not apply on renewal or transfer.

You and your management employees may be required to attend additional training, sales programs and meetings reasonably specified by us. We will give you notice of any additional specified training, sales programs or meetings. We may impose a charge on you for any training provided beyond the initial training program. Any training fees will be uniform as to all persons attending training at that time. We may require you to complete additional training before offering new products or services from the Store. These additional programs will generally be conducted in Dearborn, Michigan or other location to be determined by us in our sole discretion or by remote or video format if it is an effective option.

You are responsible for training all of your employees who work in any capacity in the Store and are responsible for your employees' compliance with the operations standards that are part of the Franchise Systems. You must establish and maintain a continual program of training for your management and staff personnel in accordance with our specifications. Each of your employees must complete each part of the specified training program and you must not employ anyone who refuses or fails to complete each part of the specified training program.

ITEM 12—TERRITORY

Franchise Location; Relocation

You must operate your Store only from a specific location, which will be designated in Item 1 on Appendix A to the Franchise Agreement.

You cannot relocate your franchise without our approval. If your lease or sublease for the Franchise Location expires or terminates without your fault or if the Franchise Location is condemned, destroyed or rendered unusable or you have other reasonable business reasons to relocate, you may request that we consent to the relocation of the Franchise Location. If the new location proposed by you is approved by us as a viable location and you have submitted a lease to us for review as provided in Section 6.2 of the Franchise Agreement, we will not unreasonably withhold consent to the relocation of the Franchise Location. The factors we consider for approving a new location are the same factors we consider for your initial location (see Item 11). We will not be required to consent to a new location if the location is outside of the area we designated in Item 3 on Appendix A to the Franchise Agreement or if we believe the new location will encroach on the location of another Store. If the Franchise Location becomes unusable for the Store through no fault of yours and a substitute location is not available within a reasonable period of time, the Franchise Agreement will terminate on conclusion of operation of the Store at the Franchise Location.

Non-Exclusive Territory

You will not receive an exclusive territory. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control. As described below, we do grant you limited rights in the area designated in Item 3 on Appendix A to the Franchise Agreement.

As long as your Franchise Agreement is in effect and you are not in default, we will not open or authorize any other person to open an Azal Coffee at a location in the area that is within a two (2) to five (5)-mile radius from the front door of the Franchise Location. If the Franchise Location is in a densely populated area, that area may be less than a two (2)-mile radius. In that case, the area will be agreed to and will be described in Item 3 of Appendix A to the Franchise Agreement. Your limited rights relate to location only and do not grant you any exclusivity of marketing, customers, or delivery area. Subject to any specifications and policies for catering and delivery and limitations on catering and delivery areas we specify, all Stores may sell and deliver their products and services to any customer, even if the customer is within your designated area or the designated area of another franchisee. We and other franchisees are not required to pay any compensation to you for soliciting or accepting orders inside your designated area. We may also authorize third- party deliveries to be made inside your designated area.

As exceptions to your limited rights, we and our affiliates may operate or authorize other persons to operate businesses under the Franchise Marks and Franchise Systems and/or to offer and sell products and services offered at Stores at the following types of locations inside your designated area: corporate cafeterias; food trucks; ghost kitchens; institutional accounts (including grocery stores and warehouse clubs); offsite events (e.g. art fairs, fundraisers, etc.); stadiums; and locations with relatively fixed populations (e.g. airports, military bases, college campuses, hospitals and other medical facilities, indoor regional malls, certain large office buildings where a portion of the inhabitants do not leave the building for lunch and few people

from outside the building come in for lunch); similar locations; and mobile locations, such as food trucks.

Limitations: Reservation of Rights

The rights granted to you in the Franchise Agreement relate only to the sale of products over-the-counter at the Franchise Location, and you are not granted any exclusive area or other territorial rights, except as described above. You will not have the right to provide catering, delivery (including delivery by third-party delivery services), or online ordering services except as authorized in writing by us and then only under the policies and procedures specified by us. You will not have the right to solicit or conduct business through the use of toll-free telephone numbers, catalogs, direct mail, internet or other advertising or solicitation methods not involving only sales over-the-counter at the Franchise Location unless you have our prior written approval.

You are not granted a minimum or maximum territory in which to operate your Store. As long as you provide your products and services from your Franchise Location and comply with applicable catering, delivery and marketing restrictions, you are not limited in the area from which you may draw your customers. You must not use any digital marketing in connection with the Store, except with our written consent and then only in accordance with any policies and procedures specified by us. We have the sole right to control all digital marketing used to promote Stores (including your Store) and/or associated with the Franchise Marks.

Other than the limited rights in your designated area described above, we are not restricted from soliciting or accepting orders from inside that area. We and our affiliates reserve the right: (a) to use other channels of distribution, including the manufacture and sale of products at wholesale or retail, through the use of toll free telephone numbers, food trucks, ghost kitchens, catalogs, direct mail, over the Internet, or through any other distribution channels to make sales within your designated area of products or services under the Franchise Marks and/or trademarks different from the Franchise Marks; and (b) to operate and authorize others to operate businesses that are the same or similar to a Store under names or trademarks other than the Franchise Marks at any location inside or outside your designated area.

Although we have the right to establish other franchise or company owned outlets with similar products or services using different trademarks, we have no present intention of doing so. We are not required to pay you any compensation for soliciting or accepting orders from inside your designated area.

Franchisee Options: Additional Franchises


You will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories.

ITEM 13—TRADEMARKS

Principal Trademarks

You receive the right to operate your Store under the name Azal Coffee, which are the primary Franchise Marks used to identify our Franchise Systems. You may also use any other current or future Franchise Marks to operate your Store that we designate, including the logo on the front of this Disclosure Document and the service marks listed below. By “Franchise Marks,” we mean any trade name, trademark, service mark, or logo used to identify your business.

The following is a description of the Franchise Marks we will license to you. The following table discloses the Franchise Marks that are either registered or pending on the U.S. Patent and Trademark Office ("USPTO") Principal Register and the Franchise Marks for which we have filed applications for registration on the Principal Register.

Mark	Registration Number	Application Number	Principal or Supplemental Register of the USPTO	Registration Date	Application Date
Azal Coffee®	7,638,044	98,011,122	Principal	01/07/2025	05/24/2023
	7,604,250	98,011,157	Principal	12/17/2024	05/24/2023

We intend to file all required affidavits and renewal declarations relating to our Franchise Marks when they become due.

Determinations, Agreements or Uses Affecting Trademarks

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, any pending interference, opposition or cancellation proceeding nor any pending material federal or state court litigation involving our principal Franchise Marks. There are no agreements currently in effect that limit our rights to use or license the principal Franchise Marks in any manner material to your franchise. We do not know of any superior prior rights or infringing uses of the principal Franchise Marks that could materially affect your use of our principal Franchise Marks.

Franchisee's Obligations

You must promptly notify us of any claim, suit, or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of the Franchise Marks. You must promptly notify us if you receive notice or are informed or learn that any third party, who you believe is using the Franchise Marks or any name or mark confusingly similar to the Franchise Marks without our authorization.

Defense of Trademarks

If we become aware of a claim against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of the Franchise Marks, we may take action as we deem necessary and appropriate to protect and defend you against the claim by any third party. You must not settle or compromise any claim by a third party without our prior written consent. We will have the sole right to defend, compromise, or settle any claim, in our discretion, using attorneys of our choosing, and you agree to cooperate fully with us in connection with the defense of the claim. You may participate at your own expense in the defense or settlement, but our decisions with regard to the Franchise Marks will be final. We do not have an obligation under

the Franchise Agreement to participate in your defense or to indemnify you for expenses or damages in a proceeding involving the Franchise Marks licensed to you.

Prosecution of Infringers

If we become aware that a third party is using the Franchise Marks or any name or mark confusingly similar to the Franchise Marks without our authorization, we will in our sole discretion, determine whether or not we will take any action against the third party on account of the alleged infringement of the Franchise Marks. You will not have any right to make any demand against any alleged infringer or to prosecute any claim, litigation, or administrative or other proceeding of any kind or nature whatsoever against the alleged infringer for or on account of the infringement. If we choose to prosecute any infringement of the Franchise Marks, you must sign all documents and do all acts necessary or incidental to that action as our counsel may reasonably request. We do not have an obligation under the Franchise Agreement to take affirmative action when notified of infringement or claims. We will have exclusive rights in any damages awarded or recovered in any prosecution of an infringement claim related to the Franchise Marks and we will not have any obligation to share any awards or recoveries with you.

Modification of Trademarks

We may modify or discontinue using any Franchise Mark in our discretion. You must abide by these changes and modifications at your expense. You have no rights under the Franchise Agreement to continue using a Franchise Mark after we have made modifications or changes.

ITEM 14—PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to your franchise. We do not have any pending patent applications that are material to your franchise. We claim copyright protection for our written materials, although these materials are not registered with the U.S. Registrar of Copyrights.

Proprietary Information and other Intellectual Property

Our written materials and other aspects of the Franchise Systems are considered proprietary and confidential. This information may include manuals, training methods, operations methods, knowledge and experience relating to Azal Coffees, advertising, marketing techniques and advertising programs, information regarding the identities and business transactions of customers and suppliers, computer software and similar technology, digital passwords and identifications, source code, data reports, knowledge of operating results and financial performance of Azal Coffees, and related intellectual property. You must use our intellectual property only in accordance with our rules and are prohibited from contesting our rights to our intellectual property. We require that all of your individual owners (if you are a business entity) sign an agreement relating to confidentiality and non-competition. We may require that you have your employees sign an agreement relating to confidentiality and/or non-competition before disclosing confidential information to them. This agreement must be in a form approved by us and we have the right to be a third-party beneficiary of that agreement with independent enforcement rights. Attached as Exhibit E is a form of Confidentiality and Noncompetition Agreement approved by us for use by our franchisees.

You must promptly notify us of any claim, suit, or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of our intellectual property. You must promptly notify us if you receive notice or are informed or learn that any third party who you believe is using our intellectual property without our authorization.

Determinations, Agreements or Uses Affecting Copyrights or Proprietary Information

There are no currently effective material determinations of the copyright office or any court regarding any of our copyrighted or proprietary information. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our proprietary information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our proprietary information that could materially affect your use of those materials or information.

Defense of Copyrights and Proprietary Information

If we become aware of a claim against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of our intellectual property, we may take action as we deem necessary and appropriate to protect and defend you against the claim by any third party. You must not settle or compromise any claim by a third party without our prior written consent. We will have the sole right to control, defend, compromise, or settle any claim, litigation, administrative, or other proceeding, in our discretion, using attorneys of our choosing, and you agree to cooperate fully with us. You may participate at your own expense in the defense or settlement, but our decisions with regard to our intellectual property will be final. We do not have an obligation under the Franchise Agreement to participate in your defense or to indemnify you for expenses or damages in a proceeding involving our intellectual property licensed to you.

Prosecution of Infringers

If we become aware that a third party is using our intellectual property without our authorization, we will, in our sole discretion, determine whether or not we will take any action against the third party on account of the alleged infringement of our intellectual property. You will not have any right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against the alleged infringer for or on account of the infringement. If we choose to prosecute any infringement of our intellectual property, you must sign all documents and do all acts necessary or incidental to that action as our counsel may reasonably request. We do not have an obligation under the Franchise Agreement to take affirmative action when notified of infringement. We will have exclusive rights in any damages awarded or recovered in any prosecution of an infringement claim related to our intellectual property and we will not have any obligation to share any awards or recoveries with you.

Modification of Copyrights and Confidential Information

We may modify or discontinue using the subject matter covered by any copyright, confidential information, or other intellectual property in our discretion. You must use and abide by these changes and modifications at your expense. You have no rights under the Franchise Agreement to continue using and copyright, confidential information, or other intellectual property after we have made modifications or changes.

ITEM 15—OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE STORE

The individual or at least one (1) of the individuals designated in Item 4 on Appendix A to the Franchise Agreement (a "Designated Owner"), must: (a) participate personally in the direct operation and preserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchise Business; and (b) represent and act on behalf of the franchisee in all dealings with us. Each Designated Owner must have an ownership interest in the franchise. If all of the Designated Owners resign, die or become incapacitated, it will be considered a transfer under the Franchise Agreement.

The Franchise Business must also, at all times, be under the direct supervision of a general manager as described in this Section (the "General Manager"). The General Manager must: (i) devote his or her full time and effort to the day-to-day active management and operation of the Store; (ii) be personally responsible for the Store at all times; and (iii) personally exercise his or her best efforts to market the Store and maximize customer satisfaction. The General Manager must meet the following requirements before beginning to serve as General Manager for the Store: (1) successful completion of our initial training program and any retraining or refresher training programs specified by us; (2) signing an agreement relating to confidentiality and non-competition in a form approved by us; and (3) if specified by us, the General Manager must have an equity or profit participation interest in the Store.

The General Manager may, but need not be a Designated Owner. If a Designated Owner is not the General Manager, the General Manager must be under the direct supervision of a Designated Owner. It is your responsibility to ensure that the Store is always under the supervision of a trained General Manager. Your failure to have the Store under the supervision of a trained General Manager is a material default under this Agreement.

ITEM 16—RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all products and provide all services that we specify be provided by the Store. You must not sell any products, provide any services, or engage in any business at the Store or Franchise Location other than those specified by us without our written authorization. The products and services that we may specify or approve from time to time for Stores are referred to as the "Approved Products." The Approved Products are divided into two categories - "Required Products" and "Optional Products." You must offer the Required Products. You may, but are not required to, offer the Optional Products. You must receive our written approval before offering or providing any Optional Products.

We may add, delete, or change Authorized Products that you can and must offer. You must abide by any additions, deletions and modifications and there are no limits on our rights to make these changes. We may change an Optional Product to a Required Product and vice versa. If we add any Authorized Products, you must obtain any necessary qualifications, training, and equipment and supplies necessary for providing the products or services. If an Authorized Product is deleted, you must cease offering that product or service immediately on written notice from us. You acknowledge that the Authorized Products we may authorize or require you to sell may differ from those that we authorize or require other Stores to sell based on regional differences in products and services we authorize, sales of products or services on a limited-time-only basis that are not available to all Stores, the test marketing of products or services, or other business reasons in our discretion. We will not have any liability or responsibility to you if you are not able or are not authorized to sell all the same products or services as other Stores.

ITEM 17—RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 3.1 of Franchise Agreement; Section D of Transfer Addendum	10 years.
b. Renewal or extension of the term	Section 3.2 of Franchise Agreement; Renewal Addendum; Section D of Transfer Addendum	2 options to renew of 5 years each.
c. Requirements for you to renew or extend	Section 3.2 of Franchise Agreement; Section C of Renewal Addendum	You and your affiliates: are not in default of any agreements with us; have not received two or more notices of default of the Franchise Agreement or any of our specifications, standards, or operating procedures within the last 36 months; provide notice; provide proof that you are able to maintain possession of Franchise Location; must take any action specified by us to comply with current appearance, equipment, and signage requirements; have satisfied all material reporting requirements and monetary obligations to us; have satisfied any additional training; sign a general release; sign the current Franchise Agreement; pay renewal fee; comply with current standards; and we approve the renewal. As a condition of renewal, you may be asked to sign a Franchise Agreement with materially different terms and conditions than your original Franchise Agreement
d. Termination by you	Section 15.1 of Franchise Agreement	If we materially breach the Agreement and do not cure after notice.
e. Termination by us without cause	None	
f. Termination by us with cause	Sections 15.2, 15.3, 15.4, 15.5, 15.6, 15.7 and 15.8 of Franchise Agreement; Section J of Renewal Addendum; Section J of Transfer Addendum	If you materially breach the Agreement or commit any one of several listed violations.

Provision	Section in Agreement	Summary
g. "Cause" defined— curable defaults	Section 15.4 of Franchise Agreement; Section J of Renewal Addendum; Section J of Transfer Addendum	Notice and cure period is 10 days for monetary defaults and 30 days for other defaults. Curable defaults include: failure to enter into a lease for the Franchise Location; unable to complete training; unable to obtain necessary permits; a substantial number of complaints from customers; health or safety hazards to customers; unable to pay debts; bankruptcy or receivership; fail to pay final judgment or allow execution against business; failure to operate in accordance with standards; fail to purchase from Designated or Approved Suppliers; disputes among owners that materially affect the business; other material breaches of Franchise Agreement; any default by you, any affiliate of yours, or any of your Owners under any other agreement with us or our any affiliate of ours, or any agreement with your landlord or vendor or supplier for which there is an opportunity to cure, in which case the cure period will coincide with the cure period set forth under the breached agreement; failure to maintain at least 1 Designated Owner and 1 General Manager (if the Designated Owner is not acting as the General Manager) or failure to timely replace the same.
h. "Cause" defined—non-curable defaults	Sections 15.3 of Franchise Agreement	Termination is effective on receipt of notice. Non-curable defaults include: material misrepresentations or omissions by you or any of your Owners; fraud; failure to have employees and agents sign confidentiality and noncompetition agreements; conviction of you or any Owner of a crime; repeat defaults; failure to maintain immigration status; failure to attend 2 or more mandatory meetings; abandonment; substance abuse that interferes with the business; any materially adverse conduct; lose right to occupy Franchise Location; assessed liquidated damages multiple times; failure to complete our initial training program to our satisfaction; you, any affiliate of yours, or any of your Owners defaults under any other agreement with us or any affiliate of ours, or under any agreement with your landlord or any vendor or supplier, for which there is no opportunity to cure or for which you, your affiliate, or your Owner has failed to cure.

Provision	Section in Agreement	Summary
i. Your obligations on termination/ non-renewal	Article 16 of Franchise Agreement	Complete de-identification; cease advertising; deliver signage and other items bearing our intellectual property to us; cease using proprietary information, transfer of telephone numbers, websites, email addresses and other electronic media; cease using the Franchise Marks in any business name; payment of amounts due; and sell us unique inventory at our option.
j. Assignment of contract by us	Section 14.6 of Franchise Agreement	No restriction on our right to assign.
k. "Transfer" by you— defined	Section 14.1 of Franchise Agreement	Includes transfer of interest in franchise, interest in the corporation or other business entity or assets of the franchise. Sublicensing of your rights is not a permitted transfer.
l. Our approval of a transfer by you	Sections 14.2 and 14.3 of Franchise Agreement	You must have our written consent to transfer your franchise. We will not unreasonably withhold consent to a permitted transfer.
m. Conditions for our approval of the transfer	Section 14.3 of Franchise Agreement	The proposed transferee meets the conditions we have set for any new franchisee; we find the terms of the proposed transfer to be reasonable , you must be in compliance with all obligations to us and must pay us and all suppliers all monies owing; release signed by you; the new franchisee completes training; the new franchisee signs, at our option, a new Franchise Agreement on the standard form in use by us at the time of the transfer or an assumption of the existing Franchise Agreement; transfer fee paid; you or the proposed transferee must take action specified by us to comply with current appearance, equipment, and signage requirements; proposed transferee and affiliates are not in competition with a Azal Coffee; subordination agreement signed by you (if installment payments required); landlord permits assignment of lease; and you and the proposed transferee comply with other standard procedures specified by us.
n. Our right of first refusal to acquire your business	Section 14.2 of Franchise Agreement	We can match any offer for the purchase of your business.
o. Our option to purchase your business	Section 16.3 of Franchise Agreement	We have the option to purchase the assets of your business for fair market value on termination or expiration of your franchise.
p. Your death or disability	Section 14.4 of Franchise Agreement	Your estate may operate the franchise if we approve a manager; we have an option to operate the franchise for your estate.

Provision	Section in Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 13.1 of Franchise Agreement	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.2 of Franchise Agreement	No competing business for 3 years within 25 miles of former location or any other Azal Coffee.
s. Modification of Franchise Agreement	Section 20.11 of Franchise Agreement	No modifications unless in writing, but specifications subject to change by us.
t. Integration/merger clause	Section 20.11 of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law); Nothing in this or in any related agreement, however, is intended to disclaim the representations we make in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Section 18.1 of the Franchise Agreement	Except for disputes over the ownership and validity of the Trademarks and actions by us for injunctive relief and subject to state law, all disputes are subject to binding arbitration in Michigan.
v. Choice of forum	Section 18.4 of Franchise Agreement	Litigation must be where our principal place of business is located at the time of filing (subject to state law).
w. Choice of law	Section 18.3 of Franchise Agreement	Michigan law applies (subject to state law).

ITEM 18—PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19—FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if:

- (1) a franchisor provides the actual records of an existing outlet you are considering buying;
- or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ramzi Mohammed at 15010 W. Warren, Suite 113, Dearborn, Michigan 48126, or (313) 247-5364, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20—OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company- Owned	2022	0	0	0
	2023	0	1	1
	2024	1	1	0
Total Outlets	2022	0	0	0
	2023	0	1	1
	2024	1	1	0

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For Years 2022 to 2024

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchised Outlets For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Michigan	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5

Projected Openings as of December 31, 2024

State	Franchise Agreements Signed But Outlets Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Delaware	0	1	0
Florida	0	1	0
Illinois	0	1	0
Michigan	0	1	0
New Jersey	0	1	0
New York	0	2	0
Ohio	0	1	1
Wisconsin	1	1	0
Totals	1	9	1

We did not begin offering franchises until July 2024. The numbers reflected in the tables in this Item refer to Stores operated by our affiliate (Company-Owned) or Stores operated by our franchisees (Franchised).

The information in the tables is as of December 31st of each year.

The names, addresses, and telephone numbers of all Azal Coffee franchisees as of the date of the Franchise Disclosure Document are listed on Exhibit F. A list of the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the calendar year 2024 or who has not communicated with us within ten (10) weeks of our application date (or the date of this Franchise Disclosure Document, if this Franchise Disclosure Document is not for use in a state requiring registration of franchises) is attached as Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not had franchisees sign confidentiality clauses within the last three (3) fiscal years. In some instances, current and former franchisees may be asked to sign provisions restricting their ability to speak openly about their experience with our 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.

At this time there are no trademark-specific franchisee organizations associated with our franchise system that have been created, sponsored or endorsed by us or that have asked to be included in our Franchise Disclosure Document.

ITEM 21—FINANCIAL STATEMENTS

Our audited balance sheet as of December 31, 2024 and the related Statements of Operations, Members' Equity, and Cash Flows for the year ended December 31, 2024; and audited balance sheet as of December 31, 2023, are attached as Exhibit H. Our fiscal year ends on December 31st of each year. We have not been in business for three (3) years, so we are not able to provide the financial statements normally required, which includes balance sheets for the previous two (2) fiscal years and statements of operations, stockholders' equity and cash flows for the previous three (3) fiscal years.

ITEM 22—CONTRACTS

The following contracts are attached to this Franchise Disclosure Document:

- Franchise Agreement - Exhibit B
- Addendum to Franchise Agreement-Renewal - Exhibit C
- Addendum to Franchise Agreement-Transfer - Exhibit D-1
- Franchise Termination and Release Agreement-Transfer - Exhibit D-2
- Confidentiality/Non-Competition Agreement - Exhibit E
- State Specific Addenda to Agreements - Exhibit I

ITEM 23—RECEIPTS

Two copies of a Receipt of this Franchise Disclosure Document, including all Exhibits, are attached as Exhibit K. You must date and sign one copy of the Receipt and deliver it to us.

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (866) 275-2677	California Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205
ILLINOIS	Illinois Office of Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465	Illinois Office of Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street Room E-111 Indianapolis, IN 46204 (317) 232-6681	Same
MARYLAND	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-7042	Same
MICHIGAN	Department of Attorney General Consumer Protection Division Franchise G. Mennen Williams Building 525 W. Ottawa Street P.O. Box 30213 Lansing, MI 48909 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, MI 48913
MINNESOTA	Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10271 (212) 416-8236	Secretary of State of the State of New York 41 State Street Albany, New York 12231
NORTH DAKOTA	Securities Department 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-2910	Same
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 462-9527	Director of Department of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	State Corporation Commission Clerk's Office 1300 E. Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division PO Box 9033 Olympia, Washington 98507-9033 (360) 902-8760	Same
WISCONSIN	Department of Financial Institutions Division of Securities 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703 (608) 266-1064	Same

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

BETWEEN

DURAR INVESTMENT, LLC
("Franchisor")

AND

("Franchisee")

EFFECTIVE DATE: _____, 20__

LOCATION: _____

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DURAR INVESTMENT, LLC **FRANCHISE AGREEMENT**

THIS AGREEMENT (this "Agreement") is made this _____ day of _____, 20____, between Durar Investment, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Agreement, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

ARTICLE 1 - INTRODUCTION

1.1 Franchise Systems.

We and our affiliates, as the result of the expenditure of time, skill, effort, and money, have developed a coffee café that specializes in Yemeni-grown coffee and that sells coffee based beverages, cold drinks, teas, coffee beans, coffee accessories, pastries, baked goods, and other related items, all of which constitute trade secrets and are identified by the public with Azal Coffee products; prescribed exterior and interior design, decor, seating, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; training and assistance; and advertising and promotional programs (collectively "Systems"); all of which may be changed, improved, and further developed by us. The Systems we specify for use by the store concept to be licensed to you under to this Agreement are referred to as the "Franchise Systems."

1.2 Franchise Marks and Trade Dress.

We identify our store concept by means of certain trademarks, service marks, trade names, logos, and other marks ("Marks") and by location designs, layouts, and other characteristics of visual appearance ("Trade Dress"). The Marks and Trade Dress we authorize for use by the store concept licensed to you under this Agreement are referred to as the "Franchise Marks" and the "Franchise Trade Dress."

1.3 Franchise Business.

A business operated under the Franchise Systems, Franchise Marks, and Franchise Trade Dress, whether operated by us or our affiliates or other persons authorized by us, will be referred to in this Agreement as a "Store." The Store that you are licensed to operate under this Agreement will be referred to in this Agreement as the "Franchise Business."

1.4 Your Desire to Obtain a Franchise.

You recognize the advantages of operating under the Franchise Systems, Franchise Marks, and Franchise Trade Dress and desire to obtain the right to operate a Store. We are willing to grant you a license to open and operate a Store on the terms and conditions in this Agreement.

ARTICLE 2 - GRANT OF FRANCHISE

2.1 Grant of Franchise.

We grant you the nonexclusive right to use the Franchise Marks, Franchise Trade Dress, and the Franchise Systems in connection with the operation of a single Store in accordance with this Agreement and our "Brand Standards Manual" (as defined in Section 8.2). The Franchise Business must be operated at the location designated in accordance with Section 6.1 (the designated location is referred to as the "Franchise Location").

2.2 Limitations.

The rights we grant you in this Agreement relate only to the sale of products over-the-counter at the Franchise Location, and you are not granted any exclusive area or other territorial rights, except as specifically provided in Section 2.3. You acknowledge that we have the right to control catering, delivery, and online ordering services offered by Stores. You will not have the right to provide catering, delivery (including delivery by third-party delivery services), or online ordering services except as authorized in writing by us and then only under the policies and procedures specified by us. You will not have the right to solicit or conduct business through the use of toll-free telephone numbers, catalogs, direct mail, mobile applications, internet or other advertising or solicitation methods not involving only sales over-the-counter at the Franchise Location unless you have our prior written approval.

2.3 Protected Area; Limited Exclusivity; Exceptions.

Except as otherwise provided in this Agreement, as long as this Agreement is in effect and you are not in default under this Agreement, we will not open or authorize any other person to open a Store within a protected area we designate for you (the "Protected Area"). The Protected Area will be designated by us and will be described in Item 3 of Appendix A. Your limited rights relate to location only and do not grant you any exclusivity of marketing or customers. Subject to any specifications and policies for catering and delivery and the limitations on catering and delivery areas we specify, all Stores may sell and deliver their products and services to any customer, even if the customer is within your Protected Area or the protected area of another franchisee.

Notwithstanding your rights in the Protected Area under this Section, we and our affiliates may operate or authorize other persons to operate businesses under the Franchise Marks and Franchise Systems and/or to offer and sell products and services offered at Stores at the following types of locations in the Protected Area: food trucks; ghost kitchens; corporate cafeterias; institutional accounts (including grocery stores and warehouse clubs); offsite events (e.g. art fairs, fundraisers, etc.); stadiums; and locations with relatively fixed populations (e.g. airports, military bases, college campuses, hospitals and other medical facilities, indoor regional malls, certain large office buildings where a substantial portion of the inhabitants do not leave the building for lunch and few people from outside the building come in for lunch); similar locations; and mobile locations, such as food trucks.

2.4 Reservation of Rights.

Other than the rights expressly granted to you in this Agreement, we reserve all rights relating to the Franchise Marks, Franchise Trade Dress, and Franchise Systems, including the right to: (a) operate and authorize others to operate Stores at any location outside the Protected Area; (b) operate and authorize others to operate businesses that are the same or similar to a Store under names or trademarks other than the Franchise Marks at any location inside or outside the Protected Area; (c) operate and authorize others to operate businesses that are different from the business of a Store under the Franchise Marks or any other names or trademarks at any location inside or outside the Protected Area; (d) the right to use or authorize others to use the Franchise Marks and/or Franchise Systems, or any other trademarks or systems, in connection with the manufacture and sale of products at wholesale or retail, through the use of toll free telephone numbers, catalogs, direct mail, food truck, ghost kitchen, mobile application, over the Internet or through any other distribution channels; (e) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at a Store, and franchising, licensing or creating similar arrangements with respect to those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating (including in the Protected Area); and (f) be acquired (whether through acquisition of assets, ownership

interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Stores, or by another business, even if the business operates, franchises and/or licenses competitive businesses in the Protected Area.

ARTICLE 3 - TERM AND OPTION

3.1 Term.

This Agreement will begin on the date of this Agreement and continue until ten (10) years after the date that your Store opens for business unless sooner terminated as provided in this Agreement.

3.2 Option.

You will have the option to remain an Azal Coffee franchisee for two (2) additional periods of five (5) years if, at the beginning of the option period, all of the following conditions are fulfilled:

(a) You are not in default under this Agreement or any other agreement with us or our affiliates and no affiliate of yours is in default under any agreement with us or our affiliates.

(b) Within the last thirty-six (36) months we have not sent you two (2) or more notices of default of the terms of this Agreement or of any of our specifications, standards, or operating procedures (whether or not the notices related to the same or different violations and whether or not you have remedied those violations).

(c) You provide written notice of your intent to continue as a franchisee not more than twelve (12) months and not less than six (6) months before the beginning of the option period.

(d) You are able to maintain possession of the Franchise Location or you have been able to secure and develop, in compliance with our then applicable standards used in the granting of a franchise, suitable alternative premises within your Protected Area for your Store. Any alternative premises must be acceptable to and approved in advance by us.

(e) You agree to take any action specified by us to make the Franchise Business comply with current appearance, Franchise Trade Dress, equipment, fixture, and signage requirements. You acknowledge that we may not uniformly impose refurbishing obligations on renewal of our franchises based on numerous factors and that we may require you to take steps to refurbish the Franchise Location that we have not required of other franchisees.

(f) Throughout the term of this Agreement you have satisfied all material reporting requirements and all monetary obligations to us and our affiliates, suppliers, vendors, and creditors (excepting reasonable disputes that you are attempting in good faith to resolve) within the amount of time specified for satisfaction or cure of default with respect to the obligation.

(g) You have satisfied any current training requirements for new or existing franchisees.

(h) You have signed a general release, in a form specified by us, of any and all claims against us and our affiliates, and their respective officers, directors, agents, owners, members, and employees.

(i) You must have signed and delivered to us our standard franchise agreement in use at the time of your notice to renew together with the other documents we are then using to grant new franchises, all of which will replace this Agreement (the new standard franchise agreement signed by you may have substantial differences from this Agreement, including different or increased fees).

(j) You have paid the renewal fee specified in Section 4.6. This fee must be paid at the time the new standard franchise agreement is signed by you and delivered to us.

(k) We have approved the renewal. If all the other conditions in this Section are met, we will not unreasonably withhold approval of renewal.

If you fail or refuse to sign the franchise agreement and other documents and pay the renewal fee within thirty (30) days after delivery of the franchise agreement and other documents to you, when we have approved renewal of the franchise, it will be deemed that you have elected not to renew the franchise. If you do not elect to renew your franchise relationship, do not qualify for renewal, or do not comply with the requirements for renewal specified above, the franchise relationship between you and us will automatically expire on completion of the term of this Agreement.

3.3 Continuation.

If you continue to operate the Franchise Business with our consent following the expiration of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise agreed in writing. All provisions of this Agreement will apply while you continue to operate the Franchise Business. This Agreement will then be terminable by either party on thirty (30) days written notice to the other party.

ARTICLE 4 - FEES

4.1 Initial Franchise Fee.

You must pay us an initial franchise fee in the amount of Forty Thousand Dollars (\$40,000). The initial franchise fee is payable at the time you sign this Agreement. The initial franchise fee is considered earned at the time we sign this Agreement and is not refundable.

4.2 Royalty Fee; Gross Sales.

You must pay us a royalty fee in an amount equal to five percent (5%) of your Gross Sales. You must report Gross Sales and pay royalty monthly, in the manner specified in Section 4.13, by the 1st business day of each calendar month based on your Gross Sales for the preceding calendar month. You must make royalty payments daily or weekly or at some other interval, instead of monthly, if specified by us. Royalty fees are not refundable.

"Gross Sales" means the entire amount of all of your revenues from the ownership and operation of the Franchise Business and any business at or about the Franchise Location including sales at or from the Franchise Location and outside sales and sales at events outside the Franchise Location as well as the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes

that are collected and paid to the taxing authority. You may deduct cash refunded and credit given to customers and receivables uncollectible from customers in computing Gross Sales if the cash, credit or receivables represent amounts previously included in Gross Sales for which you paid royalty fees. You may not deduct fees and other amounts taken by third-party delivery service providers. You are deemed to receive Gross Sales at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross Sales consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable to the products or services exchanged for the Gross Sales at the time the Gross Sales are received.

4.3 Marketing fund Contributions.

We require you to make periodic contributions to a marketing fund in an amount of up to three percent (3%) of your Gross Sales, currently one percent (1%) of your Gross Sales. You must pay marketing fund contributions to us monthly, in the manner specified in Section 4.13, by the 1st business day of each calendar month based on your Gross Sales for the preceding calendar month. You must make required marketing fund contributions daily or weekly or at some other interval, instead of monthly, if specified by us. We will use your marketing fund contributions in the manner described in Section 9.2. Your marketing fund contributions are in addition to the amounts you must spend on grand opening and local advertising (see Article 9). You acknowledge and agree that we are not obligated to implement a marketing fund or to continue the marketing fund, if implemented, and may suspend contributions to or operations of the marketing fund or terminate the marketing fund (or reinstate the marketing fund if it is terminated).

4.4 Mobile Application and Technology Fee.

You must pay us a mobile application and technology fee, which amount is currently fifty dollars (\$50.00) per month. The mobile application and technology fee must be paid to us on the first business day of each month in the manner specified in Section 4.13. We reserve the right to increase the mobile application and technology fee to up to Three Hundred Dollars (\$300.00) per month upon written notice to you. The mobile application and technology fee will be used by us for expenses relating to the administration and maintenance of technology used in our Franchise Systems. The mobile application and technology fee is not refundable. Although you must pay the mobile application and technology fee to us, you will still be responsible for any license fees and the expense of maintenance and updates, including service contracts, relating to point of sale ("POS") computer system software and other technology used in the Franchise Business. These fees may increase over the term of this Agreement. In addition to the mobile application and technology fee, we may collect from you and pay to third parties initial set-up and ongoing licensing fees for any Franchise Technology provided by third parties. We may also charge you a fee to manage any Franchise Technology provided by third parties, which shall be in addition to the mobile application and technology fee. These fees must be paid in the manner specified in Section 4.13 by the 1st day of each month (or at such other times as we may specify). We do not currently, but reserve the right to require that you pay us or our affiliates an administrative fee for administering franchise and marketing programs for the Franchise Systems. We reserve the right to increase the administrative fee in our sole and complete discretion. The administrative fee must be paid in the manner specified in Section 4.13 by the 1st day of each month (or at such other times as may be specified by us).

4.5 Training Fees and Expenses.

We do not charge training fees for the initial training program (see Section 7.1). We may charge training fees if you request to have additional people attend the initial training program or when you request or we require additional training. Our training fees are currently Two Hundred Fifty Dollars (\$250.00) per trainer per day, which is exclusive of travel, room, board, and other costs

and expenses that we may incur and that you must reimburse us for. Also, we may charge for expenses we incur when providing additional training, including reimbursement for the costs of materials, travel (if any), and a reasonable charge to cover our personnel costs. In addition, you will be responsible for paying wages or salaries, expenses for travel, and food and lodging incurred by your employees during the initial training program and any additional training programs.

4.6 Renewal Fee.

You must pay us a renewal fee in the amount of twenty-five percent (25%) of the standard initial franchise fee being charged by us at the time of renewal if you elect to renew your franchise at the end of the initial term of the franchise.

4.7 Transfer Fee.

You must pay us a transfer fee if you undertake a Transfer as defined in Section 14.1. The transfer fee is twenty-five percent (25%) of the initial franchise fee being charged by us to new franchisees at the time of the Transfer.

4.8 Late Charges, NSF Fees, and Interest.

You must pay us or our affiliates the charges, fees and interest described in this Section in connection with any payments due to us or our affiliates under this Agreement or under any other agreement or arrangement with us or our affiliates. You must pay us or our affiliates, on demand, a late charge of One Hundred Dollars (\$100) for any payment not made within five days of the due date of the payment. In addition, you must pay us or our affiliates, on demand, a fee equal to any charges we or our affiliates incur as a result of checks or debits returned for non-sufficient funds or other similar reasons, but not less than Thirty Dollars (\$30) for each item returned. Also, you must pay us or our affiliates, on demand, interest on all overdue payments from the date the payment was due until paid equal to the lesser of (i) one and a half percent (1.5%) per month or (ii) the maximum rate of interest permitted by law. The assessment of late charges and interest will not be our sole remedies for late payments and this Agreement may be subject to termination under Article 15.

4.9 Relocation Fee.

You must pay us a relocation fee of Ten Thousand Dollars (\$10,000) if the Franchise Business is relocated as provided in Section 6.1. The relocation fee is one of the conditions imposed on the relocation and must be paid before we will grant approval to relocate the Franchise Business.

4.10 Management Fee.

If we manage the Franchise Business on your behalf under Section 14.4 or otherwise, we may charge a management fee of ten percent (10%) of the Gross Sales of the Franchise Business plus the direct costs and expense of providing any manager or employee (including the compensation, employee benefits, required employment taxes and insurances). The management fee charged under this Section is in addition to any other fees, contributions, or charges due under this Agreement.

4.11 Mystery Shopper Fee.

You must pay a monthly mystery shopper fee to us in an amount equivalent to the actual cost incurred by us. This fee must be paid by the 5th day of each month and is not refundable. We will use the mystery shopper fees collected from Stores to administer and/or have a third party administer a program to evaluate and report on your operations and the operations of other franchisees and to otherwise support the uniformity and quality of operations of Stores. We may use the fees collected for purposes reasonably related to this program, including, without limitation, paying us or a third party a fee for administering this program and reimbursement to us

for the costs of any of our employees' time relating to administration of this program. This program may involve the use of mystery shoppers and other techniques for evaluating and reporting on operations. You must not take any actions that will interfere with this program or the actions of mystery shoppers.

4.12 Annual Convention Fees.

You must pay a fee for attending the annual convention for each year that we conduct an annual convention. The fee for attending the annual convention will not exceed One Thousand Dollars (\$1,000) unless you agree to a higher fee. If we announce that we are conducting an annual convention, you must register for the annual convention no later than sixty (60) days before the date of the annual convention. If you timely register for the annual convention, you will be charged the applicable fee for the annual convention, which will be paid on the date specified by us. If you do not timely register for the annual convention or if you register and fail to fully attend the annual convention without our consent, we may charge you liquidated damages under Section 15.7. As used in this Section 4.12, "fully attend the annual convention" means that a representative of you (which must be a Designated Owner unless approved in advance by us) attends all portions of the annual convention, including all general sessions, a break-out session during each break-out session time slot, and the dinner/awards banquet.

4.13 Manner and Timing of Payment.

Your payments to us for royalty, local advertising fees, marketing fund contributions, mobile application and technology fees, training, renewal and transfer fees, management fees, mystery shopper fees, relocation fees, litigation expenses, late charges and interest, amounts owed for products or services provided by us or our affiliates, amounts owed for maintenance expenses we incur under Section 8.8, amounts owed for management fees, amounts owed for liquidated damage amounts, and all other amounts you owe to us or our affiliates must be made by electronic or similar funds transfer in the appropriate amounts from your bank account to our accounts, and at the places or in the manner we may specify. You must make payments at the times specified in this Agreement or as we may otherwise specify. You agree that we may specify payment by electronic fund transfers that we initiate. You must sign and deliver to your bank and to us the documents necessary to authorize and effectuate fund transfers as specified by us. You agree not to terminate the authorization as long as this Agreement is in effect. You agree not to close your bank account without providing us prior written notice and establishing a substitute bank account for the transfers. You also agree to make all required payments to us daily or weekly or at some other interval, instead of monthly or as otherwise provided in this Agreement, if we specify. You acknowledge that we may require you to make required payments at different intervals than other Azal Coffee franchisees.

4.14 No Setoff; Application of Payments.

Your obligations for the full and timely payment of the fees described in this Agreement and all other amounts owed to us are absolute and unconditional. You must not delay or withhold payment to us of all or part of those amounts based on our alleged nonperformance or for any other reason or put the fees or other amounts in escrow or setoff against any claims you may allege against us. We may apply any of your payments first to any accrued late charges or interest and then to any delinquent fees or other amounts outstanding before crediting the payment in the manner specified by you or to the current amount due.

4.15 Payment of Other Amounts Owed by You or Your Affiliates.

You must pay us and our affiliates all additional amounts owed by you or any of your affiliates on a timely basis. This includes, but is not limited to, amounts owed for goods and services provided by us or our affiliates, amounts owed to any advertising cooperatives, amounts you owe to third-parties that we elect to collect from you and remit on your behalf, or other miscellaneous amounts

owed to us, our Affiliates, or to third-parties. Those amounts must be paid by the due dates specified in this Agreement or other applicable agreement or as otherwise specified by us. Payments not paid when due will be subject to late charges and interest in the amounts specified in this Agreement or as otherwise specified in an invoice. You understand that under this Section we may charge you and may transfer payments from your bank accounts (as provided in Section 4.13) for amounts you or your affiliates may owe to third parties, us or our affiliates, or any applicable advertising cooperatives (including but not limited to amounts your affiliates may owe for royalty, advertising, technology, advertising cooperatives, or other obligations under other franchise or other agreements between your affiliates and us or our affiliates). We will only charge you for amounts owed by your affiliates if those amounts are not timely paid by your affiliates.

4.16 Security Interest.

You grant to us a continuing security interest in all of your assets and the assets of the Franchise Business, including but not limited to: all personal and fixture property of every kind and nature including without limitation all goods (including inventory, furniture, fixtures, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to payment of money, insurance claims and proceeds, tort claims, and all general intangibles (including all payment intangibles) now or hereafter owned by you, and all proceeds and products arising from the sale, exchange or other disposition of any or all of the aforesaid types of properties, whether cash or non-cash in nature (all such property referred to as the "Collateral").

This security interest is granted to secure payment of all indebtedness you or any of your affiliates owe us or any of our affiliates, whether now existing or arising in the future, absolute or contingent, due or to become due, including, but not limited to all costs, expenses, and attorneys' fees incurred in the collection of any indebtedness owed to us or our affiliates ("Indebtedness"). This security interest must be a first priority security interest in the Collateral unless you request and we agree in writing to subordinate the security interest to a purchase money security interest you desire to grant to a lender in connection with the initial development of the Franchise Business.

You irrevocably authorize us at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of yours or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of an applicable state or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the applicable state for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether you are an organization, the type of organization and any organization identification number issued to you, and (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Collateral relates. You agree to furnish any such information to us on request.

ARTICLE 5 - SERVICES PROVIDED TO YOU

5.1 Specifications for Franchise Location.

We or a designated representative will provide written specifications for the Franchise Location, which may include specifications for space requirements and build out. We may, in our discretion, consult with you in the process of construction or improvement of the Franchise Location. You acknowledge that we will have no other obligation to provide assistance in the selection and

approval of the Franchise Location other than the provision of written specifications and approval or disapproval of a proposed Franchise Location. At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance that is beyond the nature and scope of the services we are then providing to new franchisees without charge. If we elect to provide those additional services, we and you must agree in writing on the nature and scope of the additional services. We may charge you a reasonable fee for the additional services.

5.2 Equipment, Fixtures, Signs and Suppliers.

We will specify and provide sources of supply for the equipment, fixtures, signs, inventory, and other products and services necessary for you to develop and operate the Franchise Business.

5.3 Brand Standards Manual; Update Specifications.

Once created by us, we will provide you with access to our Brand Standards Manual for use in the operation of the Franchise Business. We will provide you with any updates to our specifications, in a form and manner acceptable to us, for all aspects of the Franchise Business as they become available.

5.4 Training.

We will provide an initial program to train you to operate the Franchise Business. We may provide ongoing training programs. See Article 7.

5.5 Setup and Opening.

We will provide one (1) or more representatives for up to five (5) days surrounding the opening of your Franchise Business to assist you in the initial operation of your Franchise Business. If you request the assistance of our representatives beyond that five (5) day period, we may provide the representatives for an additional period of time, but you must pay a charge for the additional services in an amount determined by us.

5.6 Products and Services; Suppliers.

We will designate the "Authorized Products" (defined in Section 8.6) to be offered by your Franchise Business and will provide you with any updates in our specifications for the Authorized Products to be offered by your Franchise Business. We may provide sources of supply for all products used in the Franchise Business. We will review any proposed supplier of other than the "Designated Supplier Products" (defined in Section 8.5) to determine if the proposed supplier and its products and services conform to our standards and specifications. We may charge you a fee to conduct this review.

5.7 Other Operational Assistance.

We will have a representative periodically visit your Franchise Business at intervals we deem appropriate throughout the term of this Agreement. During these visits, our representative may evaluate your operations and provide any operational advice and assistance deemed necessary by the representative. We will also provide reasonable operational advice and assistance to you by email, other internet resources, or telephone, including advice on specific Authorized Products, if requested by you.

5.8 Advertising.

We will review for approval your plans for grand opening advertising for your Franchise Business. We or a person designated by us will administer the marketing fund and review for approval, any local advertising proposed by you. See Section 4.3 and Article 9.

5.9 Services May be Provided by Independent Agents and Representatives.

The services to be provided by us under this Agreement may be provided by our employees, by independent area developers, or other representatives, contractors and agents engaged by us.

ARTICLE 6 - LOCATION, LEASE, DEVELOPMENT, AND OPENING OF STORE

6.1 Location Selection and Approval; Relocation.

You must obtain our prior written approval of the location for your Franchise Business and you must always operate your Franchise Business only at a location we have approved in writing (the location approved by us in writing is referred to as the "Franchise Location"). You must use your best efforts to find a suitable location for the Franchise Business within the area designated in Item 3 of Appendix A. You must submit to us a site selection package that we specify or approve, which must include pictures of the site, site plan, traffic counts, evidence confirming your prospects for obtaining the site, demographic information, economic terms, use clause, and any other materials or information we specify before we will consider approving the location. We will make our determination of whether to approve the proposed location within fourteen (14) days after receiving all required materials and information from you. Once the physical address of the Franchise Location is determined and approved, we will insert the address in Item 1 of Appendix A. You must obtain the right to possession of the Franchise Location through ownership or a signed lease (which must be approved by us under Section 6.2) within three (3) months of the date of this Agreement or we may terminate this Agreement. Unless extended as provided below, you must open the Franchise Business within six (6) to ten (10) months of the date of this Agreement or we may terminate this Agreement. However, if you have not obtained ownership or a signed lease for the Franchise Location within three (3) months after the date of this Agreement, you may obtain a three-month extension of the deadline. In order to obtain the extension, you must, no later than thirty (30) days before the end of the three-month period after the date of this Agreement: (1) notify us in writing that you intend to extend the deadline; and (2) pay a nonrefundable fee of Five Thousand Dollars (\$5,000) for the extension. You may not obtain more than one (1) three-month extension of this deadline.

We may provide our expertise and assistance to help you obtain a location. However, you are ultimately responsible for the Franchise Location, whether or not we provide the location or assist you in obtaining the location. It is your responsibility to research and evaluate the suitability and commercial value of the location for operation of the Franchise Business. Our location recommendations and our procurement or approval of a location does not constitute a representation, warranty, or guarantee of the commercial value or success of the Franchise Location. We are not responsible or liable to you for any claims relating to selection or approval of the Franchise Location and you waive and release us from any of those claims.

You may request that we consent to the relocation of the Franchise Location if the lease or sublease for the Franchise Location expires or terminates without your fault or if the location is condemned, destroyed, or rendered unusable or you have other reasonable business reasons to relocate. If the new location proposed by you is approved by us as a viable location and you have submitted to us a lease for the new location for review as provided in Section 6.2, we will not unreasonably withhold consent to the relocation of the Franchise Location. Any relocation will be at your sole expense, including payment to us of the relocation fee specified in Section 4.9. We may withhold our consent to a new location if the location is outside of the Protected Area or if we believe the new location will adversely affect the location of another Store. If the Franchise Location becomes unusable for the Franchise Business through no fault of yours and a substitute location is

not available within a reasonable period of time, this Agreement will terminate on conclusion of operation of the Franchise Business at the Franchise Location.

6.2 Lease Requirements.

If you lease the Franchise Location, you must obtain our prior written approval of the lease and the lease must not be terminated, renewed or in any way altered or amended by you and the landlord without our prior written consent. In order to obtain our approval, you must submit to us a description of the proposed site, evidence confirming your prospects for obtaining the site, economic terms, use clause, and any other materials we specify. You must obtain our approval of the location under Section 6.1. You must submit to us and we must approve under this Section any letter of intent ("LOI") for the lease for the Franchise Location before you sign the LOI. The lease for the Franchise Location must be submitted to us and approved by us under this Section before you sign the lease for the Franchise Location. You must deliver to us a fully signed copy of the lease for the Franchise Location within five (5) days after the lease is fully signed. Although we must approve your lease for the Franchise Location, we will not evaluate or be responsible for the commercial reasonableness or suitability of the lease. You must evaluate and are solely responsible for the commercial reasonableness and suitability of your lease.

Unless we agree otherwise, the term of your lease and options must be equal to or greater than the term of this Agreement. As a condition to our approval of the lease, the lease must contain the provisions included in the form of Addendum to Lease attached to this Agreement as Appendix G (except to the extent we agree to waive any of the provisions) and other provisions that we reasonably specify. In addition, as a condition to approval of the lease, you must execute a Collateral Assignment of Lease in the form attached to this Agreement as Appendix H. Except in accordance with this Agreement, you must not assign your lease or let or sublet the Franchise Location or any portion of the Franchise Location without our prior written consent.

As part of our lease approval process, we may have an attorney review the proposed lease to ensure that the proposed lease meets our requirements. We have the right to charge you a non-refundable fee of One Thousand Five Hundred Dollars (\$1,500) to cover the cost of that review. You must pay this fee within seven (7) days of demand from us in the manner described in Section 4.13.

Although we must approve your lease for the Franchise Location and may have an attorney review the lease, you acknowledge that: (a) we and our attorney are only evaluating the lease to determine if the lease meets our requirements for approval; and (b) we and our attorney will not evaluate or be responsible for the commercial reasonableness or suitability of the lease and you are solely responsible for those matters. We are not responsible or liable to you for any claims relating to your lease and you waive and release us from any of those claims.

6.3 Licenses and Permits.

You must obtain all authorizations, permits, and licenses as required under federal, state, and local law for the lawful construction and operation of the Franchise Business, including zoning and other approvals, occupancy permits, all certifications from government authorities having jurisdiction over the site that all requirements for construction and operation have been met, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits, ratings and fire clearances, and liquor licenses, if applicable. You must keep copies of all health department, fire department, building department and other similar state and local agency and entity certifications, other licenses, and reports of inspections on file and available for our review.

6.4 Development of Franchise Location.

You must fully develop the Franchise Business in accordance with our specifications. You must construct and/or improve the Franchise Location in compliance with our specifications, including specifications for build-out, decor, signage, equipment and fixture layout, front of house and back of house space layout, etc. You must obtain our prior written approval of all drawings, plans, and specifications relating to the construction and/or improvement of the Franchise Location. You must hire a design firm, construction manager and/or general contractor designated or approved by us to design and construct or improve the Franchise Location in accordance with our specifications. If we have not designated or approved a design firm, construction manager, and/or general contractor for your area, you must obtain our prior written approval of the design firm, construction manager, or general contractor you intend to use. You must submit the information and documentation we request in connection with our review of a design firm, construction manager, or general contractor. We may charge you a fee for this review. You must obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating, and installation of equipment at the Franchise Location. You must complete development of the Franchise Location and purchase and install all equipment, fixtures, signs, and supplies we specify at the Franchise Location before opening the Franchise Business. We have the right to inspect and approve the construction before you open the Franchise Business to make sure our specifications have been followed. If, in our opinion, our specifications have not been followed, you must resolve any issues to our satisfaction before opening the Franchise Business.

Although we have the right to review and comment on and must designate or approve all drawings, plans and specifications, design firms, construction managers, and general contractors relating to the construction and/or improvement of the Franchise Location, we are only acting to ensure compliance with our specifications. We will not evaluate or be responsible for compliance with governmental requirements, legal requirements, or adequacy of design and engineering relating to the design and construction and/or improvement of the Franchise Location and you are solely responsible for those matters.

6.5 Telephone Numbers, Internet Access, and Email Address.

You must acquire and maintain telephone lines dedicated solely to the Franchise Business. You must also acquire and maintain high speed Internet access and an e-mail address so that you may communicate with us by e-mail, access any web-based computer systems and our intranet or extranet (if applicable), and so your customers may communicate with you by e-mail. If we specify, you must use the e-mail addresses provided or specified by us, and no other e-mail address, in the Franchise Business. You authorize us to have access to and to monitor all of your email correspondence.

6.6 Completion of Training.

You must successfully complete our initial training program, to our satisfaction, before beginning operation of the Franchise Business. We may also require that you successfully complete, at your sole and exclusive expense, Serve Safe training within three (3) weeks of your completion of our initial training program.

6.7 Employees.

You must hire and train sufficient management and other employees for the Franchise Business to comply with the Franchise Systems.

6.8 Opening of Franchise Business.

You must have fully developed the Franchise Business in accordance with our specifications and have complied with all other conditions to opening specified in this Agreement or otherwise by

us before you open the Franchise Business to the public. You must comply with these conditions and must open the Franchise Business to the public no later than ten (10) months after you sign this Agreement or we may terminate this Agreement.

6.9 On-Site Pre-Opening Training and Final Inspection.

At least thirty (30) days in advance of the projected opening date for the Franchise Business, you must, by written notice, request we perform our final inspection. The Franchise Business must be ready to open prior to the commencement of any on-site training and the final inspection. "Ready to open" means that you have obtained all necessary permits, licenses and inspections, all equipment necessary to operate the Franchise Business must be operational, product is available for sale, adequate staff has been employed, and you or a trained Manager is present at the Franchise Location. Our representative will not provide training or remain on-site if you or a trained Manager is not present at the Franchise Location. We will not book travel for the on-site assistance and final inspection until you notify us in writing that you are ready to open. We will go through a ready to open checklist a day or two (2) before the representative is scheduled to travel. If you are not ready to open, we will have to reschedule the representative's travel and you will have to pay all of the expenses of rescheduling, which may include representatives' salaries and cancellation fees. If it appears you are ready to open, but the Franchise Business is not ready to open when the representative arrives for assistance and/or final inspection, you must pay all reasonable travel and living expenses incurred by us or our agents and the reasonable wages of our employees or independent contractors or agents in connection with provision of the on-site assistance and inspection. If we interrupt on-site assistance and inspection because the Franchise Business is not ready to open, we will provide on-site assistance and a final inspection only after payment of the above listed expenses and certification by you that the Franchise Business is ready to open.

ARTICLE 7 - TRAINING

7.1 Initial Training.

We will make available an initial program to train you to operate the Franchise Business. You must not begin operating the Franchise Business unless a "Designated Owner" (defined in Section 8.9) (and the "General Manager" (defined in Section 8.9), if the Designated Owner will not be the General Manager) has attended and completed the initial training program to our satisfaction. You may have up to two (2) persons (one (1) Designated Owner and one (1) General Manager) attend the initial training program without paying any additional fees to us. If you request, we may, in our discretion, allow additional management personnel of yours to attend the initial training program, but may, in that case, charge you a reasonable fee for training the additional persons. Also, you will be responsible for paying wages and salaries, expenses for travel, food and lodging incurred by you and your employees during the training program. The persons attending the initial training program must sign an agreement relating to confidentiality and/or non-competition in a form approved by us before beginning the training program. You and all of the attendees must complete the initial training to our satisfaction at least thirty (30) days prior to opening.

If we determine that you have not completed the training program to our satisfaction or that you or your team of employees is not ready to open the Franchise Business to the public in accordance with our standards, we may: (a) terminate this Agreement; (b) require you and/or your management employees to attend additional training before the Franchise Business opens to the public; and/or (c) require you to use additional assistance from our representatives for a period of time during and after opening of the Franchise Business. We have the right to charge you for the additional training and/or assistance.

You must provide us with written notice of any change in your General Manager within five (5) days of such change. Any replacement of the General Manager or Designated Owner shall be appointed by you within ten (10) days of the prior General Managers or Designated Owner's resignation or termination. Your replacement General Manager must complete our initial training program. If we conduct the training for the replacement General Manager or Designated Owner, you shall pay to us all costs and expenses related to such training at the then-current rates for additional training, as well as all expenses related to such General Manager or Designated Owner, including without limitation, wages, meals, lodging and travel to attend the training. All of our training programs are provided to protect our brand and the Franchise Marks and not to control the day-to-day operations of your business. You acknowledge that we may, from time-to-time, provide optional templates for certain employment policies, including without limitation, a sexual harassment policy. You have sole discretion as to adoption of any such policies and procedures and the specific terms of such policies and procedures. Training with respect to all such policies and procedures shall be your sole responsibility.

In addition to the initial training program for the Designated Owner and General Manager described above, we will assist you in the opening of your Store by providing training to your management employees at your Store prior to the opening and assist you in the opening of your Store for a period of time after the opening as we determine in our discretion. We typically have approximately one (1) of our employees that will provide such opening assistance.

7.2 Your Training Program for Employees.

You shall maintain competent and conscientious personnel to operate the Store in accordance with this Agreement, the Franchise Systems, and the Brand Standards Manual. You are responsible for training all of your employees who work in any capacity in the Franchise Business and are responsible for your employees' compliance with the operations standards that are part of the Franchise Systems. You must establish and maintain your own continual program of training for your management and staff personnel in accordance with our specifications.

7.3 Additional Training, Sales Programs and Meetings.

A Designated Owner (or, if specified by us, the General Manager or other management employees) must, solely at your expense, attend additional training, sales programs, and meetings reasonably specified by us, including regular periodic franchise meetings if specified by us. We will give reasonable notice of any additional specified training, sales programs, and meetings. We may require you to pay a reasonable charge for any training provided to you and/or your managers beyond the initial training program described in Section 7.1. Any fees we charge will be uniform as to all persons attending additional training at that time. We may require that you complete additional training before offering new Authorized Products from the Franchise Business.

We may require that your managers, including replacement managers in the event any previously trained manager-level employees are no longer employed at the Franchise Business, satisfactorily complete our training programs and additional training programs. We may charge reasonable fees for training managers. You are responsible for paying the wages or salaries, expenses for travel, food and lodging incurred by your employees during all training courses and programs. You agree to assist us in training other Azal Coffee franchisees; provided that, we must reimburse you for any expenses you incur in providing this assistance.

If you or your management personnel fail to attend required additional training without our consent, we may charge you liquidated damages under Section 15.7.

If you request additional assistance at any time, you will be responsible for our trainer's per diem fee and related travel costs. You must also pay wages, employment related expenses, travel, and living expenses for your employees. If we, in our sole discretion, complete the opening assistance and training and determine that your management staff needs additional training, you are responsible for the additional training costs, including wages, travel, and living expenses of our staff. If you or any member of your team fails to complete the training program to our satisfaction, in our sole and unfettered judgment, we may terminate this Agreement.

We will not be obligated to continue any specific ongoing training or advice we provide based on course of dealing or otherwise. We may discontinue or modify any ongoing training or advice at any time.

ARTICLE 8 – OPERATIONS AND SYSTEM STANDARDS

8.1 Continuing Operations and Best Efforts.

You acknowledge that the reputation and goodwill of the Franchise Systems is based in large part on offering high quality products and services to its customers. Accordingly, you shall provide or offer for sale or use at the Store only those menu items, products, goods, supplies, uniforms, proprietary apparel, proprietary promotional items, small wares, paper products, coffee beans, coffee products, food items, beverages, supplies, and other items, products and services that we from time to time approve (and which are not thereafter disapproved) and that comply with our Brand Standards Manual. You must at all times during the term of this Agreement keep the Franchise Business open and fully operational in compliance with the provisions of this Agreement and our specifications during the days and business hours designated by us from time to time in the Brand Standards Manual or as otherwise designated by us in writing. The Franchise Business will only be considered open and fully operational when the Franchise Business is open to the public, fully staffed, and ready and able at that time to provide all products and services offered by the Franchise Business. In addition to, or instead of our other available remedies, including termination, we may impose liquidated damages under Section 15.7 for each day the Franchise Business is not open and fully operational during the days and business hours designated by us, unless due to fire, flood, earthquake or other similar causes beyond your control and not related to your lack of funds. You must use your best efforts to promote and maximize the sales of the Franchise Business throughout the term of this Agreement. You must maintain at all times, sufficient equipment, supplies, and personnel to operate the Franchise Business at optimal capacity and efficiency.

8.2 Standards of Operation; Brand Standards Manual.

You acknowledge that every component of the Franchise Systems is important to us and to the operation of the Franchise Business. You must, at all times, operate and maintain the Franchise Business in a competent manner and in full compliance with all aspects of the Franchise Systems specified by us. In all business dealings with the public, you must be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct.

You must comply with all lawful and reasonable policies and procedures specified by us in connection with the operation of the Franchise Business. These specifications may include standards, techniques and procedures for: (a) the safety, maintenance, cleanliness, sanitation, function, hours of operation, and appearance of the Franchise Business and the equipment, fixtures, furniture, décor, signs, and Trade Dress used in the Franchise Business; (b) qualifications, dress, uniforms, grooming, general appearance, and demeanor of employees; (c) the products and services required or authorized to be offered and sold by the Franchise Business; (d) type, shelf life, quality, taste, portion control, and uniformity and manner of preparation and sale of all of the

products sold by the Franchise Business; (e) methods and procedures relating to receiving and preparing customer orders; (f) catering, delivery, on-line ordering, and use of third party delivery services; (g) sales, advertising and promotional techniques and programs; (h) construction, maintenance and appearance of the Franchise Business and the Franchise Location; (i) payment, credit, accounting, and financial reporting policies and procedures; (j) use of our intranet or extranet (if established) for entering sales and other information, projecting sales, ordering supplies, entering expenses, receiving reports and other operational requirements as specified by us; (k) purchase and maintenance of equipment, fixtures, signs, and inventory; (l) insurance coverage; (m) use of standard forms and the Franchise Marks; (n) use and illumination of exterior and interior signs, displays, and similar items; (o) atmosphere of the Franchise Location, including music and lighting; (p) warranties to customers and the handling of customer complaints and customer communications; (q) identification, pursuant to our specifications, of the Franchise Business as an independently owned and operated business; (r) attendance by you and your management employees at required training programs and meetings; (s) using and honoring gift certificates, coupons and other local and national promotional programs authorized or specified by us; and (t) other details of the operation of the Franchise Business and your relationship with us. Notwithstanding the foregoing, and consistent with the goals of the Franchise Systems, you will be responsible for the day-to-day operation of the Franchise Business.

The policies and procedures we specify may be contained in our training, operating, and/or policy manuals or in memos, bulletins, newsletters, emails, or other written or electronic materials prepared by us (for the purposes of this Agreement, "Brand Standards Manual" will mean all manuals or other written materials relating to the Franchise Systems or containing our specifications). We will provide you with a digital or paper copy or give you on-line access to any currently existing Brand Standards Manual when and if prepared by us and made available to franchisees. We will provide you with a digital or paper copy or give you on-line access to any applicable modifications or additions to the Brand Standards Manual as they become available. The Brand Standards Manual remains our property, must not be duplicated, and must be returned to us or destroyed immediately on request or on expiration or termination of this Agreement.

When provided to you, you must at all times ensure that your copy of the Brand Standards Manual is kept current and up to date. If there is a dispute as to the contents of the Brand Standards Manual, the terms and dates of the master copy of the Brand Standards Manual maintained by us at our place of business will be controlling.

Due to the nature of operation of the Franchise Business and the fact that the specifications for the Franchise Business may change, we reserve the right to change the Franchise Systems after the signing of this Agreement and to change the terms of the Brand Standards Manual after the signing of this Agreement to reflect those changes. You must comply with all changes immediately on receipt of written notice from us of the change. The Brand Standards Manual cannot change the terms of this Agreement but will be in addition to this Agreement and will have the same effect as if included in this Agreement. If the Brand Standards Manual is inconsistent with this Agreement, this Agreement will control. We agree to specify our policies and procedures in a reasonable manner.

8.3 Acquisition of Products and Services.

You must obtain and use all equipment, fixtures, signs, Franchise Trade Dress, inventory, food products, packaging materials, paper and plastic products, menus, uniforms, and all other products and services that we specify for use in the operation of the Franchise Business.

8.4 Use of the Franchise Technology in Operations.

We may require or authorize you to use certain technology in connection with the Franchise Business, which may include websites, point of sale and customer management systems (which may include computer hardware, software, mobile applications, web-based systems, licenses to use proprietary software or systems, etc.), intranet, extranet, web-based systems, other electronic media, and/or other technology specified by us (the "Franchise Technology"). Uses of the Franchise Technology may include advertising for all Azal Coffees, lists of Azal Coffees, on-line ordering, inventory control for Stores, entering sales and other information, projecting sales, reviewing reports, placing orders with suppliers, posting the Brand Standards Manual and communication between us, franchisees and customers. You must acquire and use the Franchise Technology specified by us in the Franchise Business and in the manner specified by us. Your access to and use of the Franchise Technology is subject to your compliance with the terms and conditions of use and other policies and procedures specified by us. You agree to comply with those terms, conditions, policies and procedures. You must pay all required license fees, service fees, management fees, and support, maintenance, update, and upgrade costs to use and maintain the Franchise Technology in the manner specified by us. We may change or modify the Franchise Technology in the future, including changes in the specifications and components relating to the Franchise Technology. In that case, you must obtain and begin to use the changed or modified Franchise Technology within thirty (30) days after you receive written notice from us.

We have the right to independently access the sales information and other data generated or stored by the Franchise Technology and there are no contractual limitations on our right to access and use that information and data. You must provide us access to the information contained in or produced by the Franchise Technology in the manner specified by us and must supply us with any security codes necessary to obtain that access. We may retrieve, analyze, download and use the software and all data contained in or produced by the Franchise Technology at any time as long as the access does not unreasonably interfere with the operation of your Franchise Business. You must maintain high-speed Internet access at all times in the manner specified by us for communication with us, use of the Franchise Technology, and to allow us to access information from the Franchise Technology. Our rights to use the Franchise Technology data includes the right to deliver the data to any third party we deem appropriate in our sole discretion; provided that the identity and other personal information of your employees, agents, and customers are not improperly disclosed.

THE FRANCHISE TECHNOLOGY AND ITS CONTENT ARE PROVIDED "AS-IS," "WHERE-IS," and "WITH ALL FAULTS." WE AND OUR AGENTS AND LICENSORS DISCLAIM ANY AND ALL REPRESENTATIONS AND WARRANTIES RELATING TO THE FRANCHISE TECHNOLOGY, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, REGARDING ANY CONTENT AND YOUR ABILITY OR INABILITY TO USE THE FRANCHISE TECHNOLOGY AND ITS CONTENT.

USE OF THE FRANCHISE TECHNOLOGY IS AT YOUR SOLE AND ABSOLUTE RISK. WE WILL NOT BE LIABLE TO YOU OR ANY PERSON CLAIMING THROUGH YOU FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, COMPENSATORY, OR OTHER DAMAGES UNDER ANY THEORY OR LAW FOR ANY ERRORS IN OR THE USE OF OR INABILITY TO USE THE FRANCHISE TECHNOLOGY AND ITS CONTENT INCLUDING DAMAGES FOR LOST PROFITS, BUSINESS, DATA, OR DAMAGE TO ANY COMPUTER SYSTEMS.

8.5 Video Camera System.

You must purchase and use a video camera system to monitor your Store. You must allow us unlimited remote access to your video camera system to ensure compliance with the Franchise Systems. You must comply with all federal, state, and local laws, rules, and regulations governing the operation of video camera systems.

8.6 Specifications and Suppliers for Products and Services.

The purpose of the product, service and supply requirements described in this Section is to maintain uniqueness, consistency, uniformity, quality and identity of Stores and the products and services offered and sold by Stores and the group purchasing power of Stores.

We may specify any products and services used in the design, development, construction, or operation of the Franchise Business as products and services that must be purchased only from us or a manufacturer, supplier, distributor, or professional or other service provider specifically designated by us (which may be our affiliate) (a "Designated Supplier"). You must acquire these designated products and services ("Designated Supplier Products") in accordance with our specifications (which may include brand names) and only from a Designated Supplier. You will have no right to request approval of alternative suppliers for Designated Supplier Products. We reserve the right to appoint us or any one of our affiliates as a Designated Supplier and require that you purchase any product or service from us or any one of our affiliates. These Designated Supplier Products and Designated Suppliers are subject to change in our sole and absolute discretion.

Unless otherwise specified by us, you must acquire all products and services used in the design, development, construction, and operation of the Franchise Business, other than Designated Supplier Products, in accordance with our specifications (which may include brand names) and only from a manufacturer, supplier, distributor, or professional or other service provider that has been approved by us (an "Approved Supplier"). An Approved Supplier will be a supplier that: (a) meets our standards for quality and uniformity of goods and services and other relevant standards established by us; (b) we have designated in writing as an Approved Supplier; and (c) we have not later revoked the designation as an Approved Supplier. You may request to have a supplier for items other than Designated Supplier Products approved by submitting to us the information, samples, and agreements necessary for our determination under the procedures specified by us. Your request must be in writing and must include information about the product or supplier relating to our specifications, a sample of the product or service to be approved, and a person at the manufacturer or supplier that we can contact for information. We may submit the information to an independent laboratory or another independent expert to determine if the product or supplier meets our specifications. We may charge you a fee to cover the costs incurred in making this determination. On your request, and only on a confidential basis, we will furnish you with any standards and specifications we have issued for items other than Designated Supplier Products, as well as any criteria for supplier approval that we have issued. We will notify you in writing of our approval or disapproval of a supplier within thirty (30) days after receiving all information that we reasonably believe is necessary to make the determination.

Before we approve a supplier, we may require the supplier to enter into an agreement with us in a form reasonably acceptable to us that requires the supplier to: (a) follow our procedures, specifications and standards, formulas, patterns, and recipes; (b) allow periodic quality control inspections of the supplier's premises and production facilities; (c) provide a reasonable number of samples, without charge, for inspection; (d) keep any trade secrets or other confidential information disclosed to it by you or us in confidence and have employees to whom disclosure is made sign agreements that they will not use or disclose confidential information; and (e) pay a reasonable license fee for a limited license for the production and sale of items using the Intellectual Property

(defined in Section 11.1). Our approval of a supplier is not a blanket approval of the items the supplier may sell but only for specific items sold by that supplier as approved by us.

In order to take advantage of group purchasing power and to ensure uniformity and quality, we reserve the right to limit the total number of Approved Suppliers for any items. We may add or delete Designated or Approved Suppliers and you must comply with those changes immediately on written notice from us. If we add a Designated or Approved Supplier, you must immediately, on written notice from us, take the steps necessary to comply with the credit, purchase, and other policies of the Designated or Approved Supplier. If we delete or revoke the designation of a Designated or Approved Supplier, you must cease purchasing products and services from that supplier immediately on written notice from us.

We may enter into agreements with Designated or Approved Suppliers of products for and on behalf of all Stores or all Stores in a particular region (a "Supplier Contract"). If we enter into a Supplier Contract with a Designated or Approved Supplier, the terms and conditions of your relationship with that Designated or Approved Supplier may be controlled by that contract to the extent covered by the contract.

Our designation of a Designated or Approved Supplier does not create any express or implied promise, guaranty or warranty by us as to the products or services of the Designated or Approved Supplier and we disclaim any promises, guaranties, or warranties. You agree that we will not have any liability to you for any claims, damages or losses suffered by you as a result of or arising from the products or services provided by or the acts or omissions of any Designated or Approved Supplier.

You acknowledge and agree that we and/or our affiliates have the right to receive rebates, commissions, dividends, distributions or other fees, discounts or payments from Designated and Approved Suppliers or other providers of products or services based on sales of products or services to the Franchise Business and other Stores ("Supplier Payments"). You agree that we and our affiliates will have the right to collect all Supplier Payments and to use the Supplier Payments for any purpose in our sole discretion, including without limitation, our retention of all Supplier Payments for our use and benefit. You must cooperate with us and our affiliates in the collection of Supplier Payments. You also acknowledge and agree that we may, in our sole discretion, and on a non-uniform basis: (i) pay, pass-through or waive some or all of the Supplier Payments to or for the benefit of franchisees in certain markets or to or for the benefit of some, but not all, franchisees in a particular market; or (ii) use the Supplier Payments for any other purpose, including purposes that may benefit certain markets or some, but not all, franchisees in a particular market.

Any products or services sold by or through us or our affiliates will be sold in accordance with the terms contained in memos, bulletins, emails, franchisee meetings or otherwise in writing by us, our affiliates or by the manufacturer of the products. These terms may be modified on written notice from us, our affiliates or by the manufacturer of the products.

EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING, WE AND OUR AFFILIATES MAKE NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS OR SERVICES SOLD BY DESIGNATED SUPPLIERS, APPROVED SUPPLIERS, OR THROUGH US OR OUR AFFILIATES, INCLUDING THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WE WILL NOT BE LIABLE FOR PERSONAL INJURY OR PROPERTY DAMAGE, LOSS OF PROFIT, OR OTHER INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF THE USE OR INABILITY TO USE THE PRODUCTS AND

SERVICES SOLD BY DESIGNATED SUPPLIERS, APPROVED SUPPLIERS, OR THROUGH US OR OUR AFFILIATES OR FOR ANY DAMAGES (REGARDLESS OF THEIR NATURE) CAUSED BY ANY FAILURE TO FULFILL OUR RESPONSIBILITIES UNDER THIS AGREEMENT. OUR AND OUR AFFILIATES' SOLE LIABILITY FOR ANY WARRANTIES GRANTED BY US OR OUR AFFILIATES IS TO REPAIR OR REPLACE, AT OUR OR OUR AFFILIATES' OPTION, ANY PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES THAT ARE NOT IN COMPLIANCE WITH THE WARRANTY. WE AND OUR AFFILIATES' LIABILITY RELATING TO PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES WILL IN NO EVENT EXCEED THE STATED SELLING PRICE OF THE PRODUCTS AND SERVICES TO YOU. ANY WARRANTIES GRANTED WILL BE VOID AND OF NO FORCE AND EFFECT WITH RESPECT TO ANY PRODUCTS THAT ARE DAMAGED AS A RESULT OF (A) NEGLIGENCE, ALTERATION OR ACCIDENT OR (B) IMPROPER USE, INCLUDING FAILURE TO FOLLOW OPERATING AND MAINTENANCE PROCEDURES SPECIFIED BY US AND OUR AFFILIATES.

8.7 Products and Services Offered by the Franchise Business.

You must sell all products and provide all services that we specify be provided by the Franchise Business. You must not sell any products, provide any services, or engage in any business at the Franchise Business or Franchise Location other than those specified by us without our written authorization. The products and services that we may specify or approve from time to time for Stores will be referred to as the "Approved Products." The Approved Products are divided into two categories — "Required Products" and "Optional Products." You must offer the Required Products. You may, but are not required to, offer the Optional Products. You must receive our written approval before offering or providing any Optional Products.

The provisions of this Agreement will apply to all Approved Products, whether Required or Optional. Accordingly, if you elect to offer any Optional Products and receive our approval to offer the Optional Products, you must complete training for the applicable Optional Products in the manner specified by us, must obtain and only use equipment and supplies specified by us for the Optional Products, and must purchase the equipment and supplies for the Optional Products from Designated or Approved Suppliers, as applicable. Also, any Gross Sales relating to Optional Products will be subject to all fees as specified in this Agreement.

We may add, delete, or change Authorized Products to be provided by the Franchise Business. We may change an Optional Product to a Required Product and *vice versa*. If we add any Authorized Products, you must obtain any necessary qualifications, training, and equipment and supplies necessary for providing the products or services. If an Authorized Product is deleted, you must cease offering that product or service immediately on written notice from us. You acknowledge that the Authorized Products we may authorize or require you to sell may differ from those that we authorize or require other Stores to sell based on regional differences in products and services we authorize, sales of products or services on a limited-time-only basis that are not available to all Stores, the test marketing of products or services, or other business reasons in our discretion. We will not have any liability or responsibility to you if you are not able or are not authorized to sell all the same products or services as other Stores.

8.8 Pricing; Promotional Programs; Gift Cards.

We may exercise rights with respect to the pricing of Authorized Products to the fullest extent permitted by then-applicable law in order to enhance the competitive position and consumer acceptance for the products and services of Stores. These rights may include: (a) prescribing the maximum and/or minimum retail prices that you may charge customers for the products and/or services offered and sold at the Franchise Business; (b) recommending retail prices; (c) advertising

specific retail prices for some or all products or services sold by the Franchise Business and requiring you to observe those prices; (d) engaging in marketing programs, promotional programs, drives, giveaways, discounts, coupons, contests and other campaigns and requiring you to participate in those programs, which may directly or indirectly impact your retail prices (e.g. the anniversary event requiring a “buy-one get-one free” promotion for three (3) to five (5) days); and (e) otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices that the Franchise Business may charge the public for the products and services it offers. We may engage in this activity either periodically or throughout the term of this Agreement. Further, we may engage in this activity only in certain geographic areas (e.g., cities, states, regions) and not others, or with regard to certain subsets of franchisees (e.g., airports, arenas, other captive audiences) and not others. You acknowledge and agree that any maximum, minimum, or other prices and programs we prescribe or suggest may or may not optimize the revenues or profitability of the Franchise Business and you irrevocably waive all claims arising from or related to our specification or suggestion of retail prices and programs for the Franchise Business.

You must participate in all gift cards, electronic gift or money cards (E-cards), frequency cards, awards or loyalty programs, or other programs specified by us and you must honor all cards, awards, and other programs issued by us or by other franchisees in accordance with our policies. You acknowledge and agree that your participation in those programs is integral to the Franchise Systems and to the success of those programs. We or a person designated by us will administer all gift and E-card or other programs specified by us. We retain the right to retain and use for our benefit any breakage from gift cards. We may charge an administrative fee for administering those programs. We will have the right to charge you liquidated damages under Section 15.7 for each week that you fail to participate in any of these programs specified by us.

8.9 Maintenance; Refurbishing; Alterations.

You must maintain the Franchise Location, premises, equipment, furniture, fixtures, signs, Franchise Trade Dress, and other property of the Franchise Business in a clean, attractive, and safe condition and in good maintenance and repair and in compliance with the standards specified by us. You must, at your expense, engage in any program of preventative maintenance specified by us for the equipment, furniture, fixtures, signs, Franchise Trade Dress, and other property of the Franchise Business. We may specify the timing and manner of performing the maintenance services and may designate one or more suppliers that you may be required to use for preventative maintenance services. If at any time, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Franchise Location or its equipment, furniture, fixtures, signs, Franchise Trade Dress, or other property do not meet our standards or specifications, we may notify you in writing, specifying the action you must take to correct the deficiency. You must initiate the specified action within thirty (30) days after receipt of the notice and diligently proceed to complete the specified action.

In addition to regular maintenance obligations, you must renovate and modernize the Franchise Location, premises, equipment, furniture, fixtures, signs, Franchise Trade Dress, and other property of the Franchise Business on our request once during the initial term of the Franchise Agreement at any time after the end of the 5th year of the initial term of the Franchise Agreement to conform with our specifications for the then current image of Stores using the Franchise Marks; provided, however, that the cost of each renovation and modernization will not exceed Seventy Five Thousand Dollars (\$75,000). You must initiate the specified action within thirty (30) days after receipt of the notice and diligently proceed to complete the specified action.

If you fail to initiate any required repairs or maintenance or the required renovations and modernizations within thirty (30) days after receipt of written notice from us describing the specific

repairs or alterations that are required or if you fail to diligently proceed to complete the specific repairs or alterations, then we, without being guilty in any manner of trespass, fault, or negligence, and without prejudice to any of the other remedies we have, may have the repairs or alterations completed, at your expense, to maintain the Franchise Business in accordance with our required standards. If this occurs, you must immediately reimburse us for all costs we incurred to make the repairs or alterations. You must indemnify and hold us, our franchisees, and affiliates harmless from all fines, suits, proceedings, claims, demands, damages, liabilities, or costs, including, without limitation, actual attorneys' fees, arising out of any action or proceeding of any kind or nature that arises or grows out of or is in any way connected to the construction, renovation, or operation by you of the Franchise Business.

You must not make any material alterations to the leasehold improvements or appearance of the Franchise Location and must not make any material alterations to the equipment, furniture, fixtures, signs, Franchise Trade Dress, or other property of the Franchise Business without our prior written approval. We agree not to unreasonably withhold approval provided that the alterations are consistent with the image of the Franchise Systems and are not prohibited by your lease or by law.

8.10 Management of the Franchise Business.

The individual or at least one (1) of the individuals designated in Item 4 on Appendix A (a "Designated Owner"), must: (a) preserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchise Business; and (b) represent and act on your behalf in all dealings with us. Each Designated Owner must have an ownership interest in Franchisee. If all of the Designated Owners listed in Item 4 of Appendix A resign, die, or become incapacitated, it will be considered a Transfer under the provisions of Article 14.

The Franchise Business must, at all times, be under the direct supervision of a general manager as described in this Section (the "General Manager"). The General Manager must: (i) devote his or her full time and effort to the day-to-day active management and operation of the Franchise Business; (ii) be personally responsible for the Franchise Business at all times; and (iii) personally exercise his or her best efforts to market the Franchise Business and maximize customer satisfaction. The General Manager must meet the following requirements before beginning to serve as General Manager for the Franchise Business: (1) successful completion of our initial training program and any retraining or refresher training programs specified by us; (2) signing an agreement relating to confidentiality and non-competition in a form approved by us; and (3) if specified by us, the General Manager must have an equity or profit participation interest in the Franchise Business.

If a Designated Owner is not the General Manager, the General Manager must be under the direct supervision of a Designated Owner. It is your responsibility to ensure that the Franchise Business is always under the supervision of a trained General Manager. Your failure to have the Franchise Business under the supervision of a trained General Manager is a material default under this Agreement.

8.11 Other Employee Matters.

You must hire all employees for the Franchise Business, and you are exclusively responsible for the terms and conditions of their employment and compensation. We will not exercise direct or indirect control of your employees' working conditions, or the terms and conditions of their employment. We do not share or codetermine the terms and conditions of employment of your employees or participate in matters relating to the employment relationship between you and your employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned and duties to be performed, discipline, response to grievances and complaints, the work rules and directions governing the manner, means, and methods of the

performance of duties, and the working conditions related to the safety and health of employees. You have sole responsibility and authority for these terms and conditions of employment. You are responsible for compliance with all federal, state, county, municipal, and other civil and criminal statutes, laws, ordinances, regulations, rules, and orders of public authorities applicable to your employment practices and employees, including the Fair Labor Standards Act and comparable laws regulating minimum wage, overtime pay, recordkeeping, youth employment standards, and other aspects of employment. We will not directly or indirectly control and will not be responsible for your payroll or other employee matters regardless of any information that we may provide in operations or training manuals or otherwise. You must prominently post signs at the Franchise Location (including in the area in which all official employment relating notices are posted) and at your offices informing employees and independent contractors that their relationship is solely with you and that they are not an employee of us or any of our affiliates. You must include similar language in all employment contracts, offer letters, employee handbooks, paychecks, and other materials. We may specify the language for the required postings and notices. You must indemnify us and hold us harmless from and against any liability relating to or arising from employment related decisions and obligations, including joint employer liability and labor and employment law violations by you or your employees.

You must implement your own training program for your employees in compliance with our standards. You understand that you are responsible for staffing the Franchise Business with the number trained employees necessary to sufficiently operate the Franchise Business in compliance with our standards. You must require your employees and agents to sign an agreement relating to confidentiality and/or non-competition in a form approved by us. You must ensure that all of your employees, while engaged in the operation of the Franchise Business, wear uniforms conforming in color and design to those standard in the Franchise Systems and approved by us. You must also ensure that all of your employees present a neat and clean appearance and render competent, sober, and courteous service to the customers of the Franchise Business.

8.12 Insurance.

You must obtain insurance with the coverages and in the amounts specified by us. You must provide us with all certificates and endorsements for the required insurance at least fourteen (14) days before beginning operation of the Franchise Business. You must provide us with all certificates and endorsements evidencing renewal of the required insurance no later than fourteen (14) days before the expiration date of each policy. If you do not provide us with the certificates and endorsements for any required insurance policies at any due date, we may (but are not obligated to) purchase that insurance or coverage at your expense. You must immediately pay us for any insurance or coverage we obtain for you.

Each required insurance policy must meet the following requirements: (a) the policy must name us (and any of our affiliates or representatives that we may reasonably specify) as an additional insured on the form specified by us; (b) the policy must not be subject to cancellation, modification, or amendment except after thirty (30) days written notice to us; (c) the policy must be obtained from or through a Designated or Approved Supplier, as applicable, and an insurance carrier with an AM Best's Rating of not less than A-IX; (d) the policy must provide that your failure to comply with any term, condition, or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage of us or our affiliates or representatives (e.g. we, although named as an insured, will nevertheless be entitled to recover under the policy on any loss incurred by us or our agents or employees by reason of your negligence or the negligence of your agents and employees); (e) the applicable policies must cover your indemnification obligations under this Agreement; (f) the policy must be primary to and without right of contribution from any insurance purchased by us; and (g) the policy must contain a waiver of subrogation in our favor for

casualty losses. Your obligation to obtain and maintain the policies of insurance in the minimum amounts specified by us will not be limited in any way by reason of any insurance that we maintain and will not relieve you of your indemnification obligations under this Agreement.

You acknowledge that the insurance coverages and amounts specified by us reflect minimum required amounts and are not meant to reflect your actual insurance coverage needs. It is your responsibility to carefully evaluate your insurance needs and to obtain the insurance coverages and amounts necessary to satisfy those insurance needs.

You must provide and authorize your insurance carriers to provide us monthly, quarterly, and/or annual reports (as specified by us) of losses paid by your insurance carriers on your behalf for losses suffered under your insurance policies. In addition, you must provide and authorize your insurance carriers to provide proof of your Worker's Compensation experience modification (EMOD). You hereby grant us a power-of attorney, authorizing us to obtain whatever loss reports or EMOD reports we determine, in our sole discretion, are necessary to protect the integrity of the Franchise Marks and Systems or for any other reasonable business purpose. You agree to cooperate with us and your insurance carriers to enable us to obtain the insurance loss reports and EMOD reports as promptly and efficiently as possible, which cooperation may include providing written authorization to permit us to obtain the reports, in addition to the power of attorney granted in this Section.

8.13 Data Privacy.

You recognize and acknowledge that this Agreement and your conduct of business may subject you and us to certain data privacy laws ("Privacy Laws"), including those that are applicable to your processing of data that may be reasonably linked or linkable to natural persons ("Personal Data") to whom your Franchise Business provides goods or services ("Customer Personal Data"). Customer Personal Data includes but is not limited to customer names, birthdates, contact information, payment card information, transaction history, and other personal and other information as may be further set forth and defined in our Brand Standards Manual. All Customer Personal Data is and shall be deemed to be exclusively owned by us and, for purposes of the Privacy Laws, we are the "controller" and you are a "processor" of such Customer Personal Data.

Subject to you and your Owners' compliance with the terms and conditions of this Agreement, we grant you a non-exclusive, non-sublicensable, non-transferable, limited right to collect, use, share, disclose, store, and delete Customer Personal Data during the Term of this Agreement solely as necessary for the operation of your Franchise Business. All such collection, use, sharing, disclosing, storing, and deleting of Customer Personal Data must at all times be in compliance with i) all applicable laws, including without limitation, the Privacy Laws and ii) our standards and specifications, Franchise Systems, and Brand Standards Manual, which we may amend from time to time in our sole discretion.

You covenant and agree to cooperate with us and to comply with and adhere to all directions and requests that we may deliver to you from time to time relating to Customer Personal Data and/or the Privacy Laws, including without limitation, assisting us in complying with any obligations we may have under the Privacy Laws, adhering to the policies and procedures set forth in our Brand Standards Manual, and delivering or making available to us all information in your possession necessary to demonstrate your compliance with our Brand Standards Manual and/or the Privacy Laws. We reserve the right to audit, and inspect your use of information, technology, organizational systems, and data security policies and practices, which may include an assessment of your compliance with our standards and specifications relating to your processing and use of Customer Personal Data. Any such assessment, audit, and/or inspection

will be at your sole cost and expense and you must reimburse us for any costs and expenses we incur in connection therewith.

8.14 Data Security Requirements.

You are responsible for securing and maintaining the security of all Customer Personal Data and protecting the same from unauthorized processing, destruction, modification or use that violates this Agreement, the Brand Standards Manual, or any Privacy Laws. In addition to complying with all other industry standards relating to the security of your customer's Customer Personal Data, and implementing any technical and organizational security measures specified by us, you must comply with all current Payment Card Industry Data Security Standard Requirements and Security Assessment Procedures and other applicable payment card industry requirements ("PCI Requirements") in connection with the Franchise Business as those standards may be revised and modified by the PCI Security Standards Council (see www.pcisecuritystandards.org), or any successor organization. It is recommended that you also comply with the ISO/IEC 27000-series information security standards (or other comparable third-party information security standards) ("Information Security Standards") in connection with the Franchise Business. It is your responsibility to research and understand the Privacy Laws, PCI Requirements and Information Security Standards, other industry standards, and other applicable laws and to ensure that your business policies and practices comply with these requirements. You must refrain from taking any action or inaction that could cause us or any of our affiliates to breach any Privacy Laws. Although we may provide advice and/or specify or provide Franchise Technology, we do not represent or warrant that the Franchise Technology complies with the PCI Requirements or Information Security Standards, other industry standards, and applicable laws and it will be your sole responsibility to ensure that your business practices comply with these requirements. You must periodically participate in audits of your information technology systems and data security policies by third party auditors as specified by us.

If you detect or are notified of a data breach involving Customer Personal Data or any other information or data related to customers ("Data Breach"), you must immediately notify us of the Data Breach. You must cooperate with us in investigating and halting the Data Breach, including giving us access to your information technology systems. We will have the right to name legal counsel to deal with the Data Breach and to control media communications relating to the Data Breach. You must not make any public statements about the Data Breach without our approval. You must indemnify us and hold us harmless for all claims and costs, including attorneys' fees, incurred by us as a result of any Data Breach that is your responsibility or your breach or failure to comply with any Privacy Laws. You are solely responsible for any liability, damages or claims caused by any Data Breaches or your failure to comply with applicable law related to the same.

We will have the right to engage a vendor to consult with and advise Azal Coffee franchisees on compliance with the PCI Requirements and Information Security Standards and other data privacy practices and to require you to pay a portion of the cost of the vendor's services as determined under our policies and procedures or to directly engage the vendor for these purposes. Also, we have the right to acquire a cyber insurance policy for the Azal Coffee franchise system and to require you to pay a portion of the cost of the cyber insurance policy as determined under our policies and procedures. We will have the right to collect your share of the costs of the vendor and/or cyber insurance policy on a periodic basis in the manner provided in Section 4.13 of this Agreement.

8.15 Compliance with Laws and Other Obligations; Taxes.

You must obtain and keep in force every registration, charter, license, and permit required for the Franchise Business. In addition to all other references in this Agreement, you shall comply with all requirements of federal, state and local laws, rules, regulations, and orders related to the

operation of your Store, including but not limited to obtaining the appropriate licenses and permits required by your local or state government and are required to operate the Store in compliance with the requirements of all federal, state, and local laws, rules, regulations, or ordinances that govern food preparation and service and Store sanitary conditions, the federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation, all federal, state, and local laws, rules, regulations, and ordinances that govern your employment relationship with your employees, and other laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Federal Wage and Hour Laws, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Affordable Care Act., Employee Retirement Income Security Act, and the Occupational Safety and Health Act, also apply to Stores, and comparable laws regulating minimum wage, overtime pay, recordkeeping, youth employment standards, and other aspects of employment), environmental regulation, and taxation.

You must pay, when due, all taxes of every kind applicable to the Franchise Business or the income of the Franchise Business, including all local, state, and federal taxes. We will not be responsible for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied on you or the Franchise Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we pay to any federal, state, or local taxing authority on account of your operations or payments that you make to us.

We may, but have no obligation to, advise you on legislative or other legal developments that may affect the Franchise Business. Any information we provide to you does not relieve you of your responsibility to consult with your own legal advisors regarding laws applicable to the Franchise Business. You acknowledge that you are solely responsible for complying with all laws applicable to the Franchise Business.

8.16 Separate Identification of Franchise Business.

You must identify the Franchise Business as a separate business by filing an assumed name certificate as appropriate in the state and/or county of location of the Franchise Business. You must conspicuously post at the Franchise Location a notice to the effect that the Franchise Business is independently owned and operated by you and not by us. You must conspicuously identify yourself in all dealings with customers, suppliers, public officials, your employees, and others as the owner of the Franchise Business under a franchise granted by us and to place notice of independent ownership on the forms, business cards, stationery, advertising, and other materials specified by us.

8.17 Participation in Franchisee Advisory and other Committees.

We may establish committees of franchisees to advise us on various matters involving the Franchise Systems. You will be eligible to participate on those committees, in accordance with the rules established by us and each committee, but only if you are a franchisee-in-good-standing at that time and have been a franchisee-in-good-standing for the six (6) month period before serving on the committee. In order to be a franchisee-in-good-standing, you must be: (a) current in all obligations to us and our affiliates; and (b) operating in accordance with all the requirements of the Franchise Systems, including requirements relating to quality, cleanliness, and service.

8.18 Costs to Respond to Special Requests.

We may charge you and you agree to pay us for any expenses incurred by us in responding to special requests from you and preparing any documentation necessary based on

those requests. These expenses include but are not limited to, out-of-pocket expenses and attorneys' fees. Examples of special requests from you that could cause these expenses include, but are not limited to, requests for approval of minority transfers or transfers to controlled entities, corrections or amendments to this Agreement or other agreements, modifications of standards or standard procedures, and extensions of time to perform obligations.

ARTICLE 9 – ADVERTISING

9.1 Grand Opening Advertising.

You agree to spend an amount specified by us to conduct grand opening advertising and promotions. The amount specified will range from Three Thousand Dollars (\$3,000) to Six Thousand Dollars (\$6,000). The grand opening advertising and promotions must be conducted in accordance with a plan that you must submit to us. We have the right to modify your plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. The grand opening advertising and promotions must occur within the period beginning on the opening of the Franchise Business and ending approximately four (4) weeks after the opening of the Franchise Business. The amount you must spend on grand opening advertising and promotions is separate from and in addition to your other advertising obligations.

9.2 Administration of Marketing fund.

You must make contributions to the marketing fund as provided in Section 4.3. You acknowledge and agree that we are not obligated to implement a marketing fund or to continue a marketing fund, if implemented, and may suspend contributions to or operations of the marketing fund or terminate the marketing fund (or reinstate the marketing fund if it is terminated). We will administer and control the marketing fund in our sole discretion. We may use the marketing fund to: maximize general public recognition and patronage of the Franchise Marks and Azal Coffee Stores; formulate, develop and produce marketing, advertising, and sales support materials for use by franchisees; conduct marketing, advertising, and promotional programs on a national, regional or local level; provide marketing support services to franchisees; develop, maintain, and support the Franchise Technology and “Digital Marketing” (defined in Section 9.7) for us and/or franchisees; obtain public relations services; obtain marketing and advertising services from third parties to administer, create, distribute, place, publish, or otherwise provide marketing products and services to the marketing fund and to develop and implement Franchise Technology and Digital Marketing; pay the expenses of the marketing fund, including without limitation, salaries and other employment expenses of our marketing staff, administrative costs, overhead, and other expenses we incur in connection with the administration of the marketing fund; and other uses determined in our discretion.

We are not required to spend your marketing fund contributions to place advertising in your market or in any specific media. The marketing fund will be used to pay all expenses of the marketing fund. We will submit to you, on request, an annual report of the receipts and disbursements of the marketing fund, which may be unaudited and prepared by us.

We may expend or allocate a portion of the advertising fund that we determine on an annual basis for such reasonable salaries, administrative costs and overhead, if any, as we may incur in connection with administration of the advertising fund (which does not include separate costs of employing independent contractors or agencies to administer, create, distribute, place, publish or otherwise provide products or services to the advertising fund). The marketing fund may borrow money and pay interest or establish credit from us or other entities. Payments of principal and interest on those loans may be deducted from the marketing fund. The marketing fund will not be used for advertising that is principally a solicitation for the sale of franchises but the marketing fund

may be used for ancillary or incidental uses for the solicitation or sale of franchises by us or other franchisees, including an area on our website or on print advertisements created or distributed by the marketing fund or an advertising cooperative.

We may, in our discretion, administer the marketing fund for some or all markets by disbursing a portion of the marketing funds to one or more individual franchisees or cooperative groups of franchisees for advertising expenditures in their markets. You must spend any of those disbursements to you on local or regional advertising and media as we determine. You must document these advertising expenditures at the times and in the manner specified by us.

We will use reasonable efforts to spend advertising fees contributed to the marketing fund during the fiscal year in which the contributions are made, taking into account reasonable reserves for advertising promotions and campaigns, repayment of debt, and other reasonable business needs in the next fiscal year. If we spend less than the total amount of funds available in the marketing fund during any fiscal year, we will spend the unused funds during a future fiscal year. If we spend an amount greater than the amount available to the marketing fund, and we have contributed the additional amounts to the marketing fund, we will be entitled to be reimbursed by the marketing fund for all those excess expenditures.

We and any agency we engage will not be liable for consequential or incidental damages resulting from administration of the marketing fund or resulting from any advertising produced or placed by or on behalf of us or you, or the failure to produce or place advertising, including any claims for loss of business, and you waive any of those claims.

We have the right to incorporate the marketing fund or manage the marketing fund through a separate entity whenever we deem appropriate. We may assign some or all of our rights and duties related to the marketing fund to the separate marketing fund entity. We may change the separate marketing fund entity or assign management of the marketing fund back to us at any time in our discretion. Regardless of the entity, you consent to the automatic withdrawal of marketing fund fees by electronic funds transfer in the manner and upon the intervals we specify.

9.3 Minimum Local Advertising.

You must spend a minimum of one percent (1%) of Gross Sales per month on advertising in your local market. You must provide us with documentation, at the times and in the form and manner specified by us, to prove that you spent the required amount on local advertising or, in our discretion we may require you to pay the minimum local advertising amounts to us for advertising in your local market. If we require you to pay the minimum local advertising amounts to us, we may use these amounts, in our discretion, for local advertising and promotion for you (including but not limited to Digital Advertising, flyers, promotions, mailers, etc.) or as part of joint advertising or cooperative advertising described in Section 9.4. We will collect these amounts by electronic funds transfer under Section 4.13. Your minimum local advertising requirement is separate from and in addition to your obligations for grand opening advertising and for contributions to the marketing fund. If we require you to pay the minimum local advertising amounts to us, we will submit to you, on request, an annual report of the receipts and disbursements of those amounts, which may be unaudited and prepared by us.

9.4 Joint Advertising and Advertising Cooperatives.

We may designate a local, regional, or national advertising area that includes a group of Stores (an “Advertising Area”). If the Franchise Business is within a designated Advertising Area, you must participate in and pay your proportionate cost of any joint advertising specified by us for that Advertising Area.

In addition, we may require an advertising cooperative to be formed and operated in an Advertising Area. If the Franchise Business is within that designated Advertising Area, you must join, maintain a membership in, and sign and abide by the cooperative agreement for the advertising cooperative in that Advertising Area. Each advertising cooperative must adopt a cooperative agreement governing the organization and operation of the advertising cooperative. If specified by us, the cooperative agreement must require contributions to the advertising cooperative to be paid to us or to the advertising cooperative by electronic funds transfer. We must approve the structure of the advertising cooperative as well as the cooperative agreement and any changes to that agreement. The cooperative agreement must be submitted to us for prior approval. If we have not approved the cooperative agreement in writing within fourteen (14) days after receipt, the cooperative agreement will be deemed not approved. If the members of the advertising cooperative do not adopt and sign an approved cooperative agreement within thirty (30) days after we designate the Advertising Area for the advertising cooperative, the advertising cooperative must adopt and you must sign our then current recommended cooperative agreement. The cooperative agreement cannot modify the terms of this Agreement but may require you to make contributions to the advertising cooperative in addition to any marketing fund contributions you are required to make to us. You must make contributions to the advertising cooperative at the times and in the amounts as determined by the advertising cooperative. Each Store in the advertising cooperative (including Stores operated by us or our affiliates) will have one vote on matters before the advertising cooperative. Decisions will be made as provided in the cooperative agreement, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of the advertising cooperative. Any franchisee holding an officer, management, executive or committee position with the advertising cooperative must be a franchisee-in-good-standing as defined in Section 8.15. The administration, costs, and expenses of each advertising cooperative will be the responsibility of the advertising cooperative. The advertising cooperative will be responsible for the collection of contributions from its members and we will not be responsible to you if other franchisees in the advertising cooperative fail to pay contributions or to otherwise abide by the cooperative agreement or the decisions of the advertising cooperative. We will have the authority to form, change, dissolve or merge advertising cooperatives.

All advertising or promotional programs and materials used by an advertising cooperative or furnished to the members of the advertising cooperative must be approved in advance by us under Section 9.6 and must comply with the other requirements of Section 9.6. We may require an advertising cooperative to work with us or an agency designated by us in coordinating and placing local, regional or national advertising for the members of the advertising cooperative.

9.5 Limits on Your Local Advertising Obligations.

The amounts you spend for joint advertising, cooperative advertising, and promotional programs specified by us will apply to your minimum local advertising obligation under Section 9.3. Except for grand opening advertising under Section 9.1, you will not be required to spend more than five percent (5%) of your Gross Sales per quarter for local advertising, joint advertising, cooperative advertising, and promotional programs specified by us unless you agree otherwise. This limit does not apply to marketing fund contributions paid to us under Section 4.3.

9.6 Advertising by You; Approval of Advertising Materials.

We have the right to set advertising policies and procedures that you must follow. These advertising policies and procedures may include required promotions, limiting marketing to a certain area so that you are not directing marketing to another franchisee's area, and limiting the type of marketing that you may use.

All advertising by you in any medium, including signage, must be factual and dignified, must conform to our standards and specifications, and to the highest standards of ethical advertising practice, and must be approved by us in writing before it is used. You must submit to us for approval all marketing and promotion materials, including signage, prepared by you for the Franchise Business and not prepared by or previously approved by us. These materials must be submitted at least thirty (30) days before use. If we do not approve advertising submitted to us in writing within the thirty (30) day period, the advertising shall be deemed disapproved. We have the right to disapprove the use of any advertising materials by you at any time. You must discontinue the use of advertising materials immediately on receipt of our written notice, even if we previously approved the use of advertising materials. You must not use any advertising materials not approved by us. You agree to refrain from any business or advertising that may be injurious to our business, or the goodwill associated with the Franchise Marks and Franchise Systems and other Stores.

If specified by us, all of your advertising must contain notices of: (a) our website domain name or other Digital Marketing specified by us; (b) our toll-free telephone number; and/or (c) a statement regarding the availability of Azal Coffee franchises. To the extent possible, you must include the following language in all advertising: "Each Azal Coffee is independently owned and operated." All materials containing our proprietary Marks must include the designation service mark SM, trademark TM, registered trademark ®, copyright ©, or any other designation we specify.

9.7 Digital Marketing.

You acknowledge that the use of the Internet, email, websites, social networks, wikis, podcasts, online forums, content sharing communities, blogging, other social media accounts or participations (including Facebook, X, LinkedIn, YouTube, TikTok, Pinterest, Instagram, Snapchat, Threads, and any other social media platforms now existing or later created), mobile applications and technology, and other digital media, digital coupons, keyword or adword purchasing programs, search engine optimization, search engine marketing, marketing using other forms of digital media, and toll-free telephone numbers ("Digital Marketing") in connection with the operation, advertising, and marketing of the Franchise Business is subject to the trademark, advertising, marketing, and other requirements of this Agreement and the Brand Standards Manual. You must not use any Digital Marketing in connection with the Franchise Business, except with our written consent and then only in accordance with any policies and procedures specified by us. We have the sole right to control all Digital Marketing used to promote Stores (including the Franchise Business) and/or associated with the Franchise Marks. If we authorize you to use Digital Marketing, we may require you to only use Digital Marketing through central accounts established by us. You must provide us with login, password, administrative password, security codes, and other information necessary for us to access and use (including use for marketing to your customers) any Digital Marketing accounts we authorize you to use. We have the right to control all responses to postings by customers and/or the public on Digital Marketing platforms relating to the Franchise Business.

9.8 Photo and Video Release.

You acknowledge and agree that we may take photos and/or videos in your Store or elsewhere and those photos and videos may include photos and videos of your owners, employees, and customers. If we desire to take photos or videos in your Store, we will provide you with notice one (1) week prior to our arrival. We will not engage in photo or video shoots in your Store more than four (4) times per year. You agree that we may use those photos and videos in advertising, including on our website, social media, on television, in any promotional material, and other Digital Marketing. You hereby give and forever grant to us and our successors, assigns, and licensees, the right to use, publish, and copyright throughout the world in perpetuity any such photos and videos, in whole or part, including alterations, modifications, derivations, and composites of the photos and videos (the "Work"), in advertising and promotion of the Franchise

Systems and Store. This right includes, but is not limited to, the right to combine the Work, in whole or in part, with other images, and to alter the Work, by digital means or otherwise, so long as the use is of a lawful purpose. You agree that all Work is our property and will not be returned to you for any reason. You, your owners, your employees and any other individual who appears in any photo or video waives any right to inspect or approve the Work. Additionally, your owners, your employees and any other individual appearing in any photo or video waive any right to royalties or other compensation arising or related to the use of any Work. You and your owners hereby hold us harmless from and against and release and forever discharge us from all claims, demands, and causes of action which you, your owners, your employees, and each of their respective successors, assigns, heirs, representatives, executors, administrators, or any other persons on their or your behalf or may have by reason of this authorization. To the extent required for us to use any Work, you shall secure any and all legal, written consents from your employees (upon their hiring) and customers to authorize us to use any Work as contemplated in this Section.

ARTICLE 10 – REPORTS, ACCESS AND AUDIT, CUSTOMER LISTS

10.1 Reports and Financial Statements.

You must use the standard reporting systems and forms specified by us. You must submit to us a complete statement of Gross Sales and other information specified by us for the reporting periods and on the forms specified by us. You must provide us with copies of all sales or similar tax returns, annual income tax returns, monthly profit and loss statements, monthly balance sheets, monthly inventory statements and annual financial statements. You must provide copies of monthly statements or reports to us within fifteen (15) days of the end of each month and copies of annual statements or reports within thirty (30) days of the end of your fiscal year. You must use the “chart of accounts” designated by us from time to time when recording financial information and preparing financial statements and other reports. We may specify other requirements relating to reporting in the Brand Standards Manual. Your failure to timely provide required reports or financial statements may result in liquidated damages amounts being assessed against you under Section 15.7.

You agree that we may receive information directly from suppliers and you authorize your suppliers to provide information directly to us. You agree to sign separate authorizations or additional documents requested by suppliers or that we deem necessary for us to obtain information directly from suppliers.

We may disclose your financial records in future Franchise Disclosure Documents and reporting analyses presented to third parties and to our actual and potential lenders. Also, we may share information in your reports and financial statements with other franchisees or prospective franchisees in the ordinary course of our business as a tool to improve the Azal Coffee franchise system’s volume of business and as required to support any financial performance representation we make in our Franchise Disclosure Document.

10.2 Records.

You must keep complete and correct books of account, business records, and records of Gross Sales, in accordance with the procedures specified by us and in accordance with generally accepted accounting principles. You must keep all of your business records for the greater of: (a) seven (7) years; or (b) the time period specified by any applicable federal, state, or local law or regulation.

10.3 Inspection; Shopping Service.

We and our designated agents have the right, at any reasonable time and without prior notice, to: (a) inspect the Franchise Business; (b) confer with you and your management employees; and (c) inspect your equipment, signage, fixtures, furniture, and operating methods. We may require that you furnish your customers with an evaluation form specified by us pre-addressed to us. Also, we may require that you maintain a comment box at the Franchise Location, which may only be opened by us. You must fully cooperate with our representatives making any inspection or observing the work of you and your management employees or retrieving information from the comment box.

We may ourselves or through a third-party shopping service evaluate the operation and quality of the Franchise Business, including food quality, drink quality, legal compliance, inventory availability, customer service, cleanliness, merchandising, franchise compliance and proper use of the Franchise Technology. We may use service evaluations to inspect the Franchise Business at any time at our expense, without prior notification to you. We may make the results of any service evaluation available to you, in our sole discretion. You will pay us a mystery shopper fee to implement this program.

You must take action as may be necessary to immediately correct any deficiencies detected during any inspection by us or agents. If you fail to make these corrections within a reasonable period of time, we will have the right, but not the obligation, to correct any deficiencies that may be susceptible of correction, including removal from the premises of any non-conforming products, fixtures, furnishings, equipment, supplies, advertising, or promotional materials and signs, and to charge you a reasonable fee for any expenses we incur in correcting the deficiencies. Also, your violations of this Agreement or our specifications observed in any inspection or other evaluation may result in liquidated damages amounts being assessed against you under Section 15.7.

10.4 Our Right to Access Records and Audit.

We or our designated representatives may at any reasonable time examine and copy your books, records, tax returns, and other documents and things we request. We also may, on five (5) days written notice to you, have an independent audit made of your books and records. If an audit reveals that you have understated your Gross Sales in any report to us, you must immediately pay us the amount due on the understated amount on demand, in addition to any interest and late charges under Section 4.8 from the date originally due to the date paid.

We will conduct the audit at our expense; however, if an audit is made necessary by your failure to furnish reports, financial statements, or tax returns, or discloses an understatement of three percent (3%) or more of the Gross Sales of your Franchise Business in any report, then you must pay for the costs of the audit, including any travel expenses, meals, lodging and compensation of our employees or agents and actual accounting and attorney's fees.

You understand that nothing contained in this Section 10.4 constitutes our agreement to accept any payments after they are due or a commitment by us to extend credit to or otherwise finance the operation of your Franchise Business. Your payment of our expenses and/or late charges and interest are not our sole remedies in those circumstances and this Agreement may be subject to termination under Article 15.

10.5 Notices of Certain Events.

You must notify us in writing of the details of any of the following events, within one (1) business day of the occurrence of the event:

(a) The start of any civil or criminal action, suit, countersuit or other proceeding against you or any Designated Owner, or the General Manager.

(b) You, any Designated Owner, or the General Manager receives a notice of noncompliance with any law, rule, or regulation.

(c) The issuance of any conviction or plea of guilty or no contest in a criminal matter, order, writ, injunction, award, or decree of any court or other tribunal, any agency, or other governmental organization against you, any Designated Owner, or the General Manager.

(d) Any governmental department or agency begins an investigation of the Franchise Business, schedules a review, inspection, or audit of the Franchise Business, issues a complaint, report, warning, certificate or rating concerning you or the Franchise Business, or takes any action against the Franchise Business.

You must provide us with any additional information we request, within five (5) days of request, about the status, progress or outcome of any of the events listed in this Section. Your failure to provide the notice and/or additional information required by this Section 10.5 will be considered a material default under this Agreement.

10.6 Customer Personal Information.

If we request, you must provide us with all Customer Personal Data and other information about your customers. The Customer Personal Data and other information must be provided in the manner and format specified by us, which may include having you deliver written or electronic copies or our remotely accessing the information on your computer systems. We may also access and obtain the Customer Personal Data and other information from your records (including computer records) and from software and other service providers that can provide us access to that information.

ARTICLE 11 – INTELLECTUAL PROPERTY

11.1 Intellectual Property Defined.

Our intellectual property includes: (a) the Marks; (b) the Trade Dress; (c) any present or future copyrights relating to the Franchise Systems or the Azal Coffee concept, including, but not limited to, the Brand Standards Manual and marketing materials; (d) any present or future inventions, patents, and patents pending that are part of the Franchise Systems; (e) the Confidential Information (defined in Section 12.1); and (f) any other proprietary rights, trade secrets, methods, or procedures that are part of the Systems (collectively referred to in this Agreement as the “Intellectual Property”).

11.2 Acknowledgements; No Contesting Our Rights.

You acknowledge the validity of the Intellectual Property and that we and our affiliates are the exclusive owners of the Intellectual Property. You agree that any further rights or goodwill that may develop in any of the Intellectual Property in the future will inure solely to the benefit of us and our affiliates. You do not now and will not in the future assert a claim to any goodwill, reputation, or ownership of the Intellectual Property by virtue of your non-exclusive license to use the Intellectual Property or for any other reason. Nothing in this Agreement gives you any right, title, or interest in or to any of the Intellectual Property, except a mere privilege and license during the term of this Agreement, to display or use the Intellectual Property according to the terms and conditions of this Agreement. During the term of this Agreement and after its expiration or termination, you agree not

to directly or indirectly contest our ownership, title, right, or interest in or to, or our license to use, or the validity of the Intellectual Property, or contest our sole right to register, use, or license others to use the Intellectual Property.

11.3 Use of Intellectual Property.

You must use the Intellectual Property only in connection with the operation of the Franchise Business pursuant to the Franchise Systems and only in the manner specified in this Agreement or by us. You must operate the Franchise Business under the Franchise Marks and you must not use any other name or mark in connection with the Franchise Business without our prior written consent. You must not use the Intellectual Property in connection with any products or services not specifically authorized by us in writing. You must not reproduce or cause to be reproduced any Franchise Marks in any manner, including reproduction on forms or invoices, in connection with advertising, marketing or promotion, or on the Internet or in an Internet domain name, in connection with a website, or in connection with any Digital Marketing, without our prior written consent. You must not use the Franchise Marks in your business, corporate, partnership or limited liability company name. However, you must register to do business under the assumed business name of "Azal Coffee" with an additional designation as determined by us to distinguish the assumed name from other Stores (for example: "Azal Coffee of Dearborn").

On expiration or termination of this Agreement, we may, if you do not do so, sign in your name and on your behalf, any documents necessary in our judgment to end and cause discontinuance of your use of the Franchise Marks and you irrevocably appoint and designate us as your attorney-in-fact for that purpose.

11.4 Defense of Intellectual Property.

You must promptly notify us of any claim, suit, or demand against you on account of any alleged infringement, unfair competition, or similar matter relating to your use of the Intellectual Property. We will then take action as we deem necessary and appropriate to protect and defend you against the claim by any third party. You must not settle or compromise any claim by a third party without our prior written consent. We will have the sole right to defend, compromise, or settle any claim, in our discretion, using attorneys of our choosing, and you agree to cooperate fully with us in connection with the defense of the claim. You may participate at your own expense in the defense or settlement, but our decisions with regard to the Intellectual Property will be final.

11.5 Prosecution of Infringers.

You must promptly notify us if you receive notice or are informed or learn that any third party who you believe is using the Intellectual Property or any name or mark confusingly similar to the Marks without our authorization. We will then, in our sole discretion, determine whether or not we will take any action against the third party on account of the alleged infringement of the Intellectual Property. You will not have any right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against the alleged infringer for or on account of the infringement. If we choose to prosecute any infringement of the Intellectual Property, you must sign all documents and do all acts necessary or incidental to that action as our counsel may reasonably request. We will have exclusive rights in any damages awarded or recovered in any prosecution of an infringement claim related to the Intellectual Property and we will not have any obligation to share any awards or recoveries with you.

11.6 Modification or Substitution of Intellectual Property.

We may change the authorization to use the Intellectual Property contained in this Agreement, including adding, discontinuing or modifying Intellectual Property, or substituting different Intellectual Property, by issuing, in a written notice, a description of the changes and the

products or services to which they relate. You must use and abide by these changes or substitutions at your expense. We may make the changes because of the rejection of any pending registrations or the revocation of any existing registrations of the Intellectual Property, or due to the rights of senior users, or for other business reasons, except we will make the changes in the Intellectual Property on a uniform basis for all similarly situated Stores in a particular market.

11.7 Innovations.

All ideas, concepts, techniques, variations, improvements, marketing programs, techniques, materials or other intellectual properties that relate to or enhance the Franchise Business or the Systems ("Innovations"), whether or not protectable intellectual property and whether created by or for us or by or for you, must be promptly disclosed to us and will be our sole and exclusive property, part of the Franchise Systems, and works made-for-hire for us. You hereby permanently and irrevocably assign ownership of the Innovations, and all related rights to the Innovations, to us to the extent the Innovations do not qualify as a "work made-for-hire" for us. You agree to take whatever action (including signing an assignment or other documents) that we request to evidence our ownership of the Innovations.

ARTICLE 12 - CONFIDENTIAL INFORMATION

12.1 Confidential Information Defined.

You acknowledge that prior to or during the term of this Agreement we may disclose to you, either orally or in writing, or you may otherwise obtain, certain proprietary and/or non-public information, data and facts relating to developing and operating a Store, your Franchise Business, the Franchise Systems, or otherwise relating to the Azal Coffee network of franchises (the "Confidential Information"). The term "Confidential Information" includes without limitation:

- (a) Our Brand Standards Manuals and all information, guidance, and instructions contained therein, training methods and materials, written directives, operations methods, menus, recipes, food and beverage preparation techniques, other techniques, processes, policies, procedures, systems, and all specifications and data related to the operation of your Store or the Franchise Systems;
- (b) All knowledge and experience relating to Stores;
- (c) Advertising, marketing techniques and strategies, and advertising programs used in developing and operating Stores;
- (d) All information regarding the identities and business transactions of customers, suppliers, and vendors, including but not limited to, customer information, sources of supplies, inventory, equipment, pricing paradigms for sources of supply, and all other information pertaining to the same;
- (e) Computer software and similar technology and systems that have been or may be developed by or for us or our agents, which is proprietary to us, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (f) Financial information, including but not limited to knowledge of the operating results and financial performance of your Franchise Business and other Stores;

- (g) New ventures, projections, analyses, pending projects and proposals, and product research and development information;
- (h) The subjects and content of all conversations and communications between us and you and any Owners;
- (i) All Customer Personal Data and other customer information;
- (j) Other aspects of the Franchise Systems now or later revealed to you under this Agreement and all changes and enhancements in the Franchise Systems, even if developed by you; and
- (k) Other property that we describe as being Confidential Information or that should reasonably be considered confidential.

12.2 Ownership and Use of Confidential Information.

You acknowledge that we own the Confidential Information. You agree that you will not acquire any interest in the Confidential Information, other than the limited right to use it as we specify solely for the purpose of establishing and operating the Franchise Business during the term of this Agreement. You acknowledge and agree that the Confidential Information is proprietary to us and is disclosed to you in confidence only on the condition that you and your shareholders, officers, directors, partners, members, managers, owners, investors, employees and agents, "Family Members" (defined in Section 13.4), and affiliates agree that they will:

- (a) Not use the Confidential Information in any business or capacity other than in the Franchise Business as authorized by this Agreement, both during the term of this Agreement and after expiration or termination of this Agreement for as long as the Confidential Information is not generally known in the industry;
- (b) Keep all Confidential Information absolutely confidential, both during the term of this Agreement and after expiration or termination of this Agreement, including but not limited to, not sharing, disclosing, transmitting, duplicating, broadcasting, publishing, or permitting access to the Confidential Information with any party not bound by the confidentiality and nondisclosure provisions of this Agreement, and with respect to whom we have not provided our prior written authorization;
- (c) Not make unauthorized copies, recordings, duplicates, compilations, or reproductions of any Confidential Information;
- (d) Adopt and implement technical and organizational procedures to prevent unauthorized use and disclosure of, and unauthorized access to Confidential Information, including restricting all use or disclosure of, and access to, Confidential Information to parties bound by equivalent confidentiality and nondisclosure obligations as provided under this Agreement, and for whom we have provided our prior written authorization;
- (e) Require your employees, contractors, service providers, consultants, agents, and any other individual or entity that you share, disclose, or provide access to Confidential Information to, to sign an agreement relating to confidentiality and/or non-competition in a form approved by us before revealing any aspect of the Confidential Information to them. We have the right to be a third-party beneficiary of those agreements with independent enforcement rights; and

(f) On the expiration or termination of this Agreement or the transfer of the Franchise Business, immediately cease using any and all of the Confidential Information in any business or otherwise and return to us all copies of all Confidential Information in your possession.

You acknowledge and agree that you will be liable to us for any use, transfer, sharing, disclosure, copying, duplication, retention, deletion, or modification of the Confidential Information not authorized by this Agreement. If you or your shareholders, officers, directors, partners, members, managers, owners, investors, employees, and agents, Family Members receive notice of any request, demand, or order to transfer or disclose all or any portion of the Confidential Information, you shall immediately notify us thereof, and shall fully cooperate with and assist us in prohibiting or denying any such transfer or disclosure. Should such transfer or disclosure be required by a valid, final, non-appealable court order, you shall fully cooperate with and assist us in protecting the confidentiality of the Confidential Information to the maximum extent permitted by law.

You will not be held criminally or civilly liable under any federal or state trade secrets law for disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal.

12.3 Development of New Confidential or Proprietary Information.

All ideas, concepts, techniques, variations, improvements, marketing programs, materials or other intellectual properties that relate to or enhance the Franchise Business or the Franchise Systems, whether or not protectable intellectual property and whether created by or for us or by or for you, must be promptly disclosed to us and will be our sole and exclusive property and works made-for-hire for us and, if specified by us, part of the Franchise Systems. You hereby permanently and irrevocably assign ownership of the intellectual property, and all related rights to it, to us to the extent that any intellectual property does not qualify as a "work made-for-hire" for us. You agree to take whatever action (including signing an assignment or other documents) that we request to evidence our ownership in the intellectual property without additional compensation to you.

ARTICLE 13 – RESTRICTIONS ON COMPETITION

13.1 Covenant Not to Compete During Term.

You and your shareholders, officers, directors, partners, members, managers, owners, and investors, Family Members (defined in Section 13.4) and affiliates must not, during the term of this Agreement engage in any activity in competition with us or our franchisees and licensees, including involvement, whether as an owner (except ownership of no more than one percent (1%) of a publicly traded entity), director, officer, member, manager, employee, consultant, lender, representative or agent, or in any other capacity, or otherwise in any business that is involved, in whole or in part, in a "Competing Business" (defined in Section 13.4), (except other Stores operated under franchise agreements entered into with us), or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business, unless you have received our prior written approval.

13.2 Covenant Not to Compete After Term.

On the termination (including termination on transfer), expiration, or non-renewal of this Agreement, you and your shareholders, officers, directors, partners, members, managers, owners and investors, Family Members, and affiliates, must not, for a period of three (3) years commencing on the later of the effective date of termination, expiration, or non-renewal, or the date of any Court order enforcing this provision, directly or indirectly, engage in any activity in competition with us or our franchisees and licensees, including involvement, whether as an owner (except ownership of no more than one percent (1%) of a publicly traded entity), partner, director, officer, member, manager, employee, consultant, lender, representative or agent, or in any other capacity in any business that is involved, in whole or in part, in a Competing Business or in any business or entity that franchises, licenses or otherwise grants to others the right to operate a Competing Business; provided that, the restrictions in this Section will only apply within the "Geographic Areas" (defined in Section 13.4).

13.3 Other Restrictions.

You and your shareholders, officers, directors, partners, members, managers, owners and investors, Family Members, and affiliates, must not, during the term of this Agreement and for a period of three (3) years after termination, expiration, or non-renewal of this Agreement, directly or indirectly: (a) divert or attempt to divert any business or customer of the Franchise Business or any other Store to any Competing Business by direct or indirect inducements or otherwise; (b) sponsor, appoint or encourage or influence or promote friends, relatives or associates to operate a Competing Business; or (c) employ any person or furnish of permit access to our Confidential Information to any person who is engaged or has arranged to become engaged in any activity in competition with Azal Coffees, including involvement, either as an owner (except no more than one percent (1%) of the publicly traded securities of an entity), member, manager, partner, director, officer, employee, consultant, lender, representative or agent, or in any other capacity, of any business that is involved, in whole or in part, in a Competing Business or in any business or entity that franchises, licenses or otherwise grants to others the right to operate a Competing Business.

13.4 Definitions of Competing Business, Geographic Areas, and Family Members.

The following definitions will apply to this Agreement:

(a) "Competing Business" means any business that competes with the Stores and/or is the same or similar to an Azal Coffee Store, including but not limited to a business that sells the same or similar coffee beverages, baked goods, food products, coffee beans, or coffee accessories for dine-in, carry-out, catering, or delivery or other products that may be offered by Azal Coffee Stores now or in the future.

(b) "Geographic Areas" means: (i) the Franchise Location; (ii) the area within twenty-five (25) miles of the Franchise Location; and (iii) the areas within twenty-five (25) miles of any other Azal Coffee Store existing or in development at the time you cease to operate the Competing Business.

(c) "Family Members" means all individuals with any of the following relationships with you or any of your shareholders, officers, directors, partners, managers, members, owners and investors, and affiliates: (i) spouse; (ii) children; (iii) grandchildren; (iv) stepchildren; (v) parents; (vi) siblings; (vii) spouse's parents; and (viii) spouse's siblings.

13.5 Acknowledgements and Agreements Relating to Restrictions on Competition.

You acknowledge and agree that the length of the post-term restrictions and the geographical restrictions contained in this Article 13 are fair and reasonable and that we have

attempted to limit your right to compete only to the extent necessary to protect the reasonable competitive business interests of us and our franchisees and licensees. If the above restrictions or any part of these restrictions are found to be invalid, this Article 13 will be considered as imposing the maximum restrictions allowed under the applicable state law in place of the invalid restriction or part of the restriction. In addition, we reserve the right to reduce the scope of these provisions without your consent, at any time, effective immediately on notice to you.

If you are not an individual, your owners (stockholders, partners, members, etc.) will be bound by this Article 13 and must, contemporaneously with signing this Agreement, sign the Obligations and Representations of Owners attached as Appendix B to this Agreement. You and your owners must also execute a separate Confidentiality and Nondisclosure Agreement and Covenant Not to Compete in a form specified by us.

ARTICLE 14 - TRANSFERS

14.1 General Rule.

This Agreement is personal to you or to your owners if you are an entity. Accordingly, neither you nor any of your direct or indirect owners, may, without our prior written consent, directly or indirectly or contingently, whether voluntarily or by operation of law, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in: (a) this Agreement; (b) the Franchise Business or any of the assets of the Franchise Business; (c) the Franchise Location; or (d) any equity or voting interest in you (if you are an entity). Any act or event described above in this Section or any other act defined as a transfer elsewhere in this Agreement is referred to as a "Transfer." Any permitted Transfer must only be made in accordance with the provisions of this Article 14. You do not have the right to sublicense any of the rights granted by this Agreement. Any attempted Transfer not in accordance with this Agreement will have no effect and will constitute a breach of this Agreement.

14.2 Notice of Proposed Transfer; Review Fee; Right of First Refusal.

You or any of your owners (if you are an entity) or any legal heir or devisee of you or your owners (the "Seller") who receives and desires to accept a *bona fide* offer from a third party to engage in a Transfer, must notify us in writing of the offer (the "Offer Notice"). The Offer Notice must describe the proposed Transfer in detail, including the name and address of the proposed purchaser, the nature of the Transfer, the consideration to be paid, and all other material terms and conditions of the Transfer. In addition to the Offer Notice, the Seller must also deliver copies of all documents to be executed in conjunction with the Transfer and any financial or other information as we may specify to reasonably inform us of the financial condition of the Franchise Business, including financial statements and tax returns of the Franchise Business.

At the time of delivery of the Offer Notice, you must also pay us a review fee in the amount of Ten Thousand Dollars (\$10,000). The review fee is to compensate us for the review of the Offer Notice and the prospective transferee and is not refundable under any circumstances. If we do not exercise our right of first refusal and approve the proposed Transfer under Section 14.3, the review fee will be applied to the transfer fee due under Section 14.3(h).

We will have, for a period of thirty (30) days from the date of delivery of the information specified above, the right and option ("right of first refusal"), exercisable by written notice to the Seller, to purchase the Seller's interest on the terms specified in the Offer Notice (modified as described below). We may designate a substitute purchaser to complete the Transfer. If the Transfer involves the purchase of stock or other ownership interests, we will have the option to purchase the assets of the Franchise Business instead for equivalent consideration. If the

consideration offered by the proposed purchaser is not all cash or cash equivalents (e.g., services), we may pay a reasonable equivalent in cash. If we are not able to agree with the Seller within a reasonable time on equivalent or substitute cash consideration, the determination will be made by appraisal using the method described in Section 20.3.

If we exercise our right of first refusal, the Transfer between Seller and us will be closed by the later of: (a) ninety (90) days after exercise of the right of first refusal; or (b) thirty (30) days after any necessary determinations of equivalent or substitute cash consideration. We will be entitled to customary warranties, closing documents, and post-closing indemnification.

If we do not exercise our right of first refusal and we consent to the proposed Transfer (subject to the conditions listed in Section 14.3), the Seller may complete the proposed Transfer, but only on the same terms as offered to us. However, the proposed Transfer must be completed within sixty (60) days after the expiration of our thirty-day right of first refusal period. If the Transfer is not completed within the sixty-day period, the Transfer will again become subject to our right of first refusal under this Section.

14.3 Conditions of Our Consent to Transfer.

If we do not exercise our right of first refusal under Section 14.2, the Seller may only engage in the proposed Transfer if we consent to the proposed Transfer. Before we determine whether to approve a proposed Transfer, the conditions listed below, as well as any other reasonable conditions specified by us, must be fulfilled. If these conditions are met, we will not unreasonably withhold our consent to a proposed Transfer of the type permitted by this Agreement.

Before we will consent to a proposed Transfer, the following conditions must be fulfilled:

- (a) You must timely provide the Offer Notice to us and pay the review fee.
- (b) The proposed transferee must follow the same application procedures as a new franchisee and must meet the same standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, etc. as we have set for any new franchisee.
- (c) The terms of the proposed Transfer must not place unreasonable burdens on the proposed transferee.
- (d) You and the Seller must be in full compliance with all provisions of this Agreement and must pay us and all suppliers of the Franchise Business all monies owing.
- (e) You and the Seller must sign at the time of Transfer an agreement terminating this Agreement (unless this Agreement will be assigned to the transferee--see subsection (f) below) and must sign an agreement, in the form specified by us, that releases us and our affiliates, owners, officers, directors, employees, and agents from any and all claims and causes of action.
- (f) The proposed transferee must satisfactorily complete our initial training program. We may impose a reasonable charge for this training program.
- (g) The proposed transferee must, at our option: (i) sign with us a Franchise Agreement and related agreements on the standard forms in use by us at the time of Transfer, which agreements would have a term equal to the term remaining under this

Agreement and may contain terms materially different than the terms of this Agreement, including different royalty and marketing fund contributions; or (ii) sign, with you, an agreement satisfactory to us that includes an assignment by you of your rights under this Agreement and the assumption by the transferee of all your obligations under this Agreement. The owners of the proposed transferee must agree to be personally bound, jointly and severally, by all of the provisions of the new Franchise Agreement or this Agreement (if this Agreement is assigned).

(h) You must pay us the transfer fee specified in Section 4.7. The transfer fee must be paid at the time that we sign a consent to the proposed Transfer. The transfer fee is not refundable.

(i) You or the proposed transferee must take any action specified by us to make the Franchise Business comply with current appearance, Franchise Trade Dress, equipment, and signage requirements. We may require this action to be taken before the Transfer or within a specified period of time after the Transfer.

(j) The proposed transferee and its owners, shareholders, officers, directors, partners, members, investors, employees and agents, and their Family Members and affiliates of the proposed transferee must not be an owner, shareholder, officer, director, partner, member, investor, employee, agent or consultant of or to a business that competes with Azal Coffee. On our request, the transferee may be required to sign an acknowledgement of compliance with this prohibition.

(k) If the transfer involves installment payments by the transferee to the Seller, the Seller must sign a subordination agreement under which the Seller subordinates its right to receive any installment from the transferee to our right to receive all amounts due to us through the due date of the installment. The subordination agreement must be in a format and contain terms and conditions specified by us.

(l) Your landlord must allow the lease for the Franchise Location to be transferred to the transferee.

(m) You, the Seller, and the proposed transferee must comply with any other standard procedures specified by us.

You acknowledge that the conditions listed above are necessary for protection of the Franchise Marks and Franchise Systems and do not impose unreasonable restrictions on a Transfer.

14.4 Transfer on Death or Incapacity.

(a) If you are an individual and you die or become incapacitated, your rights under this Agreement will pass to the applicable estate, heirs, devisees, or legal representatives (collectively, the "estate"). The deceased or incapacitated individual's estate must:

(i) Ensure the Franchise Business is not closed for more than seven (7) days and is operated in compliance with applicable law;

(ii) Within ten (10) days of the death or incapacitation, appoint a replacement Designated Owner who satisfies our requirements, including but not

limited to (i) successful completion of our initial training program; (ii) execution of our approved confidentiality and non-competition agreement; and (iii) execution of the Guaranty;

(iii) Within ten (10) days of the death or incapacitation, if the deceased or incapacitated individual was acting as General Manager, appoint a replacement General Manager who satisfies our requirements, including but not limited to: (i) successful completion of our initial training program; and (ii) execution of our approved confidentiality and non-competition agreement; and

(iv) Effectuate a Transfer of the Franchise Business to a qualified transferee approved by us within two hundred seventy (270) days from the date of the death or incapacitation. Any such Transfer shall be subject to our right of first refusal under Section 14.2 and our consent requirements under Section 14.3.

(b) If you are an entity and your last surviving Owner (necessarily the Designated Owner) dies or becomes incapacitated, the deceased or incapacitated Owner's estate must:

(i) Ensure the Franchise Business is not closed for more than seven (7) days and is operated in compliance with applicable law;

(ii) Within ten (10) days of the death or incapacitation, if the deceased or incapacitated Designated Owner was acting as General Manager, appoint a replacement General Manager who satisfies our requirements, including but not limited to: (i) successful completion of our initial training program; and (ii) execution of our approved confidentiality and non-competition agreement;

(iii) Within ten (10) days of the death or incapacitation, appoint a replacement Designated Owner who satisfies our requirements, including but not limited to, (i) successful completion of our initial training program; (ii) execution of our approved confidentiality and non-competition agreement; and (iii) execution of the Guaranty; and

(iv) Effectuate a Transfer of the Franchise Business to a qualified transferee approved by us within two hundred seventy (270) days from the date of the death or incapacitation. Any such Transfer shall be subject to our right of first refusal under Section 14.2 and our consent requirements under Section 14.3.

(c) If you are an entity with multiple Owners, and the last surviving Designated Owner dies or becomes incapacitated, you must:

(i) Within ten (10) days of such death or incapacitation, appoint another Owner to serve as a Designated Owner who meets all requirements, including but not limited to successful completion of our initial training program; and

(ii) Within ten (10) days of the death or incapacitation, if the deceased or incapacitated Designated Owner was acting as General Manager and the newly appointed Designated Owner will not act as General Manager, appoint a replacement General Manager who satisfies our requirements, including but not limited to: (i) successful completion of our initial training program; and (ii) execution of our approved confidentiality and non-competition agreement.

(d) If, following the death or incapacity described in Section 14.4, a qualified Designated Owner and/or General Manager has not assumed operational control of the Franchise Business in accordance with this Agreement, we may, at our option but without obligation, temporarily assume control of and operate the Franchise Business until such time as a qualified Designated Owner and/or General Manager assumes operational control or the applicable interest in the Franchise Business is Transferred to an approved transferee. During any period that we operate the Franchise Business, we may deduct our reasonable expenses from the Franchise Business's Gross Sales, including but not limited to expenses for payroll, travel, lodging, meals, and all other operational expenses and fees. Any remaining Gross Sales, after payment of all operational expenses, will be paid to you or the estate, as applicable. Any deficiency in amounts due to us or from operation of the Franchise Business must be paid by you or the estate within ten (10) days of our notice of such deficiency. We will not be responsible for any operational losses of the Franchise Business, nor will we be obligated to continue operation. You hereby irrevocably appoint us and designate us as your attorney-in-fact for the purpose of taking operational control of the Franchise Business as provided in this Section. This power of attorney applies to all aspects of operation, including control over bank accounts, premises, and assets of the Franchise Business. You agree and direct that third parties, including landlords, banks, vendors, and employees, may rely on this power of attorney.

(e) Failure to comply with the requirements of this Section 14.4 shall constitute a material breach under this Agreement.

14.5 Transfers to Controlled Entities.

If you are in full compliance with this Agreement, this Agreement may be assigned to an entity in which you own and will continue to own all the issued and outstanding stock, membership interest, partnership interest, or other ownership interests and in which you will act as its principal executive officer or manager ("Controlled Entity"), provided that:

(a) All owners of the Controlled Entity execute this Agreement and agree to be personally bound, jointly and severally, by all of the provisions of this Agreement;

(b) The Controlled Entity agrees to be bound by all the provisions of this Agreement and to assume and discharge all of your obligations under this Agreement; and

(c) The Controlled Entity will have no right to engage in a Transfer except in accordance with the provisions of Article 14.

14.6 Assignment by Us.

We may assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person that we choose in our sole discretion without notice to you or approval by you or any other franchisee, at any time. If we assign this Agreement, we will be released from all of our obligations under this Agreement and you will look solely to our assignee for the performance of those obligations. You acknowledge and agree that we may sell our assets, the Intellectual Property or the Franchise Systems to any third party of our choice, including the operator of a competing franchise system; may offer our securities privately or publicly; may merge with or acquire other entities or be acquired by another entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without your consent and, provided the transferee expressly assumes and undertakes to perform our obligations in all material respects, free of any

responsibility or liability whatsoever to you after the transaction occurs. With regard to any of the above sales, assignment and dispositions, you expressly and specifically waive any claims, demands, or damages against us arising from or related to the transfer or assignment of this Agreement, the Intellectual Property or the Franchise Systems from us to any other party.

ARTICLE 15 – DEFAULT AND REMEDIES; TERMINATION

15.1 Default by Us; Termination by You.

We will be considered in default of this Agreement if we breach any of our material obligations under this Agreement and fail to cure that default within sixty (60) days of written notice from you. As a remedy for a default by us, you may elect to terminate this Agreement, but only if: (a) you are in full compliance with all terms of this Agreement; (b) you provide written notice to us specifying our default and the proposed date of termination; and (c) we committed the default and do not cure the default within sixty (60) days of written notice of the default from you. Your written notice of the default must specify in writing with particularity the nature of the default and the steps you request that we take to cure the default. Any attempt by you to terminate this Agreement without complying with the provisions of this Section will constitute a default by you.

15.2 Default by You.

You will be considered in default of this Agreement on the occurrence of any of the events listed in Sections 15.3 or 15.4 or otherwise listed as a default in this Agreement or if you breach any of your other obligations under this Agreement.

15.3 Events of Default by You; No Right to Cure.

Any of the following events will constitute a default by you and good cause for termination of this Agreement by us without affording you an opportunity to cure.

(a) You or any Owner makes any material misrepresentations or omissions to us or you submit to us any report or statement that you know or should have known is false or misleading.

(b) You commit fraud against us or our affiliates or against any of your customers, suppliers, agents, or employees.

(c) You fail to have employees and agents sign an agreement relating to confidentiality and/or non-competition in a form approved by us.

(d) You or any Owner is convicted of, or pleads guilty or no contest to, or we have reasonable proof that you or any Owner has committed: (i) a crime, offense or misconduct for which the minimum penalty includes imprisonment for more than one year; or (ii) any crime, offense or misconduct for which the minimum penalty includes imprisonment for one-year or less that involves fraud or dishonesty or is in any other way relevant to the operation of the Franchise Business or to the Franchise Systems or Franchise Marks or the goodwill associated with the Franchise Marks.

(e) You or any Owner fails to maintain an immigration status that allows you or such Owner to live and work in the United States.

(f) You received two (2) or more prior notices of default and/or to terminate for the same or a similar default during any consecutive twelve-month period.

(g) You received three (3) or more prior notices of default and/or to terminate, whether or not for the same or similar default, during any consecutive twelve-month period.

(h) You fail to attend two (2) or more mandatory meetings within any consecutive twelve-month period.

(i) You abandon the Franchise Business. Your abandonment will be conclusively presumed if you fail to open the Franchise Business for business: (i) for a period of two (2) consecutive business days without our prior written consent; or (ii) for a total of five (5) business days within a calendar year.

(j) You or any Owner engage in alcohol use, illegal drug use, or other substance abuse that interferes with the operation of the Franchise Business.

(k) You engage in conduct that reflects materially and adversely on the operation or reputation of the Franchise Marks or Franchise Systems.

(l) Your lease is terminated or mortgage foreclosed for any reason, including your failure to pay rent or mortgage payments or for any other cause for which you are responsible.

(m) You lose the right to occupy the Franchise Location and fail to: (i) begin to immediately look for a substitute site; and (ii) locate a substitute site approved by us and begin to operate the Franchise Business at that substitute site within ninety (90) days.

(n) You are assessed liquidated damages under Section 15.7 three (3) or more times in a calendar year.

(o) You fail to comply with your opening obligations under any applicable multi-unit addendum.

(p) You fail to complete our initial training program to our satisfaction.

(q) You, any affiliate of yours, or any of your Owners defaults under any other agreement with us or any affiliate of ours, or under any agreement with your landlord or any vendor, supplier, or other third party, for which there is no opportunity to cure, or for which you, your affiliate, or your Owner(s) have failed to cure.

15.4 Events of Default by You; Right to Cure.

Any of the following events will constitute a default by you and good cause for termination of this Agreement by us if you fail to cure the default during the applicable cure period specified in Section 15.5.

(a) You fail to enter into a lease for the Franchise Location as required by this Agreement.

(b) We determine that you are unable to complete or you have not completed any required ongoing training programs to our satisfaction, or you fail to demonstrate the qualities and abilities that we determine are necessary for the successful operation of the Franchise Business.

(c) You are unable to obtain, without extraordinary administrative proceedings or litigation, any permit or license necessary to develop and open the Franchise Business.

(d) You or we have received a substantial number of complaints from customers relating to products or services provided by you or based on your acts or omissions.

(e) You operate the Franchise Business in a manner that presents a health or safety hazard to your customers, employees, or the public.

(f) You do not or are unable to pay your debts or obligations as they become due or you file a voluntary petition in bankruptcy or are adjudicated bankrupt or insolvent or make an assignment for the benefit of creditors.

(g) You file any petition or other pleading seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, or you permit the continuance for more than thirty (30) days of any proceeding against you seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation.

(h) You seek, consent to, or acquiesce in the appointment of any trustee, receiver, or liquidator of your business, or all or a substantial part of your assets, or fail to vacate the appointment of any trustee, receiver, or liquidator for any purpose within thirty (30) days of appointment.

(i) You fail, within thirty (30) days of the entry of a final judgment against you in any amount exceeding Five Thousand Dollars (\$5,000), to discharge, vacate, or reverse the judgment or to stay execution on the judgment pending appeal or to discharge any judgment that is not vacated or reversed within thirty (30) days after the expiration of the stay of execution.

(j) You allow a levy of execution to be made on the Franchise Business.

(k) You fail to promptly pay your obligations to us, our affiliates, or third-party suppliers as they become due, or you default under a lease or finance agreement for the real or personal property involved in the Franchise Business.

(l) You fail to operate the Franchise Business in accordance with our uniform standards, you fail to meet current quality control standards according to the provisions of the Brand Standards Manual, or you fail to permit quality control checks and inspections by our representatives.

(m) You fail to purchase products and services for use in the Franchise Business from Designated or Approved Suppliers, as applicable.

(n) If you are an entity, any dispute, disagreement or controversy between or among your stockholders, members, partners, directors, officers or managers that materially and adversely affects the ownership, operation, management, or business of the Franchise Business.

(o) You, any affiliate of yours, or any of your Owners default under any other agreement with us or any affiliate of ours, or under any agreement with your landlord or any vendor, supplier, or other third party, in which you, your affiliate, or Owner has an opportunity to cure, in which case the cure period under this Agreement shall coincide with the cure period of the breached agreement.

(p) You, any affiliate of yours, or any of your Owners commit any other material breach of any of the terms of this Agreement or any other agreement entered into with us or our affiliates, including but not limited to, any breach of covenants of confidentiality, restrictions on competition, or personal guaranties.

15.5 Termination by Us.

We have the right to terminate this Agreement before its expiration only for good cause and only in accordance with the requirements of this Section. Good cause for termination of this Agreement by us includes any default by you as defined in this Article 15 or elsewhere in this Agreement.

(a) On the happening of any of the events specified in Section 15.3, we may, at our option, terminate this Agreement effective on delivery of written notice to you without affording you an opportunity to cure (except as may be required by applicable law).

(b) On the happening of any of the events specified in Section 15.4 or elsewhere in this Agreement or for any other good cause, we may, at our option, terminate this Agreement effective on written notice to you and your failure to cure the defaults during the applicable cure period. Our written notice of termination to you must specify any defaults under this Agreement or other reasons for termination and the date the termination will be effective. The effective date of termination must be: (i) at least ten (10) days from the date of notice for defaults involving the failure to pay amounts owed to us or our affiliates; and (ii) at least thirty (30) days from the date of notice in all other instances. This Agreement will automatically terminate without further action by us on the date specified in the notice as the effective date of termination unless you completely cure all the defaults or other reasons for termination specified by us in the notice before the date specified in the notice as the effective date of termination.

15.6 Our Right to Withhold Products and Support Services on Certain Defaults by You.

We will have the right to refuse to sell products to you, cause Designated or Approved Suppliers to refuse to sell products to you, withhold our support services from you, and/or prohibit you from accessing and using the Franchise Technology if you commit any of the following defaults: (a) you fail to make a payment to us or our affiliates for more than thirty (30) days after the due date of the payment; (b) you owe us or any Designated or Approved Supplier Five Thousand Dollars (\$5,000) or more in past due payments; or (c) you commit any other default under this Agreement and fail to cure the default within the applicable cure period. Our actions as authorized in this Section may continue until you have cured your defaults and will not suspend or release you from any obligation that you owe to us or our affiliates under this Agreement or otherwise.

15.7 Our Right to Charge Liquidated Damages for Certain Violations.

You agree to pay us liquidated damages as a remedy for your failure to comply with contractual obligations and/or operational standards or procedures specified by us. Under our current policies, the liquidated damages are: (a) Two Hundred Fifty Dollars (\$250) for the first violation; (b) Five Hundred Dollars (\$500) for the second violation; and (c) One Thousand Dollars (\$1,000) for the third or more violation. You must also pay us (a) Two Thousand Five Hundred

Dollars (\$2,500) if you fail to timely register and fully attend the annual convention; (b) One Thousand Dollars (\$1,000) per day for failing to be open and fully operational during the days and business hours designated by us; (c) Five Hundred Dollars (\$500) per week if you fail to participate in promotional programs; (d) One Thousand Dollars (\$1,000) if you fail to attend required additional training; (e) One Hundred Dollars (\$100) per week for each week a required weekly report is not timely provided to us; and (f) Five Hundred Dollars (\$500) for each month that a required monthly or annual report is not timely provided to us. The liquidated damages amounts and the violations to which they apply may be specified or revised by us in the Brand Standards Manual. The liquidated damages are intended to cover our damages suffered as a result of your violations. Those damages include our additional administrative expenses and damages arising from loss of uniformity, quality, reputation, or goodwill in the Franchise Systems. You agree that the imposition of the liquidated damages is reasonable. You also acknowledge and agree that the actual damages that would be sustained by us for the designated violations are incapable of calculation at the time of execution of this Agreement and that the liquidated damages amounts specified by us are a reasonable estimation of those damages. You must pay the liquidated damages in the manner specified in Section 4.13 within ten (10) days of our written notice to you.

15.8 Other Remedies.

Our exercise of any remedy as described in this Article 15 or elsewhere in this Agreement and/or enforcement of the provisions of Article 16 on termination or expiration of this Agreement will not affect or prejudice any other rights or remedies we may have for breach of this Agreement by you, whether those rights and remedies are contained in this Agreement or otherwise provided by law or equity. Our other rights and remedies may include an action for specific enforcement of this Agreement or other injunctive relief, an action for damages caused by the breach, or termination of this Agreement.

15.9 Security.

Until all payments are made and any damages, costs, and expenses incurred or suffered by us have been paid, we shall have, and you shall be deemed to have granted, a lien against any and all of the furnishings, fixtures, and equipment, and all other assets of the Franchise Business, and your interest in the Lease and the Location.

ARTICLE 16 - EFFECT OF TERMINATION OR EXPIRATION

16.1 Your Obligations on Expiration or Termination.

If this Agreement expires or terminates for any reason (including termination on a transfer), your rights to use the Intellectual Property and the Franchise Systems and all other rights associated with being an authorized Azal Coffee franchisee will cease and you must do the following:

(a) You must immediately and permanently discontinue the use of the Intellectual Property, the Confidential Information, the Franchise Systems, and any trademarks, names, and logos confusingly similar to the Marks or Trade Dress, and any other materials that may, in any way, indicate that you are or were an Azal Coffee franchisee, or in any way associated with us.

(b) You must immediately discontinue all advertising placed or ordered. You must remove and deliver to us all sign faces, advertising and promotional material, letterhead, forms, and any other items containing the Intellectual Property or the Confidential Information. You are responsible for the cost of sign and other identification removal and the cost of shipping signs and other materials to us. If you remain in possession of the Franchise

Location, you must alter the premises to distinguish the premises from the appearance of a Store.

(c) You must cease all use of the Brand Standards Manual, the Confidential Information, and all other proprietary business information provided by us or which you otherwise obtained, and you must return and transfer to us, or destroy if we require in our discretion, all copies of the Brand Standards Manual, the Confidential Information, and all other bulletins and materials containing Confidential Information or other information about the Intellectual Property and Stores.

(d) You must immediately and permanently cease to use all telephone and fax numbers, email addresses, website addresses, domain names and other electronic media that have been used in the Franchise Business (the "Telephone Numbers" and "Electronic Media") and if requested by us, must assign some or all of these Telephone Numbers and Electronic Media to us. You acknowledge that as between you and us, we have the sole right to all Telephone Numbers and Electronic Media used in the Franchise Business and all written and online directory listings associated with the Franchise Business. You authorize us, and appoint us and any of our officers as your attorney-in-fact, to direct the applicable service providers and all listing agencies to transfer those items to us or our agent or assignee if you fail or refuse to do so. You authorize the applicable service providers and all listing agencies to accept the direction in this Agreement as conclusive evidence of our exclusive rights in the Telephone Numbers and Electronic Media and directory listings and our authority to direct their transfer.

(e) You must cease using any business name containing any of the Marks and must file an abandonment or discontinuance of the name with the appropriate local, county or state agency.

(f) You must immediately pay all sums and debts owing to us and our affiliates, whether those sums and debts owing to us and our affiliates are evidenced by promissory notes, invoices, bills or other writings, and notwithstanding the fact that those sums and debts may not at that time be fully due and payable, those debts being accelerated automatically without further notice to you.

(g) You must sell to us all or part of your inventory or products on hand as of the date of termination or expiration that are uniquely identified with us, if any, as we may request in writing within thirty (30) days after the date of termination or expiration. You agree that the sales price for those items will be the current published prices then being charged by the manufacturer or supplier to our authorized franchisees, not including any costs of storage or transportation paid by you to bring the goods initially to the Franchise Business, minus all costs incurred or to be incurred by us to restore the goods or the packaging of the goods to a saleable condition and minus a reasonable allowance for physical deterioration, obsolescence, or damage to the extent not restored.

16.2 Termination of Lease; Option to Assume Lease.

On expiration or termination of this Agreement, we may terminate any lease or sublease entered into between you and us for the Franchise Location.

We have the option to require you to assign your lease for the Franchise Location to us if: (a) you commit a default under the lease for the Franchise Location that is not cured within any applicable cure period; (b) this Agreement expires or is terminated; or (c) you abandon the

Franchise Business. For this purpose, abandonment will be conclusively presumed if you fail to have the business open and fully operational for five (5) consecutive days. If we exercise this right: (i) to the extent possible, the lease, and all of your right, title and interest under the lease and to the Franchise Location will be automatically assigned to us without need of further instrument; (ii) you must cooperate fully and use your best efforts to acquire the landlord's approval of the assignment of the lease to us, if necessary; and (iii) if the lease cannot be assigned to us, you must sublease the Franchise Location to us on all the same terms and conditions as are contained in your lease and must cooperate fully and use your best efforts to acquire the landlord's approval of the sublease, if necessary. If we exercise this right and the assignment is approved by the landlord or the landlord's approval is not necessary, we will assume and hold you harmless from all liability under the lease arising after the effective date of our assumption of the lease. If you own the Franchise Location and this Agreement terminates or expires for any reason other than a termination by you for cause, we will have the option to require you to lease the Franchise Location to us on substantially the same terms and conditions contained in your lease for the Franchise Location, or, if no lease exists or the terms and conditions of the lease are not commercially reasonable, then on terms and conditions that are commercially reasonable. We must exercise the options granted in this Section within thirty (30) days of the date of the event that triggers our option or the option will terminate.

16.3 Option to Purchase Assets.

If this Agreement expires or terminates for any reason, we will have the option, but not the obligation, to purchase the assets of the Franchise Business (including any liquor license, if applicable). The purchase price will be the fair value of the assets as agreed by the parties or in the absence of an agreement, as determined by appraisal using the method described in Section 20.3. The purchase price will be reduced by any current and long-term liabilities of the Franchise Business that we agree to assume and any amounts you owe to us. We will have the right to exercise the option granted in this Section within forty-five (45) days following the expiration or termination of this Agreement. We may revoke our exercise of the option if the parties are not able to agree to a purchase price or we are not satisfied with the purchase price determined by appraisal. Closing of the sale must take place by the later of: (a) ninety (90) days after the date of expiration or termination; or (b) thirty (30) days after the determination of the purchase price. At closing, we and you agree to sign and deliver all documents necessary to vest title in the assets purchased by us free and clear of all liens and encumbrances, except any assumed by us. We reserve the right to assign our option to purchase the Franchise Business or to designate a substitute purchaser of the Franchise Business.

16.4 Surviving Obligations.

Your obligations or liability to us for amounts owed to us under this Agreement or for our damages attributable to the loss of bargain resulting from termination of this Agreement before its expiration (see Section 16.5) will survive the termination or expiration of this Agreement. Also, the following provisions of this Agreement will survive the expiration or termination of this Agreement: Article 11 relating to Intellectual Property; Article 12 relating to confidentiality; Article 13 relating to restrictions on competition; Article 16 relating to your obligations on termination; Article 17 relating to indemnification; Article 18 relating to dispute resolution; and other obligations in this Agreement or any other agreements between the parties that, by their terms or intent, survive expiration or termination of this Agreement.

16.5 Liquidated Damages for Loss of Bargain.

In addition to any other remedies available to us, if this Agreement is terminated before its expiration (other than termination by you for cause), we will be entitled to recover from you liquidated damages attributable to the loss of bargain resulting from that termination. You and we stipulate

and agree that our liquidated damages for loss of bargain will be the royalty fees and marketing fund contributions that would have been payable to us for the balance of the term of this Agreement, but not more than thirty-six (36) months. You and we agree that the aggregate amount of royalty fees and marketing fund contributions that would have been payable will be calculated utilizing annual Gross Sales equal to the annual Gross Sales of the Franchise Business for the twelve (12) month period [or such lesser period if the Licensee was not in operation for a full twelve (12) months] immediately preceding the date of termination or the date that you ceased to operate if earlier than the date of termination and multiplying that amount by the applicable time period. If we terminate this Agreement before you open your franchise, you agree that liquidated damages will be One Hundred Thousand Dollars (\$100,000). You and we acknowledge and agree that our actual loss of bargain damages are incapable of calculation at the time of execution of this Agreement and the liquidated damages calculated under this Section are a reasonable estimation of those damages. If the liquidated damages for loss of bargain payable under this Section are found to be invalid or unenforceable because they are found to be either a penalty or not a reasonable estimation of actual damages, the amount of the liquidated damages will be automatically amended to the extent necessary to be found valid and enforceable. The liquidated damages for loss of bargain described in this Section cover only our damages from the loss of revenue as a result of our being unable to operate, or to allow a third party to operate, a Store at the Franchise Location. You and each of your owners agree that these liquidated damages do not cover any other remedies or damages to which we may be entitled as a result of your actions or inactions, including without limitation, past-due fees and expenses owed to us, injunctive relief to enforce trademark violations and restrictions on competition, and do not give us an adequate remedy at law for any default under, or for the enforcement of, any other provision of this Agreement.

ARTICLE 17 – INDEMNIFICATION

17.1 Indemnification Obligation.

You agree to defend, indemnify, and hold harmless us, our affiliates, and our and their officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees, representatives, successors, and assigns (the “Indemnitees”) to the fullest extent permitted by law, from and against all claims, losses, liabilities and costs incurred in connection with any civil, criminal, or governmental action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (“Proceeding”) (regardless of whether any of the foregoing is reduced to judgment) or any settlement of the foregoing, which actually or allegedly, directly or indirectly, arises out of, is based on, is a result of, or is related in any way to any element of the establishment, construction, opening and operation of the Franchise Business, including: any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Franchise Business; crimes committed on or near the Franchise Location or vehicles used by the Franchise Business; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of the Franchise Location, whether or not any of the foregoing was approved by us; defects in any premises constructed by or operated by you, whether or not discoverable by you or us; all acts, errors, neglects, and omissions of you or the Franchise Business and/or the owners, members, officers, directors, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of you or the Franchise Business (or any third party acting on your behalf or at your direction), whether in connection with the Franchise Business or otherwise, including any property damage, injury, or death suffered or caused by any delivery person or vehicle serving the Franchise Business; all liabilities arising from or related to the offer, sale and/or delivery of products and/or services by you or the Franchise Business; and any action by any customer or visitor to the Franchise Business; and any Data Breach or other breach, violation, or failure by you to comply with any laws, rules,

regulations, or ordinances applicable to you or the Franchise Business, including but not limited to, the Privacy Laws.

As used above, the phrase “claims, losses, liabilities and costs” includes: all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; actual attorneys’ and experts’ fees and disbursements; settlement amounts; judgments; compensation for damage to our reputation and goodwill; costs of or resulting from delays; travel, food lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts, arbitration or other tribunals, or government or quasi-governmental entities (including those incurred by Indemnitees’ attorneys and/or experts); all expenses of recall, refunds, compensation, and public notices; and other amounts incurred in connection with the matters described. All claims, losses, liabilities and costs incurred under this indemnification provision will be chargeable to and must be paid by you, regardless of any actions, activity or defense undertaken by Indemnitees or the subsequent success or failure of the actions, activity or defense.

17.2 Indemnification Procedure.

You must give us written notice of any Proceeding that could be the basis for a claim for indemnification by any Indemnatee within three (3) days of your actual or constructive knowledge of the Proceeding. At your expense and risk, any Indemnatee may elect to assume (but under no circumstance will the Indemnatee be obligated to undertake) the defense and/or settlement of the Proceeding. An Indemnity’s undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and other Indemnitees and to hold harmless us and other Indemnitees. If an Indemnatee does not undertake the defense of the Proceeding, you are responsible for the defense. An Indemnatee will have the right, at any time the Indemnatee considers appropriate, to offer, order, consent, or agree to settlements or take any other remedial or corrective actions the Indemnatee considers expedient with respect to the Proceeding if, in the Indemnatee’s sole judgment, there are reasonable grounds to do so.

Your indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. An Indemnatee’s right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on the Indemnatee by statute, ordinance, regulation or other law. An Indemnatee need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses in order to maintain and recover fully a claim against you for indemnity. You agree that a failure to pursue recovery or mitigate a loss will not reduce or alter the amounts that an Indemnatee may recover from you under this Article 17.

ARTICLE 18 – DISPUTE RESOLUTION

18.1 Negotiation and Arbitration.

Except for actions described in Section 18.2, the parties will try to resolve all disputes by having a Designated Owner negotiate with one of our executive officers to resolve the dispute, including at least one (1) face-to-face meeting. The parties agree to conduct these negotiations in good faith and to use their best efforts to resolve any disputes. If the parties have not resolved the dispute within ten (10) days after beginning these negotiations, then either party may take action to enforce its rights.

Except for action described in Section 18.2, all controversies, disputes or claims between: (i) us and/or our Affiliates and their respective owners, officers, directors, members, managers, employees, agents, representatives, or guarantors; and (ii) you and/or your Affiliates and their respective owners, officers, directors, members, managers, employees, agents, representatives, or

guarantors; arising out of or related to (1) this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreement; (2) our relationship with you; or (3) the scope and validity of this Agreement or any other agreement between Franchisee and Franchisor or any provisions or such agreements (including the validity and scope of the arbitration obligations under this Article, which the parties acknowledge is to be determined by an arbitrator and not a court); must be submitted for binding arbitration in accordance with the provisions of this Article 18 on the demand of either party. Except as otherwise provided in this Article 18, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the "Rules") of the American Arbitration Association ("AAA"). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the "Act") and not any state arbitration law will govern all matters relating to arbitration. This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. The arbitration will be administrated and conducted in the office of the AAA closest to our principal place of business at the time of the arbitration. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the District Court for the State of our principal place of business and located in the county of our principal place of business. Any arbitrator appointed must have at least ten (10) years' experience in franchise matters and will have the right to award or include in any award the specific performance of this Agreement. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction. The provisions of this Article 18 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

You agree that you will not file any arbitration claim as a class action, seek class action status, or permit your claim to be joined or made part of any class action filed by another. You further agree that you will not file or join in any consolidated arbitration.

You acknowledge that you have read the terms of this binding arbitration provision and affirm that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on our part or the part of any of our agents or employees.

18.2 Disputes Not Subject to Negotiation or Arbitration.

The following disputes between the parties referred to in Section 18.1 will not be subject to negotiation or arbitration: (a) any dispute over the ownership or validity of the Franchise Marks; and (b) any judicial proceeding initiated by us in equity seeking temporary restraining orders, preliminary injunctions or other interlocutory relief.

18.3 Applicable Law.

This Agreement takes effect on its acceptance and execution by us in Michigan. Except for the applicability of the U.S. Trademark Law or other applicable federal law, all controversies, disputes or claims arising from or related to: (a) this Agreement or any other agreement between you (or your owners) and us; (b) our relationship with you; (c) the validity of this Agreement or any other agreement between you (or your owners) and us; or (d) any standard under the Franchise Systems and/or Brand Standards Manual; will be interpreted and construed under the laws of the State of Michigan. In the event of any conflict of law, the laws of Michigan will prevail, without regard to the application of Michigan conflict-of-law rules. Notwithstanding the foregoing, this Agreement will not be subject to any franchise or similar law, rule, or regulation of the State of Michigan unless the jurisdictional requirements of that law are met independently without reference to this Section.

18.4 Jurisdiction and Venue.

You and your owners must file any action against us or our affiliates or our or their owners, officers, directors, managers, agents, or employees, and we may file any action against you and your owners, exclusively in the federal or state courts located in the state in which our principal office is located at the time the action is filed. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Neither party will seek a transfer or change in venue from a venue established or authorized in this Section or elsewhere in this Agreement.

18.5 Injunctive Relief.

We will have the right, without the posting of any bond or security and without the need to prove irreparable injury, to obtain specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. We will have the right to obtain injunctive relief to prevent you from engaging in the following acts, which you acknowledge would cause irreparable harm to us: (a) using any of the rights granted by this Agreement in any manner not authorized in this Agreement; (b) engaging in operations in violation of the in-term or post-term restrictions on competition in Article 13; (c) disclosing to any person or using our trade secrets or confidential information in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing our goodwill. Your sole remedy for the entry of an injunction will be the dissolution of the injunction, if warranted, after notice and a hearing (all claims for damages by reason of the wrongful issuance of any injunction are expressly waived by you). Our rights to obtain injunctive relief are in addition to all other remedies available to us under applicable law.

18.6 Costs of Enforcement or Defense.

You agree to reimburse us for all expenses we reasonably incur (including actual attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to us by you or the Owners or your guarantors (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in the court or formal legal proceeding); and (b) in defense of any claim you and/or an Owner assert against us on which we substantially prevail in court or other formal legal proceeding. Attorneys' fees will include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorney to us.

18.7 No Class Action or Consolidation.

You and we agree that any arbitration or litigation involving the parties will only be conducted on an individual, not a class-wide basis, and that an arbitration or litigation proceeding between us and you may not be consolidated with any other arbitration or litigation proceeding between the parties and any other person, corporation, limited liability company, partnership or other entity. The parties waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

18.8 Jury Waiver; Time Period for Bringing Claims; Limitation of Damages.

YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY YOU OR US, WHETHER OR NOT THERE ARE OTHER PARTIES IN THE ACTION OR PROCEEDING.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ALL CLAIMS ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED

AND TIMELY SERVED ON THE OPPOSING PARTY WITHIN ONE YEAR FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM OR AS OTHERWISE REQUIRED BY LAW.

YOU AND WE WAIVE IN ANY ARBITRATION PROCEEDING OR JUDICIAL ACTION, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, AND AGREE TO BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED.

ARTICLE 19 – YOUR ACKNOWLEDGMENTS AND REPRESENTATIONS

19.1 Risk of Operations.

You represent that you understand the risks of being involved in a retail coffee shop business and are able to bear those risks. You acknowledge that the success of the Franchise Business depends primarily on your efforts. In addition, other factors beyond the control of us and you may affect the success of your business, including competition, economic conditions, business trends, costs, market conditions, and other conditions that may be difficult to anticipate, assess or even identify. You understand and acknowledge that the Franchise Business may lose money or fail.

19.2 Our Representations.

You acknowledge and agree that, except as specifically stated in this Agreement or our Franchise Disclosure Document or the attached "Acknowledgments by Franchisee," no representations or warranties, express or implied, have been made to you, either by us or anyone acting on our behalf or purporting to represent us, including the prospects for successful operations, the level of business or profits that you might reasonably expect, the desirability, profitability, or expected traffic volume or profit of the Franchise Business. You acknowledge that all those items are dependent on variables beyond our control, including the ability, motivation and amount and quality of effort you expend. You acknowledge that we and our agents and representatives have not made and are not authorized to make any oral, written, or visual representations or projections of actual or potential sales, earnings, net or gross profits, operational costs or expenses, prospects or chances of success that are not contained in this Agreement or in our Franchise Disclosure Document. You agree that you have not relied on and that we will not be bound by allegations of any representations as to earnings, sales, profits, costs, expenses, prospects or chances of success that are not contained in this Agreement or our Franchise Disclosure Document.

19.3 Review of Materials and Consultation with Advisors.

You acknowledge that you are familiar with and have made an independent investigation of the business to be conducted by the Franchise Business and have reviewed our Franchise Disclosure Document. You acknowledge that you have read and understood this Agreement, the attachments to this Agreement, and the documents relating to this Agreement, if any, and have been given ample time and opportunity (and have been encouraged) to consult with an attorney or other professional advisor about the potential benefits and risks of entering into this Agreement. You acknowledge that you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Franchise Business, and that you have exhausted those efforts and have made the decision to enter into this Agreement without any influence by us.

19.4 Independent Status of Contract; Non-Uniformity of Agreements.

You acknowledge and agree that we are entering into this Agreement with you independently and separately from any franchise or license that we have granted or may grant to any other person or entity, and that you are not entering into this Agreement in reliance on or because of any other agreement that we have entered or may enter into with a third party. You acknowledge and agree that the terms of our agreements with third parties, now and in the future, may be materially different with respect to any terms and condition of this Agreement, including royalty fees, advertising fees, transfer fees, territorial exclusivity, renewals and training. These variations may be based on any factors or conditions that we deem to be in the best interest of the Azal Coffee franchise system or a particular Store, including the knowledge, experience and financial status of a franchisee, peculiarities of a particular location, customer base, density, lease provisions, business potential, population of trade area, existing business practices, or any other condition that we deem to be of importance to the operation of a specific Store. Also, these variations may result from us, in our sole discretion, compromising, forgiving, or settling claims or disputes with or against other franchisees. You will not be entitled to require us to disclose or grant to you a like or similar variation.

19.5 Citizenship and Immigration Status.

You warrant and represent that you and each of your Owners either (i) are United States citizens or (ii) possess an immigration status that allows both you and your Owners to live and work in the United States and that each of you and your Owners will maintain such immigration status throughout the term of this Agreement.

19.6 Terrorist and Money Laundering Activities.

You and your owners, officers, directors, members, partners, and agents represent and warrant to us that: (a) you and they are not identified by name or alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control; (b) you and they are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) you and they will not act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) you and they are in full compliance with all laws proscribing money laundering and corrupt practices. Further, you and your owners, officers, directors, members, partners, and agents represent and warrant to us that you and they have not violated and agree not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the USA Patriot Act, U.S. Executive Order 13244, or any similar law. The foregoing constitutes continuing representations and warranties, and you and your owners, officers, directors, members, partners, and agents must immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

19.7 Ownership of Franchisee; Guaranties.

Your name, type of entity, state of organization, owners, and percentage of ownership are listed on the Obligations and Representations of Owners attached as Appendix B. You represent that the information stated in Appendix B is accurate and complete. You agree that you will immediately notify us (and comply with the provisions of Article 14, if applicable) if there is any change in the information contained in Appendix B. Your failure to comply with this requirement will be a material default under this Agreement. Each of your owners and their spouses must personally guaranty your obligations to us by signing the Guaranty attached as Appendix D. Also, if you have an affiliate that operates a Store, we may require your affiliate to guaranty all of your obligations to us by signing the Guaranty attached as Appendix D.

ARTICLE 20 – ADDITIONAL PROVISIONS

20.1 Independent Contractor.

You acknowledge and agree that you will be an independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, joint employer, or employment relationship of any kind. The parties acknowledge that this Agreement does not create a fiduciary relationship between the parties. You will not, without our prior written approval, have any power to obligate us for any expenses, liabilities, or other obligations, other than as specifically provided in this Agreement. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you unless expressly authorized under this Agreement. We will not be obligated for any damages to any person or property that directly or indirectly arises from or relates to your operation of the Franchise Business.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of the Franchise Business and that under no circumstance will we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of the Franchise Systems, which you must comply with under this Agreement, whether contained in the Brand Standards Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that we control any aspect or element of the day-to-day operations of the Franchise Business, which you alone control, but only constitute standards that you must adhere to when exercising control of the day-to-day operations of the Franchise Business. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Store, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Store is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Store violates any law, ordinance or regulation.

None of your employees will be considered our employees. You and your employees whose compensation you may pay in any way, directly or indirectly, expressly or by implication, will not be construed to be our employee for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any local, state or federal governmental agency. We will not have the power to hire or fire your employees. You agree, and will never contend otherwise, that any authority we have under this Agreement to certify certain of your employees for qualification to perform certain functions for the Franchise Business does not directly or indirectly vest in us the power to hire, fire or control any of your employees.

Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over the Store. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized

under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Store.

20.2 Definition of Affiliate.

For purposes of this Agreement, an affiliate of a party is any person (including an individual, sole proprietorship, partnership, corporation, limited liability company, or other entity) that, directly or indirectly, controls, is controlled by or is under common control with the party or any of its shareholders, officers, directors, partners, owners, or investors.

20.3 Appraisal Method.

If a value is to be determined by appraisal as referred to in Sections 14.2 and 16.3, the following method will be used to determine the appraised value. If the parties are able to agree on an independent appraiser, that appraiser will determine the applicable value and his or her determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within fifteen (15) days of the event triggering the appraisal, each party will select an independent appraiser qualified or certified to make the appraisal. The independent appraisers chosen will then select a third independent appraiser. The third independent appraiser will determine the applicable value and his or her determination will be binding on the parties. You and we agree to select our respective appraisers within fifteen (15) days after the event triggering the appraisal and the two appraisers chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two (2) party-appointed appraisers is appointed. You and we will bear the cost of our own appraisers and share equally the reasonable fees and expenses of the third appraiser. The parties will take reasonable actions to cause the appraiser to complete his or her appraisal within thirty (30) days after the third appraiser's appointment.

20.4 No Waivers.

The failure or delay of any party at any time to require performance by another party of any provision of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right under this Agreement. We will not waive any right, power or option under this Agreement (including our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before it expires) by reason of any of the following: (a) our failure or delay to require performance by another franchisee of any provision of its franchise agreement; (b) the existence of other franchise agreements which contain provisions different from those contained in this Agreement; (c) our acceptance of any payments due from you after any breach of this Agreement; or (d) any special or restrictive legend of endorsement on any check or similar item you give to us (we are authorized to remove or cancel any legend or endorsement). Any waiver by any party of any breach of any provision of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

20.5 Consents, Approvals and Satisfaction; Liability.

Whenever our consent or approval is required under this Agreement, we will not unreasonably withhold or delay the consent unless specifically stated in this Agreement to the contrary. A consent or approval is not binding on us unless the consent or approval is in writing and signed by our chief executive officer or president or a managing member. We may withhold our consent or approval if you are in default under this Agreement. Where our satisfaction is required under this Agreement, unless the Agreement expressly states otherwise, the satisfaction is determined in our sole discretion. We will not be liable to you in any manner for providing or failing

to provide or for any delay in providing any waiver, approval, assistance, consent or suggestion to you. You waive any claims against us for that type of liability.

20.6 Our Reasonable Business Judgment.

Whenever we have the right in this Agreement to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the Azal Coffee franchise system's best interests at the time our decision is made, without regard to either whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest. Examples of items that will promote or benefit the Azal Coffee franchise system include enhancing the value of the Intellectual Property, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Azal Coffee franchise system.

20.7 Third Parties.

Except as provided in this Agreement to the contrary for any of our affiliates or franchisees, nothing in this Agreement, whether expressed or implied, is intended to confer any rights under this Agreement on any person (including other Azal Coffee franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors, and permitted assigns.

20.8 Cumulative Remedies.

All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

20.9 Notices.

Unless otherwise specified in this Agreement, notices under this Agreement must be in writing signed by the party serving the same and must be sent by: (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two (2) days after mailing; or (b) overnight courier service, in which case the notice will be complete one (1) day after delivery to the overnight courier. The notice must be sent to the address referenced below or at another address designated by a party by notice under this Section.

If to us: Durar Investment, LLC
15010 W. Warren, Suite 113
Dearborn, Michigan 48126

If to you: See Item 5 of Appendix A.

20.10 Unavoidable Contingencies.

Neither party will be responsible for any contingency that is unavoidable or beyond its control, such as strike, flood, war, rebellion, governmental limitation, or Act of God. Provided, however, that nothing herein shall excuse or permit any delay or failure (i) to remit any payment on the date due; or (ii) for more than one hundred eighty (180) days. The party whose performance is affected by an event of force majeure shall, within three (3) days of the occurrence of such event, give notice thereof to the other party setting forth the nature thereof and an estimate of its duration. Notwithstanding the foregoing, if, through no fault of yours, the Franchise Location is damaged or destroyed by an event such that it cannot, in our judgment, reasonably be restored within ninety (90) days thereafter, then you may, within sixty (60) days after such event, apply for our consent to

relocate and/or reconstruct the Franchise Location, which consent shall not be unreasonably withheld. If you fail to make such application, this Agreement shall be deemed terminated for cause.

20.11 Entire Agreement; Modifications.

This Agreement and all appendices and other documents attached to this Agreement that are incorporated in this Agreement, will constitute the entire agreement between the parties. This Agreement supersedes and replaces any and all previous or contemporaneous written and oral agreements or understandings, promises, representations, inducements, or dealings between the parties. You agree and understand that we will not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement or for claims of negligent or fraudulent misrepresentation, fraudulent inducement, or silent fraud based on any such oral representation or commitments, or non-disclosure of any information. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. This Agreement may not be amended or modified except in a writing signed by both parties, except that we may unilaterally modify the Franchise Systems and our specifications as provided in this Agreement. THIS SECTION 20.11 SHALL NOT APPLY TO THE SEPARATE CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENANT NOT TO COMPETE EXECUTED BY YOU AND YOUR OWNERS, THE GUARANTY, AND THE COLLATERAL ASSIGNMENT OF LEASE, WHICH SHALL EACH CONSTITUTE A SEPARATE AGREEMENT AND ARE NOT INTEGRATED IN OR MADE A PART OF THIS FRANCHISE AGREEMENT.

20.12 Severability.

Each Section, part or provision of this Agreement will be considered severable. If any Section, part or provision is found unenforceable by a court of competent jurisdiction, that determination will not impair the operation or affect the validity of the remainder of this Agreement unless the unenforceability, in our opinion, materially alters the protection of the Intellectual Property or our source of revenues. In that event, we may substitute for this Agreement, a new agreement without the unenforceable terms and additional terms as may be appropriate under the circumstances.

20.13 Obligations Joint and Several.

If there is more than one (1) individual or entity signing this Agreement as franchisee, all those persons are jointly and individually liable for your obligations under this Agreement.

20.14 Signing by Us.

The submission of this Agreement is not an offer by us and we are not bound in any way until this Agreement is signed by our authorized representative.

20.15 Construction.

The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words “include,” “including,” and words of similar import will be interpreted to mean “including, but not limited to” and the terms following those words will be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

20.16 Time of Essence.

Time is of the essence to this Agreement.

20.17 No Duty to Perform to Your Satisfaction.

Notwithstanding anything to the contrary contained herein, we are not obligated to perform any services required under this Agreement to your particular level of satisfaction, but as a function of our experience, knowledge, and judgment.

20.18 Masculine/Feminine.

All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, unless otherwise suggested by the text.

20.19 Counterparts.

This Agreement may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

20.20 Supplemental Agreements.

You must sign supplemental agreements, which are attached as Appendices to this Agreement, simultaneous with the signing of this Agreement, including the following:

(a) **Appendix A - Specifics.** This document describes your Franchise Location, required opening date, the Designated Owners and your address for notice as referenced in this Agreement.

(b) **Appendix B - Obligations and Representation of Owners.** Your owners must sign this document to agree to be personally bound by the provisions of this Agreement and to provide information about you and your owners.

(c) **Appendix C - Acknowledgements by Franchisee.** You must complete and sign this document to provide information about representations and disclosures by us so that we may ensure that all applicable franchise rules and laws have been followed in the sale of the franchise to you.

(d) **Appendix D - Guaranty.** Your owners must sign this document to agree to be personally bound by your financial obligations to us.

(e) **Appendix E - Assignment of Telephone Numbers and Electronic Media.** You must sign this document now and any time in the future as we request in order to acknowledge and agree to our right to assignment of the telephone and fax numbers, email addresses, website addresses, domain names or other electronic media that have been used in the Franchise Business. On the expiration or termination of this Agreement, we may, at our option, accept the assignment and deliver the assignment to the applicable service providers to complete the assignment.

(f) **Appendix F - Electronic Fund Transfer Authorization.** You must sign this document to authorize us to withdraw funds from your account for payment of amounts owed to us.

(g) **Appendix G - Form of Lease Addendum.** Any lease signed by you for the Franchise Location must be amended by an Addendum.

(h) **Appendix H - Collateral Assignment of Lease.** You must sign this document if the real estate for the Franchise Location is leased by you.

(i) **Appendix I - Confidentiality and Non-Disclosure Agreement and Covenant Not to Compete.** You, each of your individual owners, and others that we require must sign this agreement.

The parties have signed this Agreement on the dates beside their signatures to be effective as of the date at the beginning of this Agreement.

DURAR INVESTMENT, LLC

By: _____

Its: _____

FRANCHISEE

By: _____

Its: _____

APPENDIX A - SPECIFICS

ITEM 1: The location of the Franchise Business as referred to in Sections 2.1 and 6.1 ("Franchise Location") or the area in which the Franchise Business will be located is:

ITEM 2: The Initial Franchise Fee is _____.

ITEM 3: The Protected Area, if the Protected Area granted to you is different than the Protected Area described in Section 2.3, is:

ITEM 4: The Designated Owners under Section 8.9 is/are:

ITEM 5: Your address for purposes of notice under Section 20.9 is:

Attention: _____

Dated: _____

DURAR INVESTMENT, LLC

Franchisee

By: _____

By: _____

Its: _____

Its: _____

APPENDIX B - OBLIGATIONS AND REPRESENTATIONS OF OWNERS

This is an Appendix to the Franchise Agreement between Durar Investment, LLC ("Franchisor") and the Franchisee named below dated _____, 20____ ("Franchise Agreement"). All capitalized terms not defined in this Appendix will have the same meaning ascribed to them in the Franchise Agreement.

Each of the persons signing below (each an "Owner") is directly or indirectly beneficially interested in the Franchise Business as a shareholder, officer, director, partner, member, owner, or investor. Each Owner hereby agrees to and will be jointly, severally and personally bound by all the terms and provisions of the Franchise Agreement, other than those requiring the payment of money by Franchisee, to the same extent and in the same manner as Franchisee is bound, including the confidentiality covenants, the non-competition covenants, and all other restrictive covenants contained in Articles 12 and 13 of the Franchise Agreement, whether or not Owner's status as a shareholder, officer, director, partner, member, owner, or investor may change or cease during or after the term of the Franchise Agreement. This Appendix will not impair any separate instrument of guaranty or subordination that any Owner signing below has executed or may execute in the future.

Each Owner signing below represents and warrants to Franchisor that the following is correct and true:

Legal Name of Franchisee: _____

Type of Entity and State of Organization (sole proprietorship, corporation, partnership, limited liability company, etc.): _____

d/b/a (if applicable): _____

Address of Franchisee: _____

Business Telephone: _____

Name, Address, Phone No., Title and % of Ownership of each Owner:

Name	_____	
Address	_____	
Telephone	_____	
Title	_____	% Ownership _____

Name	_____	
Address	_____	
Telephone	_____	
Title	_____	% Ownership _____

Name	_____	
Address	_____	
Telephone	_____	
Title	_____	% Ownership _____

(Attach additional sheets if necessary)

Acknowledged and Agreed by Each Undersigned Owner:

/S/ _____

Dated: _____

(Print Name Above)

/S/ _____

Dated: _____

(Print Name Above)

/S/ _____

Dated: _____

(Print Name Above)

APPENDIX C - ACKNOWLEDGEMENTS BY FRANCHISEE

This Questionnaire does not apply to franchisees who intend to operate the franchised business in the State of California.

You are entering into a Franchise Agreement with us for the operation of an Azal Coffee franchise. The purpose of this Appendix is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your Franchise Business. Please review each of the following questions carefully and provide honest responses to each question.

Do not sign this Questionnaire if the franchisee is a Maryland resident or if the franchised business will be located in the State of Maryland. Do not sign this document if the franchisee is a Washington resident or if the franchised business will be located within the State of Washington.

Acknowledgements and Representations*.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 days before you signed a binding agreement with, or paid any consideration to, us or our affiliates in connection with the proposed franchise sale? Check one: ☐ Yes ☐ No. If no, please comment: _____

- 1A. If you are a resident of or your franchise will be located in **Iowa, New York, Maryland, or Rhode Island**, did you receive a copy of our Franchise Disclosure Document at least by the earliest of: (a) at the time of your first personal meeting with us to discuss the franchise; or (b) 10 business days before you signed a binding agreement with, or made a payment to, us or our affiliates in connection with the proposed franchise sale? Check one: ☐ N/A ☐ Yes ☐ No. If no, please comment: _____

- 1B. If you are a resident of or your franchise will be located in **Michigan or Oregon**, did you receive a copy of our Franchise Disclosure Document at least 10 business days before you signed a binding agreement with, or made a payment to, us or our affiliates in connection with the proposed franchise sale? Check one: ☐ N/A ☐ Yes ☐ No. If no, please comment: _____

2. Did you understand all of the information contained in the Franchise Disclosure Document? Check one: ☐ Yes ☐ No.

If No, what parts of the Franchise Disclosure Document do you not understand? _____

3. Were the terms and conditions of the Franchise Agreement presented to you for signing materially different from the Franchise Agreement contained in the Franchise Disclosure Document delivered to you? Check one: ☐ Yes ☐ No.

If yes, did you receive a copy of the Franchise Agreement in the form presented to you for signing at least seven calendar days before signing the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

5. Except as may be stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Azal Coffee location or business, or the likelihood of success of your Franchise Business? Check one: ☐ Yes ☐ No. If yes, please state in detail the oral, written or visual claim or representation: _____

6. Except as may be stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please comment: _____

7. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning advertising, marketing, training, support service, or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one: ☐ Yes ☐ No. If yes, please comment: _____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Franchise Business and that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____

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-
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9. Do you understand that the success or failure of your Franchise Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for services under our trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Check one: ☐ Yes ☐ No. If no, please comment: _____
-
-
-
10. Have you discussed the benefits and risks of operating the Franchise Business with an attorney, accountant, or other professional advisor and do you understand those risks? Check one: ☐ Yes ☐ No. If no, please comment: _____
-
-
-
11. Do you acknowledge that you are an independent contractor and responsible for running your own Franchise Business and that we do not have the authority to hire or fire your employees? Check one: ☐ Yes ☐ No. If no, please comment: _____
-
-
-
12. Do you expressly agree and will never contest otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchise Business does not directly or indirectly vest in us the power to hire, fire, or control any such employee? Check one: ☐ Yes ☐ No.
13. Do you acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchise Business and that under no circumstance shall we do so or be deemed to do so? Check one: ☐ Yes ☐ No.
14. Do you further acknowledge and agree and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the Franchise Systems which you are required to comply with under this Agreement, whether set forth in our Brand Standards Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchise Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchise Business, but rather are to protect the Azal Coffee System and brand? Check one: ☐ Yes ☐ No.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE ARE AND WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE FRANCHISEE IS AN ENTITY, EACH OF ITS OWNERS MUST SIGN THIS ACKNOWLEDGEMENT.

Signed:_____

Signed:_____

Print Name:_____

Print Name:_____

Date:_____

Date:_____

*These representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

APPENDIX D - GUARANTY

Each of the persons signing this Guaranty (each a "Guarantor"), in order to induce Durar Investment, LLC ("Franchisor") to enter into a Franchise Agreement, dated the ____ day of _____, 20____, with _____

("Franchisee"), unconditionally and absolutely guaranties payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness ("Indebtedness") of Franchisee to Franchisor. Indebtedness includes without limit: any and all obligations or liabilities of the Franchisee to Franchisor under the Franchise Agreement or any other agreement between the Franchisor and Franchisee or otherwise arising, whether absolute or contingent, direct or indirect, voluntary or involuntary, liquidated or unliquidated, joint or several, known or unknown; any and all indebtedness, obligations or liabilities for which Franchisee would otherwise be liable to Franchisor were it not for the invalidity, irregularity or unenforceability of them by reason of any bankruptcy, insolvency or other law or order of any kind, or for any other reason; any and all amendments, modifications, renewals and/or extensions of any of the above; and all costs of collecting Indebtedness, including, without limit, actual attorneys' fees. In addition, Guarantor agrees as follows:

1. Guarantor hereby agrees to and will be jointly, severally, and personally bound by all the terms and provisions of the Franchise Agreement to the same extent and in the same manner as Franchisee is bound.

2. This Guaranty is a continuing guaranty of payment and not of collection and remains effective whether the Indebtedness is reduced and later increased or entirely extinguished and later reincurred.

3. If any Indebtedness is guaranteed by two (2) or more guarantors, the obligation of Guarantor will be several and also joint, each with all and also each with any one (1) or more of the others, and may be enforced at the option of Franchisor against each severally, any two (2) or more jointly, or some severally and some jointly. Franchisor, in its sole discretion, may release any one (1) or more of the Guarantors for any consideration that it deems adequate, and may fail or elect not to prove a claim against the estate of any bankrupt, insolvent, incompetent or deceased Guarantor; and after that, without notice to any Guarantor, Franchisor may extend or renew any or all Indebtedness and may permit Franchisee to incur additional Indebtedness, without affecting in any manner the unconditional obligation of the remaining Guarantors. Guarantor acknowledges that the effectiveness of this Guaranty is not conditioned on any or all of the Indebtedness being guaranteed by anyone else.

4. Guarantor, to the extent not expressly prohibited by applicable law, waives any right to require Franchisor to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Franchisee or any other person, or otherwise comply with the provisions of Sections 9-611 or 9-621 of the Michigan or other applicable Uniform Commercial Code, as the same may be amended, revised or replaced; or (c) pursue any other remedy in Franchisor's power. Guarantor waives notice of acceptance of this Guaranty and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Indebtedness, any and all other notices to which Guarantor might otherwise be entitled, and diligence in collecting any Indebtedness, and agrees that Franchisor may, once or any number of times, modify the terms of any Indebtedness, compromise, extend, increase, accelerate, renew, or forbear to enforce payment of any or all Indebtedness, or permit Franchisee to incur additional Indebtedness, all

without notice to Guarantor and without affecting in any manner the unconditional obligation of Guarantor under this Guaranty.

5. Guarantor unconditionally and irrevocably waives each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of Guarantor under this Guaranty, and acknowledges that each waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from Guarantor now or later securing this Guaranty and/or the Indebtedness, and acknowledges that as of the date of this Guaranty no defense or setoff exists.

6. This Guaranty is an absolute and continuing guarantee and will remain in effect unless revoked in writing by Franchisor.

7. As long as Franchisee owes any monies to Franchisor (other than payments that are not past due) Franchisee will not pay and Guarantor will not accept payment of any part of any Indebtedness owed by Franchisee to us, or any one of us, either directly or indirectly, without the consent of Franchisor.

8. This Guaranty and the Franchise Agreement constitute the entire agreement of Guarantor and Franchisor with respect to the subject matter of this Guaranty. No waiver, consent, modification or change of the terms of the Guaranty will bind Guarantor or Franchisor unless in writing and signed by the waiving party or an authorized officer of the waiving party, and then this waiver, consent, modification or change will be effective only in the specific instance and for the specific purpose given. This Guaranty will inure to the benefit of Franchisor and its successors and assigns and will be binding on Guarantor and Guarantor's heirs, legal representatives, successors and assigns including, without limit, any debtor in possession or trustee in bankruptcy for any of Guarantor. Guarantor has knowingly and voluntarily entered into this Guaranty in good faith for the purpose of inducing Franchisor to enter into the Franchise Agreement with Franchisee, extend credit, or make other financial accommodations to Franchisee. If any provision of this Guaranty is unenforceable in whole or in part for any reason, the remaining provisions will continue to be effective.

9. This Guaranty will be governed by and construed and enforced in accordance with the Laws of the State of Michigan (without reference to the conflict of laws provisions). GUARANTOR IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE AND COUNTY OF WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED AT THE TIME THAT THE LITIGATION IS COMMENCED AND WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS GUARANTY WILL BE THE STATE AND FEDERAL COURTS IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME THAT THE LITIGATION IS COMMENCED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

10. GUARANTOR ACKNOWLEDGES THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. GUARANTOR, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY

RELATED TO, THIS GUARANTY OR THE INDEBTEDNESS.

11. If Franchisor is required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, each Guarantor, jointly and severally, must reimburse Franchisor for its enforcement costs. Enforcement costs include actual accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

12. The failure to insist upon performance in any one (1) or more instances upon non-performance of any terms, covenants, and conditions of this Guaranty shall not be construed as a waiver of future performance of any such term, covenant, or condition of this Guaranty, and any obligations with respect hereto shall continue in full force and effect. Except as otherwise expressly provided in this Guaranty, no remedy conferred upon the Parties pursuant to this Guaranty is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Guaranty or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise of any right, power or remedy pursuant to this Guaranty shall preclude any other or further exercise thereof.

13. This Guaranty may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Guaranty may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Guaranty.

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

Dated: _____

GUARANTOR

APPENDIX E - ASSIGNMENT OF TELEPHONE NUMBERS AND ELECTRONIC MEDIA

THIS ASSIGNMENT is made this _____ day of _____, 20____, between Durar Investment, LLC, a Michigan limited liability company ("Franchisor") and _____, a _____ ("Franchisee").

1. Introduction. Franchisee has obtained a license from Franchisor for the operation of a business using Franchisor's Azal Coffee franchise business systems ("Franchise Systems"), which business Franchisee acquired by signing a Franchise Agreement dated _____ (the "Franchise Agreement"). In consideration of Franchisor granting the license to Franchisee, Franchisee has agreed to assign all Telephone Numbers and Electronic Media (as defined below) that are associated with Franchisee's Azal Coffee franchise business (the "Franchise Business") and/or the Franchise Systems to Franchisor. For purposes of this Agreement, "Telephone Numbers" includes all telephone numbers and fax numbers used in connection with the Franchise Business, including in connection with advertising and marketing for the Franchise Business. For purposes of this Agreement, "Electronic Media" means the Internet, email, websites, mobile applications, social networks, wikis, podcasts, online forums, content sharing communities, blogging, other social media accounts or participations (including without limitation, Facebook, X, LinkedIn, YouTube, Pinterest, Snapchat, TikTok, Instagram, Threads, and any other social media platforms now existing or later created), mobile technology, and other digital media, digital coupons, keyword or adword purchasing programs, search engine optimization, search engine marketing, and marketing using other forms of digital media, used in connection with the operation, advertising, and marketing of the Franchise Business.

2. Assignment of Telephone Numbers/Power of Attorney. Franchisee assigns all Telephone Numbers to Franchisor or its successor or assign. Franchisee hereby appoints an officer of Franchisor as Franchisee's attorney-in-fact to transfer the Telephone Numbers to Franchisor and to sign, on behalf of Franchisee, all documents necessary to accomplish the transfer.

3. Assignment of Electronic Media/Power of Attorney. Franchisee assigns all Electronic Media to Franchisor or its successor or assign. Franchisee also hereby appoints an officer of Franchisor as Franchisee's attorney-in-fact to transfer the Electronic Media to Franchisor and to sign, on behalf of Franchisee, all documents necessary to accomplish the transfer.

4. Limited License; Responsibility for Costs. Franchisor grants Franchisee a limited license to use the Telephone Numbers and Electronic Media in connection with the Franchise Business only during the term of the Franchise Agreement and only as long as Franchisee complies with the policies and procedures specified by Franchisor. On the expiration without renewal or termination of the Franchise Agreement, this limited license will terminate and Franchisee must cease all use of the Telephone Numbers and Electronic Media. On the termination of this license, Franchisee must cooperate with Franchisor and provide any authorizations as may be necessary for Franchisor to assert its rights in the Telephone Numbers and Electronic Media. While this limited license is in effect, Franchisee is responsible for all costs associated with the Telephone Numbers and Electronic Media and, unless otherwise specified by Franchisor, must pay those costs directly to the providers of the Telephone Numbers and Electronic Media.

5. Access to Telephone Numbers and Electronic Media. Franchisor will have the right to access all accounts relating to the Telephone Numbers and Electronic Media. Franchisee must provide to Franchisor all information necessary to allow Franchisor to access those accounts, including usernames, passwords, security codes, and all changes to any of that information.

6. **Consent.** Franchisee hereby consents and authorizes any and all telephone companies, telephone directory services, Internet companies and other public or private businesses using, authorizing or providing any of the Telephone Numbers and Electronic Media to immediately recognize this Assignment upon receipt of written notice from Franchisor. Franchisee agrees that a copy of this Assignment, certified by an officer of Franchisor, will be as valid and binding as the original.

7. **Notices.** Franchisor may give notice of its acceptance of the Assignment of the Telephone Numbers and Electronic Media by sending written notice by (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two days after mailing; or (b) overnight courier service, in which case the notice will be complete one day after delivery to the overnight courier. Notices may be sent in accordance with this Section to Franchisee and to all telephone companies, Internet companies and other businesses that are to recognize the Assignment.

8. **Miscellaneous.** If any part of this Agreement is found to be unenforceable, that finding will not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein. This Agreement will be construed in accordance with the laws of the State of Michigan and will be deemed to have been made in the State of Michigan. This Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any change is sought.

Signed and effective this ____ day of _____, 20__.

DURAR INVESTMENT, LLC

By: _____

Its: _____

FRANCHISEE

By: _____

Its: _____

APPENDIX F - ELECTRONIC FUND TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO DURAR INVESTMENT, LLC ("FRANCHISOR")

The depositor identified below ("Depositor") authorizes Durar Investment, LLC and its designees and affiliates ("Franchisor") to initiate credit and debit entries electronically (referred to as an ACH or EFT transaction) or otherwise to Depositor's checking or savings account indicated below (the "Account") for charges associated with the Franchise Business including but not limited to Royalty fees, Marketing Fund contributions, late fees or interest, liquidated damages, fines, penalties, or any other fees that may become due to Franchisor. Depositor further authorizes the depository or bank designated below (the "Depository") to credit and/or debit the same to the Account.

Debts to the Depositor's Account that are not honored by the Depositor's bank will incur a returned item charge upon each occurrence in accordance with the fee schedule determined by Franchisor. For any return item, Franchisor may re-initiate the ACH transaction or require the Depositor to replace the returned item with a Cashier's check in the amount of the returned item plus any returned item fees due.

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of the authority in time and in a manner as to afford Depository a reasonable opportunity to act on it.

Depositor acknowledges and agrees that the origination of ACH transactions must comply with the provisions of all U.S. law and banking regulations. This EFT Authorization may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This EFT Authorization may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this EFT Authorization.

Depository (Bank) Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____

Account Number: _____

Depositor: (Please Print): _____

Acknowledged and Agreed: (Please Sign): _____

Name and Title of Person Signing: _____

Date Signed: _____

APPENDIX G - FORM OF LEASE ADDENDUM

Any lease signed by you for the Franchise Location must be amended by an Addendum in the form below or must contain the provisions included in the Addendum below (except to the extent we agree to waive any particular provisions).

ADDENDUM TO LEASE

This Addendum to Lease is entered into this _____ day of _____, 20_____, and modifies a Lease Agreement dated the same date (the "Lease") entered into by _____ ("Franchisee") and _____ ("Landlord") for premises located at _____ (the "Premises").

1. Introduction. Franchisee has entered into a Franchise Agreement with Durar Investment, LLC ("Franchisor"). The Franchise Agreement requires Franchisee's lease for the Premises to contain certain provisions. In consideration of the agreement of Franchisor to enter into a Franchise Agreement with Franchisee for an Azal Coffee franchise to be located at the Premises, Landlord and Franchisee agree that the provisions contained in this Addendum will be applicable to the Lease notwithstanding anything to the contrary contained in the Lease.

2. Use. The Premises must not be used for any purpose other than the operation of an Azal Coffee during the term of the Lease, including renewals.

3. Franchisor's Options. Landlord and Franchisee grant to Franchisor the exclusive right, exercisable at the option of Franchisor, to be assigned all right, title and interest of Franchisee in and to the Lease and the Premises:

- a. on the expiration or termination of the Franchise Agreement. Franchisor must give written notice of its intent to exercise this option within thirty (30) days of the event triggering the option;
- b. on the expiration or termination of the Lease or on Franchisee's loss of its rights of possession to the Premises, whether by Franchisee's default under the Lease or otherwise. Landlord shall provide Franchisor notice of default as provided under Section 9 and Section 10. Franchisor shall exercise its right to accept assignment of the Lease within such periods; and
- c. on Franchisee's abandonment of the Premises. For this purpose, abandonment will be conclusively presumed if Franchisee fails to have the business open and fully operational for two (2) consecutive days.

On the giving of notice of exercise by Franchisor under this Section, the Lease, and all right, title and interest of Franchisee under the lease and to the Premises will be automatically, and without need of further instrument, assigned to Franchisor. If Franchisor does not give notice of exercise within the applicable time period, Franchisor will be deemed to have forfeited all its rights under this Section. Landlord and Franchisee agree to execute documents confirming this assignment in the form presented by Franchisor, including a short form of Lease suitable for recording.

4. Franchisor's Rights. Upon Franchisor's exercise of its option to accept assignment of the Lease, Franchisee shall remain liable for any amounts owing, or any other default occurring,

prior to the effective date of the assignment. Franchisor shall not be liable for any amounts owing by Franchisee and shall have no obligation to cure any default of franchisee before taking assignment of the Lease and possession of the Premises. Franchisor shall succeed to all of the Franchisee's rights, options, and obligations under the Lease commencing on the effective date of the assignment and shall have the right to transfer or assign the Lease to another Azal Coffee franchisee without the need to seek consent from Landlord. Franchisor's transfer to another Azal Coffee franchisee relieves Franchisor from any further liability under the Lease. The terms of this Addendum shall remain in full force and effect as to such franchisee-transferee.

5. Liability of Guarantors. The guaranty of any guarantors of the Lease will only apply to obligations arising during the initial term of the Lease.

6. Franchisor's Designated Architect and General Contractor. Franchisee is required to use Franchisor's designated architect and general contractor to design and construct the build-out of the Premises. Landlord agrees that Franchisor's designated architect and general contractor are approved to provide those services for the build-out at the Premises.

7. Franchisor Access. Landlord and Franchisee grant to Franchisor the right to enter the Premises to inspect and audit the Franchisee's business or to make any modifications necessary to protect the Franchisor trademarks.

8. Exclusivity. If the Premises are part of a strip mall, shopping center or similar location, Landlord will not lease any other space in the mall or center to any business that sells coffee beverages, coffee beans, coffee accessories, or similar food or baked goods for dine-in, carry-out, catering, or delivery.

9. Notice of Default and Right to Cure. Landlord must give Franchisor written notice of any breach by Franchisee under the Lease and Franchisor will have thirty (30) days from the date of that notice to cure that default on behalf of Franchisee before Landlord exercises any remedy it may have under the Lease.

10. Other Notices.

(a) Landlord and Franchisee must give Franchisor thirty (30) days prior written notice of: (i) the cancellation or termination of the Lease prior to the expiration date of the lease; (ii) an assignment or attempted assignment of the Lease by the Landlord or Franchisee; (iii) the sublease or attempted sublease of the Premises by the Franchisee; or (iv) any modification of the Lease.

(b) Landlord and Franchisee must provide written notice to Franchisor within fifteen (15) days after: (i) Franchisee exercises any option to extend the Lease; (ii) Landlord and Franchisee renew the lease; or (iii) Landlord institutes any action against Franchisee, including an eviction action.

11. Method of Providing Notices. All notices sent to Franchisor pursuant to this Addendum to Lease must be sent by certified or registered mail, return receipt requested, or by overnight courier, to the following address, or to another address as to which Franchisor has notified the Landlord and the Franchisee:

Durar Investment, LLC
15010 W. Warren, Suite 113
Dearborn, Michigan 48126

12. Modification of Premises. Landlord and Franchisee agree that the Premises will not be modified or redecorated in any manner without the prior written approval of Franchisor.

13. Third Party Beneficiary. Landlord and Franchisee agree that Franchisor is a third-party beneficiary of this Addendum and has the right independently of Franchise to enforce the provisions of this Addendum.

LANDLORD:

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

APPENDIX H - COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____ corporation, ("Franchisee"), hereby assigns to Durar Investment, LLC, a Michigan limited liability company ("Franchisor") all of Franchisee's right, title and interest as tenant in, to and under a Lease Agreement dated the _____ day of _____, 20____, a copy of which is attached hereto as Exhibit A (the "Lease"), relating to premises commonly known as _____ (the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Franchisor takes possession of the Premises pursuant to the terms of this Collateral Assignment and assumes the obligations of Franchisee under the Lease. In no event will Franchisor assume the obligations, responsibilities, or liabilities of Franchisee that arise prior to Franchisor exercising its rights hereunder and taking possession of the Premises.

NOW THEREFORE, it is hereby agreed as follows:

1. Collateral Assignment. Franchisee hereby assigns to Franchisor all of Franchisee's right, title, and interest in and to the Lease, including any and all rights or options of Franchisee to extend, renew, or purchase the leased property through a right of first refusal or otherwise upon the occurrence of any of the following:

A. Termination of Franchise Agreement. Upon termination or expiration without renewal of the Franchise Agreement, Franchisor shall have the option to accept the assignment of the Lease pursuant to this Collateral Assignment of Lease by giving the notice prescribed by this Collateral Assignment of Lease, in which case it is agreed the Lease shall remain in effect as to Franchisor.

B. Termination of Real Estate Lease. Upon termination of the Lease as to Franchisee or termination of Franchisee's possession rights under the Lease, whether by Franchisee's default under Lease or otherwise, Franchisor shall have the option to accept the assignment of the Lease pursuant to this Collateral Assignment of Lease by giving the notice prescribed by this Collateral Assignment of Lease, in which case it is agreed the Lease shall remain in effect as to Franchisor.

C. Franchisee's Right to Assign. At Franchisee's discretion, Franchisee may assign Lease to Franchisor, and Franchisor may accept such assignment, at any time.

2. Effect of Assignment. Upon Franchisor's exercise of its option to take assignment of the Lease:

A. Franchisee shall remain liable under the provisions of the Lease, including without limitation, that Franchisee shall remain liable for any amounts owing, or any other default occurring, prior to the effective date of assignment. Franchisor shall not be responsible or liable for any liability of Franchisee under the Lease, nor shall the exercise of any of Franchisor's options to take assignment of the Lease be contingent or conditioned upon Franchisor curing any default or breach of the Lease by Franchisee.

B. Franchisor shall succeed to all of Franchisee's rights, options, and obligations under the Lease commencing with the effective date of the assignment and shall have

the right to transfer or assign the Lease to another franchisee of Franchisor without the need to seek consent from the Landlord. Franchisor's transfer to another franchisee of Franchisor relieves Franchisor from any further liability under the Lease.

3. Notice of Franchisee's Default.

A. Landlord's Notice. Landlord shall provide Franchisor with notice of any default under the Lease. Franchisor shall have the option (but not obligation) to cure any default should Franchisee fail to cure the default within the period in which Franchisee has to cure the default. At the expiration of Franchisee's period within which Franchisee has to cure any default, Franchisor shall then have fifteen (15) days in which to make its decision to cure. Franchisor may cure Franchisee's default without exercising its option to accept assignment of the Lease and, in such event, Landlord agrees to accept Franchisor's cure as if made timely by Franchisee. Landlord shall give Franchisor written notice at least thirty (30) days prior to the termination of the Lease, termination of Franchisee's right of possession, expiration without renewal, or date of re-entry or repossession. Franchisor shall have thirty (30) days after written notice from Landlord to exercise this option to accept assignment of the Lease. Franchisor may exercise its option to accept assignment of the Lease by written notice to the Landlord, and the assignment shall be effective on the date of written notice to the Landlord from Franchisor accepting assignment of the Lease. It is hereby agreed that Landlord may rely solely upon the written notice received from Franchisor as to Franchisor's acceptance of this assignment of the Lease, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless from any and all liability to Lessee for any action Landlord may take in such reliance.

B. Franchisor Notice. Franchisor shall give Landlord copies of any or all notices of termination given to Franchisee pursuant to the Franchise Agreement, and if Franchisor desires to exercise its option to accept the assignment of the Lease in the event of Franchisee's failure to cure the default of the Franchise Agreement, Franchisor shall provide Landlord with a written notice on or before the date of termination of the Franchise Agreement. It is hereby agreed that Landlord may rely solely upon the written notice received from Franchisor as to the termination or expiration without renewal of the Franchise Agreement, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless from any and all liability to Lessee for any action Landlord may take in such reliance.

4. Notice. Notice required by this Agreement shall be sent by overnight, certified or registered mail to Franchisor at the following address:

Durar Investment, LLC
15010 W. Warren, Suite 113
Dearborn, Michigan 48126

with a copy to (which shall not be deemed notice):

Michael J. Cole
Fahey Schultz Burzych Rhodes, PLC
4151 Okemos Road
Okemos, Michigan 48864

Notice required by this Agreement shall be sent to Franchisee at the following address:

Principal Owner 1

Principal Owner 1 Address

Notice required by this Agreement shall be sent to Landlord at the following address:

Notice shall be deemed effective on the date received, and regardless of whether the notice is signed for by the recipient, notice shall be deemed received two (2) business days after mailing. Parties may change the notice address by providing written notice to the other parties of a change in such notice address.

5. Execution of the Documents. Franchisee hereby agrees to execute any and all documents requested by Franchisor in order to fully exercise any of the rights under the Lease or this Collateral Assignment of Lease. If Franchisee shall not have executed any such document within the three (3) days after having been so requested by Franchisor, Franchisee hereby appoints any member or officer of Franchisor as its attorney-in-fact with the full right and power to execute any and all such documents. This power, coupled with an interest, is given as security for the rights and privileges given to Franchisee under this Agreement and the Franchise Agreement.

6. Renewal, Extension or Amendment. Any renewal or extension of the Lease, or any amendment to this Agreement or the Lease of any type, can only be made by a writing executed by all three (3) parties to this Agreement.

7. Indemnification. Franchisee shall indemnify and hold Franchisor harmless from any and all liability that Franchisor may incur after the effective date of the assignment of the Lease arising under the terms of that Lease from Franchisee's acts or omissions occurring prior to the effective date of the assignment, excluding only any liability prior to the assignment that Franchisor agrees in writing to assume and from which Franchisor agrees to hold Franchisee harmless.

8. Miscellaneous.

A. Use of Real Estate. Landlord hereby agrees to and acknowledges Franchisee's right to use and display Franchisor's Marks as that term is used in the Franchise Agreement, subject only to any limitations imposed by Franchisor and any local, state or federal law. Landlord agrees that it will not limit Franchisee's right to use Franchisor Trademarks. Landlord further agrees to and acknowledges that the real estate subject to the Real Estate Lease shall be used solely for the operation of an Azal Coffee. Landlord agrees to notify Franchisor in the event that Franchisee begins to use real estate in any other manner and Landlord shall consider such use as an event of default.

B. Applicable Law. This Agreement shall be construed according to the laws of the state in which the premises are located. If any provision, or portion of a provision, of this Agreement is or shall become in conflict with any applicable law, then the applicable law shall govern and such provision or portion of a provision shall be automatically deleted and shall not be effective to the extent that it is not in accordance with applicable law. However, the remaining terms and conditions of this Agreement shall remain in full force and effect and no provision shall

be deemed dependent upon any other provision unless otherwise expressed in this Agreement.

C. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between the Parties. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

D. New Real Estate Lease. It is hereby agreed that if the Lease is terminated or expires without renewal, and the Franchisee and Landlord enter into a new lease arrangement, any such new real estate lease shall be deemed to be the Lease for purposes of this Collateral Assignment of Lease thereby making it fully applicable to the new lease.

E. Option to Purchase. In the event Franchisee purchases the real estate, Franchisee agrees to execute the Real Estate Option to Purchase in the form then prescribed by Franchisor.

F. Disputes. Any dispute between the parties regarding this Collateral Assignment of Lease, and any claim by either party that cannot be amicably settled, shall be determined solely and exclusively in state or federal court in the county in which Franchisor's principal place of business is located at the time that the litigation is commenced. The existence of any claim or cause of action a Franchisee Party might have against the Company will not constitute a defense to the enforcement by the Company of this Agreement.

G. Enforcement. If Franchisor is required to enforce this Agreement in any judicial or arbitration proceeding or any appeals, each Franchisee Party, jointly and severally, must reimburse Franchisor for its enforcement costs. Enforcement costs include actual accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Agreement.

H. Effectiveness. This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of the parties and shall inure to the benefit of the parties and their respective successors and assigns. Franchisee may not assign this Agreement without the prior written consent of Franchisor. Franchisor may assign this Agreement without the prior consent of the Franchisee.

I. Headings. The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

J. Severability. In the event any Section or portion of any Section in this Agreement shall be determined to be invalid or unenforceable for any reason(s), such invalidity or unenforceability shall not affect the validity and enforceability of the remaining valid and enforceable Sections hereof, which shall be construed as if such invalid or unenforceable Section or Sections had not been inserted.

K. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed on signature pages

exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

This Collateral Assignment of Lease is executed this _____ day of _____, 20____.

Franchisor: Durar Investment, LLC

Franchisee: _____

By: _____

By: _____

Its: _____

Its: _____

APPENDIX I - CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND CONVENANT NOT TO COMPETE

This Confidentiality and Nondisclosure Agreement and Covenant Not to Compete (the "Agreement") is entered into as of the date or dates set forth below by and between _____ located at _____ ("Franchisee") and DURAR INVESTMENT, LLC, located at 15010 W. Warren, Suite 113, Dearborn, MI 48126 (the "Company"), and _____, _____ owner of Franchisee ("Owner"). Franchisee and Owner are hereinafter, collectively referred to as the "Franchisee Parties."

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20____ ("Franchise Agreement") by and between Franchisee and the Company;

WHEREAS, the Company is the Franchisor of Azal Coffee Stores and has the authority to disclose and discuss all information relating to the operations of an Azal Coffee Store;

WHEREAS, Confidential Information and Trade Secrets, which are more particularly described below, will be disclosed to the Franchisee Parties in relation to Franchisee's operation of its Azal Coffee Store franchise; and

WHEREAS, the Franchisee Parties understand the necessity of not disclosing any such information to any other party or using such information to compete against the Company, any affiliate(s) or other franchisee(s) of the Company, or in any business (i) that is a Competing Business (as defined below) or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or the Company, any affiliate(s) of the Company, or the Company's other franchisees.

NOW, THEREFORE, in order to induce the Company to transmit the aforesaid information to the Franchisee Parties, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1) Franchise System

- a) The Company franchises a system for operation of a coffee café that specializes in Yemeni-grown coffee and that sells coffee based beverages, cold drinks, teas, coffee beans, coffee accessories, pastries, baked goods, and other related items, all of which are proprietary and are identified by the public with Azal Coffee products; prescribed exterior and interior design, decor, seating, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; training and assistance; and advertising and promotional programs (collectively "Franchise Systems"); all of which may be changed, improved, and further developed by the Company.
- b) A business operated under the Franchise Systems, the Company's trademarks, and the Company's trade dress, whether operated by the Company or its affiliates or other persons authorized by the Company, will be referred to in this Agreement as a "Store." The Store that Franchisee is licensed to operate under the Franchise Agreement will be referred to in this Agreement as the "Franchise Business."

2) **Definitions.**

- a) The term “Brand Standards Manual” shall mean all manuals or other written materials relating to the Franchise Systems or containing the Company’s specifications.
- b) The term “Competing Business” shall mean any business that competes with a Store and/or is the same or similar to an Azal Coffee Store, including but not limited to a business that sells the same or similar coffee beverages, cold drinks, teas, baked goods, pastries, food products, coffee beans, or coffee accessories for dine-in, carry-out, catering, or delivery or other products that may be offered by Azal Coffee Stores now or in the future.
- c) The term “Confidential Information” includes without limitation:
 - i) Our Brand Standards Manuals and all information, guidance, and instructions contained therein, training methods and materials, written directives, operations methods, menus, recipes, food and beverage preparation techniques, other techniques, processes, policies, procedures, systems, and all specifications and data related to the operation of your Store and the Franchise Systems;
 - ii) All knowledge and experience relating to Stores;
 - iii) Advertising, marketing techniques and strategies, and advertising programs used in developing and operating Stores;
 - iv) All information regarding the identities and business transactions of customers, suppliers, and vendors, including but not limited to customer information, sources of supplies, inventory, equipment, pricing paradigms for sources of supply, and all information pertaining to the same;
 - v) Computer software and similar technology and systems that have been or may be developed by or for the Company or its agents, which is proprietary to the Company, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
 - vi) Financial information, including but not limited to knowledge of the operating results and financial performance of your Franchise Business and other Stores;
 - vii) New ventures, projections, analyses, pending projects and proposals, and product research and development information;
 - viii) The subjects and content of all conversations, communications, and correspondence between us and you and any of your Owners;
 - ix) All Customer Personal Data and other customer information obtained or received by you;
 - x) Other aspects of the Franchise Systems now or later revealed to the Franchisee Parties and all changes and enhancements in the Systems, even if developed by any Franchisee Party; and
 - xi) Other property that the Company describes as being Confidential Information or that should reasonably be understood to be confidential.
- d) The term “Family Members” shall mean all individuals with any of the following relationships with a Franchisee Party or any of their respective shareholders, officers, directors, partners, members, managers, owners, investors, and affiliates: (i) spouse; (ii) children; (iii) grandchildren; (iv) stepchildren; (v) parents; (vi) siblings; (vii) spouse’s parents; and (viii) spouse’s siblings.
- e) The term “Franchise Location” shall mean the location for the Franchise Business approved in writing by the Company pursuant to the Franchise Agreement.

- f) The term “Geographic Areas” shall mean: (i) the Franchise Location; (ii) the area within twenty-five (25) miles of the Franchise Location; and (iii) the areas within twenty-five (25) miles of any other Azal Coffee Store existing or in development at the time you cease to operate the Competing Business.
- g) The term “Trade Secret” shall mean information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, recipes, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Franchise Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

3) **Confidentiality and Nondisclosure.**

- a) The Franchisee Parties, and their Family Members, shareholders, officers, directors, partners, members, managers, owners, investors, employees, and agents, shall not at any time, during the term of the Franchise Agreement, or after the termination, expiration, or any other end of the Franchise Agreement, communicate, disclose, or use any Confidential Information or Trade Secrets (collectively, “Information”) for their own benefit, or the benefit of any third party, nor will the Franchisee Parties directly or indirectly aid any third party to imitate, duplicate, or “reverse engineer” any of the Information. The Franchisee Parties agree to use and permit the use of Information solely in connection with the operation of the Franchise Business. The Franchisee Parties shall not, without the Company's prior written consent, copy, duplicate, record, or otherwise reproduce any Information. The Franchisee Parties hereby indemnify the Company and its directors, officers, employees, agents, members, successors and assigns, affiliates and subsidiaries, and the respective directors, officers, employees, agents, shareholders, managers, members, affiliates, and successors and assigns of each, from any damages, costs, or expenses resulting from or related to any disclosure or use of Information by the Franchisee Parties or their respective Family Members, shareholders, officers, directors, partners, members, managers, owners, investors, employees, and agents. The Franchisee Parties agree never to copy, duplicate, record or otherwise reproduce any of the Information, in whole or part, share it with any other third-party individual or entity (except as provided herein), store it in a computer or other electronic format, or otherwise make it available to any third party by any other means whatsoever. The Franchisee Parties shall retain all Information in strict confidence and not use the Information except as otherwise provided herein. The Franchisee Parties agree not to claim any right or interest in or to disclose Information to others.
- b) During the term of the Franchise Agreement between Franchisee and the Company or in the event the Franchise Agreement terminates, expires without renewal, or ends for any other reason, the Franchisee Parties, and Family Members, shareholders, officers, directors, partners, members, managers, owners, investors, employees, and agents must not use any of the Information to own, operate, or develop any Competing Business.

- c) The Franchisee Parties acknowledge the Company's exclusive ownership of the Information and the Franchise Systems and the Company's exclusive ownership of the Company's trademarks. No Franchisee Party shall, directly or indirectly, contest or impair the Company's exclusive ownership of, and/or license with respect to, the Information, the Franchise Systems, or the Company's trademarks.
- d) In the event that the Franchise Agreement between Franchisee and the Company terminates, expires without renewal, or ends for any other reason, or upon the Company's reasonable request, the Franchisee Parties shall return to the Company all Information, and shall not retain any copies in whatever form, including without limitation electronically stored information, or other reproductions, or extracts thereof, provided or prepared by the Company or the Franchisee Parties or any of their respective officers, members, managers, shareholders, directors, agents, employees, representatives, or consultants. The Franchisee Parties shall provide a certificate to the Company, in a form satisfactory to the Company, that all of the foregoing have in fact been returned and/or destroyed.

4) **Non-competition.**

- a) The Franchisee Parties acknowledge that the Information disclosed to the Franchisee Parties and all other aspects of the Company's Franchise Systems are highly valuable assets of the Company, and the Franchisee Parties agree that the Franchisee Parties and their shareholders, officers, directors, partners, members, managers, owners, investors, Family Members and affiliates must not, during the term of the Franchise Agreement, engage in any activity in competition with the Company or its franchisees and licensees, including involvement, whether as an owner (except ownership of no more than one percent (1%) of a publicly traded entity), director, officer, member, manager, employee, consultant, lender, representative or agent, or in any other capacity, or otherwise in any business that is involved, in whole or in part, in a Competing Business (except other Stores operated under franchise agreements entered into with the Company), or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business, unless you have received the Company's prior written approval.
- b) In the event that the Franchise Agreement between Franchisee and the Company terminates, expires without renewal, or ends for any other reason, the Franchisee Parties and their shareholders, officers, directors, members, managers, partners, owners, investors, Family Members, and affiliates, must not, for a period of three (3) years commencing on the later of the effective date of termination, expiration, non-renewal, or any other end of the Franchise Agreement, directly or indirectly, engage in any activity in competition with the Company or its franchisees and licensees, including involvement, whether as an owner (except ownership of no more than one percent (1%) of a publicly traded entity), partner, director, officer, member, manager, employee, consultant, lender, representative, or agent, or in any other capacity in any business that is involved, in whole or in part, in a Competing Business or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business; provided that, the restrictions in this Section will only apply within the Geographic Areas.
- c) The Franchisee Parties and their shareholders, officers, directors, members, managers, partners, owners, and investors, Family Members, and affiliates, must not, during the term of the Franchise Agreement and for a period of three (3) years after termination, expiration, non-renewal, or any other end of the Franchise Agreement, for any reason whatsoever, directly or indirectly: (a) divert or attempt to divert any business or customer of the

Franchise Business or any other Store to any Competing Business by direct or indirect inducements or otherwise; (b) sponsor, appoint, or encourage or influence or promote friends, relatives, or associates to operate a Competing Business; or (c) employ any person or furnish or permit access to the Information to any person who is engaged or has arranged to become engaged in any activity in competition with Azal Coffee Stores, including involvement, either as an owner (except no more than one percent (1%) of the publicly traded securities of an entity), partner, director, officer, member, manager, employee, consultant, lender, representative, or agent, or in any other capacity, of any business that is involved, in whole or in part, in a Competing Business or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business.

- d) The Franchisee Parties acknowledge and agree that if any of the Franchisee Parties should violate the provisions of this Section 4 with respect to the operation of a Competing Business following expiration, termination, or any other end of the Franchise Agreement, then the period for which the prohibition stated therein shall be extended until three (3) years following the date such Franchisee Parties ceases all activities that are in violation of this Section 4.
- 5) **Effect of Agreement.** The Company's sole obligation under this Agreement is to provide the Confidential Information to the Franchisee Parties at the outset of the parties' business relationship so that the Franchisee Parties may open and operate the Franchise Business. The Company shall have no further obligations under this Agreement once the Company has provided the Information to the Franchisee Parties. Nothing in this Agreement shall be construed to create any additional or continuing obligation of the Company after the Company initially provides the Confidential Information to the Franchisee Parties. The Franchisee Parties' obligations under this Agreement shall continue in effect after termination, expiration, or any other end of the Franchise Agreement, regardless of the reason or reasons, whether such was voluntary or involuntary, and the Company is entitled to communicate the Franchisee Parties' obligations under this Agreement to any third party to the extent deemed necessary by the Company for protection of its rights.
- 6) **Reasonableness of Restrictions.** The Franchisee Parties have carefully considered the nature and extent of the restrictions upon the Franchisee Parties set forth in this Agreement (including without limitation, the covenants not to compete, confidentiality restrictions, and the restrictions on assignment) and the rights and remedies conferred upon all of the parties under this Agreement. Such restrictions, rights, and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to the Company and the Franchise Systems; (c) are fully required to protect the Company's legitimate business interests; and (d) do not confer benefits upon the Company that are disproportionate to the Franchisee Parties' detriment. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on the Franchisee Parties, since the Franchisee Parties have other considerable skills, experience, and education which afford the Franchisee Parties the opportunity to derive income from other endeavors. The Franchisee Parties acknowledge that each of the terms set forth herein, including the restrictive covenants, are fair and reasonable and are reasonably required for the protection of the Company, the Company's Information, the Company's business system, its network of franchises, the Company's Goodwill, and the Company's trade and service marks, and the Franchisee Parties waive any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is

unreasonable or unenforceable, then the Franchisee Parties agree to submit to the reduction of any such activity, time period, or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

- 7) **Relief for Breaches of Confidentiality and Non-Competition.** The Franchisee Parties acknowledge that it will be difficult to measure the damages to the Company from any breach of a Franchisee Party of the covenants and restrictions set forth herein, that the injury to the Company from any such breach would be incalculable and irremediable and the damages are not an alternative or an adequate remedy. The Franchisee Parties therefore agree that in the event any Franchisee Party breaches or attempts to breach any of the terms of this Agreement, the Company shall be entitled as a matter of right to obtain from any court of competent jurisdiction an injunction (i) prohibiting the breaching party from any further breaches of this Agreement; (ii) rescinding any action taken by the breaching party contrary to the terms of this Agreement; and (iii) authorizing the Company to recover from the breaching party any and all salaries, fees, commissions, income, profits or other remuneration or gain which the breaching party may have received or to which it may have become entitled to receive from or by reason of the conducting of any activity in violation of the terms, conditions or covenants of this Agreement. The issuance of such an injunction will not prevent the Company from obtaining such other relief to which it is entitled.
- 8) **Independent Contractor and Joint Employer Disclaimer.** The Franchisee Parties understand and agree that nothing in this Agreement may be construed to create a partnership, joint venture, agency or employment relationship of any kind between the Company or any of the Franchisee Parties. No party shall represent that the relationship between the Company and the Franchisee Parties is other than that of franchisor and franchisee. The Company does not assume any liability, and shall not be considered liable, for any agreements, representations, or warranties made by the Franchisee Parties unless expressly authorized under this Agreement. The Company will not be obligated for any damages to any person or property that directly or indirectly arises from or is related to the operation of the Franchise Business by the Franchisee Parties. The Franchisee Parties acknowledge and agree, and will never contend otherwise, that the Franchisee Parties alone will exercise day-to-day control over all operations, activities and elements of the Franchise Business and that under no circumstance will the Company do so or be deemed to do so. The Franchisee Parties further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, and covenants the Franchisee Parties are required to comply with under this Agreement do not directly or indirectly constitute, suggest, infer or imply that the Company controls any aspect or element of the day-to-day operations of the Franchise Business. None of Franchisee Parties' employees nor the Franchisee Parties will be considered employees of the Company. Neither the Franchisee Parties nor any of Franchisee Parties' employees whose compensation Franchisee may pay in any way, directly or indirectly, expressly or by implication, will be construed to be an employee of the Company for any purpose, including, without limitation, with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any local, state or federal governmental agency.
- 9) **Miscellaneous.**

- a) The parties agree that this Agreement shall become non-executory after the Company's disclosure of the Information.
- b) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between the parties. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.
- c) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et. seq), as amended, this Agreement shall be governed by the laws of the state of Michigan (without reference to the conflict of laws provisions). The parties agree, however, that if the Franchise Business is not located in Michigan, and if no Franchisee Party a resident of Michigan, the provisions of the Michigan Franchise Investment Law and the regulations promulgated thereunder shall not apply to this Agreement.
- d) Any action brought by any party to this Agreement shall only be brought in the appropriate state or federal court located in or serving the county in which the Company's principal place of business is located at the time the litigation is commenced. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by the Company where any Franchisee Party is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.
- e) If the Company is required to enforce this Agreement in any judicial or arbitration proceeding or any appeals, each Franchisee Party, jointly and severally, must reimburse the Company for its enforcement costs. Enforcement costs include actual accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Agreement.
- f) This Agreement shall be effective the date this Agreement is executed and shall be binding upon the successors and assigns of the parties and shall inure to the benefit of the parties and their respective successors and assigns. Franchisee Parties may not assign this Agreement without the prior written consent of the Company. The Company may assign this Agreement without the prior consent of the Franchisee Parties.
- g) The failure to insist upon performance in any one (1) or more instances upon non-performance of any terms, covenants, and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant, or condition of this Agreement, and the obligations of each party with respect thereto shall continue in full force and effect.
- h) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

- i) The existence of any claim or cause of action a Franchisee Party might have against the Company will not constitute a defense to the enforcement by the Company of this Agreement.
- j) In the event any Section or portion of any Section in this Agreement shall be determined to be invalid or unenforceable for any reason(s), such invalidity or unenforceability shall not affect the validity and enforceability of the remaining valid and enforceable Sections hereof, which shall be construed as if such invalid or unenforceable Section or Sections had not been inserted.
- k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon the parties pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party to this Agreement of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.
- l) This Agreement may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

THE FRANCHISEE PARTIES CERTIFY THAT THEY HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND AND ACCEPT THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ANY FRANCHISEE PARTY TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year written below.

FRANCHISEE:

COMPANY:

FRANCHISEE

DURAR INVESTMENT, LLC

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____

OWNER:

Principal Owner 1

Dated: _____

EXHIBIT C

ADDENDUM TO FRANCHISE AGREEMENT- RENEWAL

ADDENDUM TO FRANCHISE AGREEMENT-RENEWAL

THIS ADDENDUM is made the ____ day of _____, 20____, and modifies a Franchise Agreement of even date (the "Franchise Agreement") entered into by Durar Investment, LLC, a Michigan limited liability company, ("Franchisor") and _____, a _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

A. Introduction. We and you are parties to a franchise agreement dated _____, the term of which expired or will expire on _____, 20____ ("Old Agreement"). You expressed your desire to renew your franchise relationship with us and you signed a new franchise agreement to which this Renewal Addendum is attached (the "Franchise Agreement"). We and you desire to amend the Franchise Agreement to reflect your status as an existing franchisee renewing an ongoing relationship. All capitalized terms not otherwise defined in this Renewal Addendum will have the same meaning as in the Franchise Agreement.

B. Release of Franchisor. As a condition of renewal, you release and forever discharge us and our representatives, owners, members, parents, affiliates, managers, board members, employees, officers, agents, successors, and assigns from all liability, right, claim, debt and cause of action whatsoever, known or unknown, suspected or unsuspected, which you ever had, now have or may have at any time based on any agreement entered into between you and us on or before the date of this Addendum, including but not limited to the Old Agreement, or based on any act or omission occurring on or before the date of this Addendum.

C. Refurbishing of Franchise Location. You must complete the refurbishing, updating, upgrading, construction and/or improvement of the Franchise Location and the equipment, fixtures and signs at the Franchise Location as specified below. These actions must be completed by _____, 20____.

D. Initial Franchise Fee; Renewal Fee. You are not required to pay the initial franchise fee specified in Section 4.1 of the Franchise Agreement. In lieu of the initial franchise fee, you must pay a renewal fee in the amount of \$_____. The renewal fee is payable on or before the signing of the Franchise Agreement.

E. Services Provided to You. Section 5 of the Franchise Agreement is amended as follows:

- (1) The first sentence of Section 5.4 is deleted.
- (2) Section 5.5 is deleted.
- (3) The first sentence of Section 5.8 is deleted.

F. Location Approval and Development. Except as provided in Section C of this Addendum, we acknowledge that, for purposes of Sections 6.1 and 6.4 of the Franchise Agreement, the Franchise Location is approved by us and is currently developed in accordance with our specifications.

G. Date of Opening. For purposes of Section 6.8 of the Franchise Agreement, you are obligated to keep the Franchise Business open so that there is not interruption in the operation of the franchise.

H. Initial Training. Section 6.6 and the first, second, and last paragraphs of Section 7.1 of the Franchise Agreement are deleted.

I. Grand Opening Advertising. Section 9.1 of the Franchise Agreement is deleted.

J. Events of Default. Subsections 15.4(a), (b), and (c) of the Franchise Agreement are deleted.

K. Legal Effect. Except as modified by this Addendum, the Franchise Agreement will remain in full force and effect and is incorporated in this Addendum by reference.

DURAR INVESTMENT, LLC

By: _____

Its: _____

Franchisee

By: _____

Its: _____

EXHIBIT D-1

ADDENDUM TO FRANCHISE AGREEMENT-TRANSFER

ADDENDUM TO FRANCHISE AGREEMENT-TRANSFER

THIS ADDENDUM is made the _____ day of _____, 20____, and modifies a Franchise Agreement of the same date (the "Franchise Agreement") entered into by Durar Investment, LLC, a Michigan limited liability company, ("Franchisor") and _____, a _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

A. Introduction. You entered into an agreement ("Purchase Agreement") for the purchase of the Azal Coffee located at _____ ("Store") from the current owner of the Store (the "Seller"). We and you desire to amend the Franchise Agreement to reflect the fact that you are acquiring an open and operating Store by transfer from one of our existing franchisees. All capitalized terms not otherwise defined in this Addendum will have the same meaning as in the Franchise Agreement.

B. Contingency; Date of Effectiveness of Franchise Agreement. The rights and obligations of the parties under the Franchise Agreement are contingent on: (1) your completion of our initial training program; and (2) the closing of the transaction under the Purchase Agreement and the transfer of possession and ownership of the Store to you. If these contingencies are not met by _____, 20____, we may, at our option, terminate the Franchise Agreement. If we terminate the Franchise Agreement as provided in this Section, we will have the right to retain the transfer fee paid by you (or the Seller) and otherwise the parties will have no further rights or obligations to each other under the Franchise Agreement; provided that, the confidentiality and non-competition provisions of the Franchise Agreement will survive the termination. If these contingencies are met by the date specified above in this Section, then the Franchise Agreement will become effective on the date that you receive possession and ownership of the Store (the "Effective Date").

C. Refurbishing of Franchise Location. You must complete the refurbishing, updating, upgrading, construction and/or improvement of the Franchise Location and the equipment, fixtures and signs at the Franchise Location as specified below. These actions must be completed within ninety (90) days of the date of the Effective Date of this Addendum.

D. Initial Franchise Fee; Transfer Fee. You are not required to pay the initial franchise fee specified in Section 4.1 of the Franchise Agreement. In lieu of the initial franchise fee, you (or the Seller) must pay a transfer fee in the amount of \$ _____. The transfer fee is payable on or before the signing of this Addendum.

E. Services Provided to You. Section 5 of the Franchise Agreement is amended as follows:

- (1) Section 5.5 is deleted.
- (2) The first sentence of Section 5.8 is deleted.

F. Location Approval and Development. Except as provided in Section C of this Addendum, we acknowledge that, for purposes of Sections 6.1 and 6.4 of the Franchise

Agreement, the Franchise Location is approved by us and is currently developed in accordance with our specifications.

G. Date of Opening. For purposes of Section 6.8 of the Franchise Agreement, you must begin operation of the Franchise Business on the effective date of the transfer.

H. Legal Effect. Except as modified by this Addendum, the Franchise Agreement will remain in full force and effect and is incorporated in this Addendum by reference.

DURAR INVESTMENT, LLC

By: _____

Its: _____

Franchisee

By: _____

Its: _____

EXHIBIT D-2

FRANCHISE TERMINATION AND RELEASE AGREEMENT-TRANSFER

FRANCHISE TERMINATION AND RELEASE AGREEMENT - TRANSFER

THIS AGREEMENT is effective the _____ day of _____, 20____, and is made between Durar Investment, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Agreement, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

1. **Introduction.** We and you are parties to a Franchise Agreement dated _____, _____ (the "Franchise Agreement"), for the operation of an Azal Coffee franchise at _____ ("Store"). You entered into an agreement to sell the Store to a buyer acceptable to us (the "Buyer"). We have waived our right of first refusal to purchase the Store and have approved the sale under Section 14.3 of the Franchise Agreement. In accordance with the Franchise Agreement, we and you are terminating the Franchise Agreement so that we may enter into a new franchise agreement with the Buyer. All capitalized terms not otherwise defined in this Agreement will have the same meaning as in the Franchise Agreement.

2. **Termination of Franchise Agreement.** You and we agree that the Franchise Agreement is terminated as of the effective date of this Agreement.

3. **Release.** As a condition to our consent to your transfer to the Buyer, you release and forever discharge us and our representatives, owners, employees, officers, agents and assigns from all liability, right, claim, debt and cause of action whatsoever, known or unknown, suspected or unsuspected, which you ever had, now have or may have at any time based on any agreement entered into between the parties on or before the date of this Agreement or based on any act or omission occurring on or before the date of this Agreement; provided, that nothing contained in this Section will affect your rights and obligations under this Agreement.

4. **Your Duties.** Effective on the date of this Agreement, and except as may be authorized by any other franchise agreement between us and you, your rights to use the Intellectual Property and the Franchise Systems and all other rights associated with being an authorized Azal Coffee franchisee will cease and, you must do the following:

(a) You must immediately and permanently discontinue the use of the Intellectual Property, the Confidential Information, the Franchise Systems, and any trademarks, names, and logos similar to the Franchise Marks or Trade Dress, and any other materials that may, in any way, indicate that you are or were an Azal Coffee franchisee, or in any way associated with us.

(b) Except as assumed by the Buyer, you must immediately discontinue all advertising placed or ordered. Except as transferred to the Buyer, you must remove and deliver to us all sign faces, advertising and promotional material, letterhead, forms, and any other items containing the Intellectual Property or the Confidential Information. You are responsible for the cost of sign and other identification removal and the cost of shipping signs and other materials to us.

(c) You must cease using the Brand Standards Manual, the Confidential Information, Intellectual Property, and all other proprietary business information provided by us and, except as transferred to the Buyer, must return to us all copies of the Brand Standards Manual, the Confidential Information, Intellectual Property, and other bulletins

or other materials received from us containing information about the Intellectual Property and Store.

(d) Except as transferred to the Buyer, you must immediately and permanently cease to use all telephone and fax numbers, email addresses, website addresses, domain names, social media accounts, and other electronic media that have been used in the Franchise Business (the “Telephone Numbers” and “Electronic Media”) and if requested by us, must assign some or all of these Telephone Numbers and Electronic Media to us. You acknowledge that as between you and us, we have the sole right to all Telephone Numbers and Electronic Media used in the Franchise Business and all written and online directory listings associated with the Franchise Business. You authorize us, and appoint us and any of our officers as your attorney-in-fact, to direct the applicable service providers and all listing agencies to transfer those items to us or our agent or assignee if you fail or refuse to do so. You authorize the applicable service providers and all listing agencies to accept the direction in this Agreement as conclusive evidence of our exclusive rights in the Telephone Numbers and Electronic Media and directory listings and our authority to direct their transfer.

(e) You must cease using any business name containing any of the Franchise Marks and must file an abandonment or discontinuance of the name with the appropriate local, county or state agency.

(f) You must immediately pay all sums and debts owing to us and our affiliates, whether those sums and debts owing to us and our affiliates are evidenced by promissory notes, invoices, bills, or other writings, and notwithstanding the fact that those sums and debts may not at that time be fully due and payable, those debts being accelerated automatically without further notice to you.

5. Surviving Provisions of Franchise Agreement. The following provisions of the Franchise Agreement will survive the termination of the Franchise Agreement: Article 11 relating to Intellectual Property; Article 12 relating to confidentiality; Article 13 relating to restrictions on competition; Article 16 relating to your obligations on termination; Article 17 relating to indemnification; Article 18 relating to controlling law, venue and jurisdiction, and dispute resolution; and other obligations in the Franchise Agreement or any other agreements between the parties that, by their terms or intent, survive expiration or termination of the Franchise Agreement.

6. Legal Effect. This Agreement contains the entire agreement between the parties as to the matters covered and is binding on the heirs, devisees, successors or assigns of the parties. The laws of the State of Michigan will govern this Agreement and the construction of this Agreement. You and your owners must file any action against us or our affiliates or our or their owners, officers, directors, managers, agents, or employees, and we may file any action against you and your owners, exclusively in the federal or state courts located in the state and venue in which our principal office is located at the time the action is filed. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Neither party will seek a transfer or change in venue from a venue established or authorized in this Section or elsewhere in this Agreement. You agree to pay all costs incurred by us in enforcing the provisions of this Agreement, including, but not limited to reasonable attorneys’ fees.

The parties have signed this Agreement on the dates beside their signatures, to be effective as of the date at the beginning of this Agreement.

DURAR INVESTMENT, LLC

Dated: _____

By: _____

Its: _____

(Franchisee)

Dated: _____

By: _____

Its: _____

EXHIBIT E

CONFIDENTIALITY/NON-COMPETITION AGREEMENT

CONFIDENTIALITY/NON-COMPETITION AGREEMENT
(management employee)

I am an employee or trainee of _____ (the "Company"). The Company operates or is developing an Azal Coffee franchise under a Franchise Agreement between the Company and Durar Investment, LLC (the "Franchisor") or of one of its affiliates or franchisees.

As an employee or trainee of the Company, I acknowledge that in the course of my employment by the Company and my training in the Azal Coffee franchise systems of operation, I will have access to certain Confidential Information, as defined below, about the Company and the Franchisor's methods of establishing, developing, operating and maintaining Azal Coffee Stores that is confidential and not available to the public in general. I understand that the Company and the Franchisor have spent a great deal of time and money developing this Confidential Information and I acknowledge that the Company and the Franchisor's reasonable competitive business interests would be severely and irreparably damaged if the Confidential Information that has been (or may be) revealed to me were to be disclosed to any third person, become available to the public in general, or used by me to compete with the Company or the Franchisor or any of its affiliates or franchisees. I, therefore, agree that the Company and Franchisor have a need to protect the Company's and the Franchisor's valuable Confidential Information and I agree that in consideration of these factors, and in consideration of my employment or continuing employment with the Company and/or by training in the Azal Coffee systems of operation, I promise and agree to be bound by the terms of this Agreement as follows:

1. I agree not to directly or indirectly disclose to any individual, company, partnership, business, corporation or any other entity ("person") or to use myself, any Confidential Information which I learn during my training and/or employment with the Company, except as necessary in the course of my employment with the Company. I agree that these restrictions will apply while I am in training or am employed by the Company and indefinitely after my training is completed or ends or my employment terminates or ends for any reason.

I agree to, at all times, keep the Confidential Information strictly confidential and to maintain the secrecy of the Confidential Information. In particular, I will, at all times, keep all tangible forms of the Confidential Information that I have been entrusted with in a secure work area and safely locked away when not in use and will ensure that these items do not fall into the hands of unauthorized persons.

I also agree that if my training ceases without my being employed by the Company or my employment with the Company terminates or ends for any reason, I will immediately return to the Company or the Franchisor, all memoranda, notes, and other written, digital, electronic, or printed information that is in my possession or under my control, which contains Confidential Information, including information, which although not confidential, belongs to the Company or the Franchisor or relates to its business or systems of the Company or the Franchisor. This obligation will apply regardless of whether the information was prepared by me, the Company, the Franchisor, or a third party.

The term "Confidential Information" includes, but is not limited to: (i) "proprietary information," which includes, but is not limited to, knowledge and experience relating to Azal Coffee Stores; advertising, marketing techniques and strategies, and advertising programs used in developing and operating Azal Coffee Stores; computer software and similar technology and systems that have been or may be developed by or for the Company or the Franchisor, which is

proprietary to the Company or the Franchisor, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; the contents of the Brand Standards Manual; financial information, including but not limited to knowledge of the operating results and financial performance of Azal Coffee Stores; new ventures, pending projects and proposals, and product development information; other aspects of the Azal Coffee systems now or later revealed to you and all changes and enhancements in the Azal Coffee systems, even if developed by you; and other property that the Company or the Franchisor describes as being Confidential Information or that is confidential, unique and/or not generally known or available to the public, including but not limited to, information regarding the Company's or the Franchisor's methods, equipment, and materials relating to the development, marketing, and operation of the Company's business of a Azal Coffee Store; (ii) "trade secret" information which includes any knowledge, ideas, concepts, recipes, techniques, computer programs, systems manuals, installation guides, reports, technical manuals, operation manuals, and training programs relating to the establishment, development, operation and maintenance of the Company's business, Franchisor's business, or an Azal Coffee Store; (iii) "customer information" which includes information about and all personally identifiable information of current and prospective customers of the Company or the Franchisor, including without limitation, the names, addresses and telephone numbers, email addresses, transaction histories, and all other information linked or linkable to the Company's and/or Franchisor's current or prospective customers, and specific information about these customers or prospective customers such as general needs, order history, contact information, and customer contacts and referral sources; and (iv) "supplier information" which includes product source information and information about current and prospective carriers, suppliers, vendors, agencies, or providers of the Company or the Franchisor, including the names, addresses and telephone numbers of any such suppliers and the terms of any contracts or arrangements between the Company or the Franchisor and such suppliers.

2. I will not, while I am in training or while I am employed by the Company, nor within three (3) years of the date that training ceases without my being employed by the Company or the date my employment with the Company terminates or ends, for any reason whatsoever, directly or indirectly:

(a) engage in any business that is in competition with the Company or the Franchisor as principal, agent on behalf of others, jointly with others, or as a stockholder, partner, director, members, manager, officer, independent contractor, employee or advisor of or to any Person within twenty-five (25) miles of any Azal Coffee store; or

(b) have a financial interest in, or aid or assist, financially or otherwise (as a lender, stockholder, member, or otherwise), any Person who is engaged in a business that competes with the Company or the Franchisor within twenty-five (25) miles of any Azal Coffee Store.

I also agree that I will not disparage or otherwise make harmful or unfavorable statements regarding the Company or the Franchisor or an Azal Coffee Store or any of their services, operations, processes, or methods to anyone else.

3. Pursuant to the federal Defend Trade Secrets Act of 2016, I have been notified and understand that I will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting

or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. I understand that the Franchisor is the exclusive owner of all rights relating to the Azal Coffee systems and its Confidential Information, and I agree that as a condition of my training and/or employment by the Company, the Franchisor has the exclusive rights to all ideas, improvements and innovations relating to an Azal Coffee Store, which I conceive, develop or help develop during my training and/or employment.

5. I understand that the Company is an independently owned and operated Azal Coffee franchisee and is my sole employer and solely responsible for the terms and conditions of my employment and my compensation. I further understand that the Franchisor is not directly or indirectly my employer and that the Franchisor is granted rights under this Agreement solely for the purpose of protecting the Azal Coffee Confidential Information and the Azal Coffee systems and brand.

6. My obligations under this Agreement will be binding on me and my heirs and personal representatives and will inure to the benefit of the Company and the Franchisor and their successors and assigns. My obligations arising out of this Agreement are in addition to and are not in any manner limitations on all obligations not to use or disclose the Company's or the Franchisor's Confidential Information as provided by law, whether expressly or by implication.

7. I acknowledge that my breach of this Agreement will cause the Company and/or Franchisor irreparable harm. I, therefore, agree that the Company and Franchisor are entitled to an injunction enjoining me and restraining me from performing and continuing to commit any violation or breach of this Agreement, in addition to any other rights and remedies either of them might have. Also, the Company and the Franchisor will be entitled to recover all costs and expenses from me, including actual attorneys' fees and costs incurred in enforcing this Agreement. These remedies are cumulative and not alternative and will be in addition to every remedy given under this Agreement, any other agreement between me and the Company, or now or later existing at law or in equity, by statute or otherwise. The election of one or more remedies will not constitute a waiver of any right to pursue other remedies.

8. I agree that Franchisor is a third-party beneficiary of this Agreement and has the right independently of the Company to enforce the provisions of this Agreement.

9. I acknowledge and agree that the restrictions, rights, and remedies contained in this Agreement are reasonable, valid, and enforceable. However, if a court of competent jurisdiction finds any of the provisions of this Agreement are not enforceable, such provision shall be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable, bearing in mind that the purpose of this Agreement is to provide the broadest possible protection against disclosure of the Confidential Information.

10. I agree that this Agreement, for all purposes, will be construed in accordance with the laws of the State of Michigan without regard to conflicts-of-law principles.

11. I have had an opportunity to review all the terms of this Agreement with my attorney and/or advisors and have read, understand and voluntarily accept all the terms of this Agreement.

12. I agree that any litigation will only be conducted on an individual, not a class-wide basis, and that a litigation proceeding between me and the Company or the Franchisor may not

be consolidated with any other litigation proceeding between me and the Company or the Franchisor and any other person, corporation, limited liability company, partnership, business, or other entity. I waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

13. AFTER CONSULTING WITH MY ATTORNEY OR HAVING THE OPPORTUNITY TO DO SO, I KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY (AND WITHOUT DURESS OR COERCION) WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON OR ARISING OUT OF THIS AGREEMENT OR BASED ON ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION RELATING TO THIS AGREEMENT. I WILL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS WILL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ME OR THE COMPANY EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ME AND THE COMPANY.

ACCEPTED:

Signature of Employee/Trainee

The Company

Type or Print Employee/Trainee Name

By: _____

Its: _____

Dated: _____

Dated: _____

CONFIDENTIALITY AGREEMENT
(rank and file employee)

I am an employee or trainee of _____ (the "Company"). The Company operates or is developing an Azal Coffee Store franchise under a Franchise Agreement between the Company and Durar Investment, LLC (the "Franchisor") or of one of its affiliates or franchisees.

As an employee or trainee of the Company, I acknowledge that in the course of my employment by the Company and my training in the Azal Coffee Store systems of operation, I will have access to certain Confidential Information, as defined below, about the Company and the Franchisor's methods of establishing, developing, operating and maintaining Azal Coffee Stores that is confidential and not available to the public in general. I understand that the Company and the Franchisor have spent a great deal of time and money developing this Confidential Information and I acknowledge that the Company and the Franchisor's reasonable competitive business interests would be severely and irreparably damaged if the Confidential Information that has been (or may be) revealed to me were to be disclosed to any third person, become available to the public in general, or used by me to compete with the Company or the Franchisor or any of its affiliates or franchisees. I, therefore, agree that the Company and Franchisor have a need to protect the Company's and the Franchisor's valuable Confidential Information and I agree that in consideration of these factors, and in consideration of my employment or continuing employment with the Company and/or by training in the Azal Coffee systems of operation, I promise and agree to be bound by the terms of this Agreement as follows:

1. I agree not to directly or indirectly disclose to any individual, company, partnership, business, corporation, or any other entity ("person") or to use myself, any Confidential Information which I learn during my training and/or employment with the Company, except as necessary in the course of my employment with the Company. I agree that these restrictions will apply while I am in training or am employed by the Company and indefinitely after my training is completed or ends or my employment terminates or ends for any reason.

I agree to, at all times, keep the Confidential Information strictly confidential and maintain the secrecy of the Confidential Information. In particular, I will, at all times, keep all tangible forms of the Confidential Information that I have been entrusted with in a secure work area and safely locked away when not in use and will ensure that these items do not fall into the hands of unauthorized persons.

I also agree that if my training ceases without my being employed by the Company or my employment with the Company terminates or ends for any reason, I will immediately return to the Company or the Franchisor, all memoranda, notes, and other written, digital, electronic, or printed information that is in my possession or under my control, which contains Confidential Information, including information, which although not confidential, belongs to the Company or the Franchisor or relates to its business or systems of the Company or the Franchisor. This obligation will apply regardless of whether the information was prepared by me, the Company, the Franchisor, or a third party.

The term "Confidential Information" includes, but is not limited to: (i) "proprietary information," which includes, but is not limited to, knowledge and experience relating to Azal Coffee; advertising, marketing techniques and strategies, and advertising programs used in

developing and operating Azal Coffee Stores; computer software and similar technology and systems that have been or may be developed by or for the Company or the Franchisor, which is proprietary to the Company or the Franchisor, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; the contents of the Brand Standards Manual; financial information, including but not limited to knowledge of the operating results and financial performance of Azal Coffee; new ventures, pending projects and proposals, and product development information; other aspects of the Azal Coffee systems now or later revealed to you and all changes and enhancements in the Azal Coffee systems, even if developed by you; and other property that the Company or the Franchisor describes as being Confidential Information or that is confidential, unique and/or not generally known or available to the public, including but not limited to, information regarding the Company's or the Franchisor's methods, equipment, and materials relating to the development, marketing, and operation of the Company's business of a Azal Coffee Store; (ii) "trade secret" information which includes any knowledge, ideas, concepts, recipes, techniques, computer programs, systems manuals, installation guides, reports, technical manuals, operation manuals, and training programs relating to the establishment, development, operation and maintenance of the Company's business, Franchisor's business, or an Azal Coffee store; (iii) "customer information" which includes information about and all personally identifiable information of current and prospective customers of the Company or the Franchisor, including without limitation, the names, addresses and telephone numbers, email addresses, transaction histories, and all other information linked or linkable to the Company's and/or Franchisor's current or prospective customers, and specific information about these customers or prospective customers such as general needs, order history, contact information, and customer contacts and referral sources; and (iv) "supplier information" which includes product source information and information about current and prospective carriers, suppliers, vendors, agencies, or providers of the Company or the Franchisor, including the names, addresses and telephone numbers of any such suppliers and the terms of any contracts or arrangements between the Company or the Franchisor and such suppliers.

2. Pursuant to the federal Defend Trade Secrets Act of 2016, I have been notified and understand that I will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

3. I understand that the Franchisor is the exclusive owner of all rights relating to the Azal Coffee systems and its Confidential Information, and I agree that as a condition of my training and/or employment by the Company, the Franchisor has the exclusive rights to all ideas, improvements and innovations relating to an Azal Coffee Store, which I conceive, develop or help develop during my training and/or employment.

4. I understand that the Company is an independently owned and operated Azal Coffee franchisee and is my sole employer and solely responsible for the terms and conditions of my employment and my compensation. I further understand that the Franchisor is not directly or indirectly my employer and that the Franchisor is granted rights under this Agreement solely for the purpose of protecting the Azal Coffee Confidential Information and the Azal Coffee systems and brand.

5. My obligations under this Agreement will be binding on me and my heirs and personal representatives and will inure to the benefit of the Company and the Franchisor and their

successors and assigns. My obligations arising out of this Agreement are in addition to and are not in any manner limitations on all obligations not to use or disclose the Company's or the Franchisor's Confidential Information as provided by law, whether expressly or by implication.

6. I acknowledge that my breach of this Agreement will cause the Company and/or Franchisor irreparable harm. I, therefore, agree that the Company and/or the Franchisor are entitled to an injunction enjoining me and restraining me from performing and continuing to commit any violation or breach of this Agreement, in addition to any other rights and remedies either of them might have. Also, the Company and the Franchisor will be entitled to recover all costs and expenses from me, including actual attorneys' fees and costs incurred in enforcing this Agreement. These remedies are cumulative and not alternative and will be in addition to every remedy given under this Agreement, any other agreement between me and the Company, or now or later existing at law or in equity, by statute or otherwise. The election of one or more remedies will not constitute a waiver of any right to pursue other remedies.

7. I agree that Franchisor is a third-party beneficiary of this Agreement and has the right independently of the Company to enforce the provisions of this Agreement.

8. I acknowledge and agree that the restrictions, rights, and remedies contained in this Agreement are reasonable, valid, and enforceable. However, if a court of competent jurisdiction finds any of the provisions of this Agreement are not enforceable, such provision shall be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable, bearing in mind that the purpose of this Agreement is to provide the broadest possible protection against disclosure of the Confidential Information.

9. I agree that this Agreement, for all purposes, will be construed in accordance with the laws of the State of Michigan without regard to conflicts-of-law principles.

10. I have had an opportunity to review all the terms of this Agreement with my attorney and/or advisors and have read, understand and voluntarily accept all the terms of this Agreement.

11. I agree that any litigation will only be conducted on an individual, not a class-wide basis, and that a litigation proceeding between me and the Company or the Franchisor may not be consolidated with any other litigation proceeding between me and the Company or the Franchisor and any other person, corporation, limited liability company, business, partnership, or other entity. I waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff or a class representative in any claim on a class or consolidated basis.

12. AFTER CONSULTING WITH MY ATTORNEY OR HAVING THE OPPORTUNITY TO DO SO, I KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY (AND WITHOUT DURESS OR COERCION) WAIVE ANY RIGHT I MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED ON OR ARISING OUT OF THIS AGREEMENT OR BASED ON ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION RELATING TO THIS AGREEMENT. I WILL NOT SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS WILL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY ME OR THE COMPANY EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ME AND THE COMPANY.

ACCEPTED:

Signature of Employee/Trainee

The Company

Type or Print Employee/Trainee Name

By: _____

Its: _____

Dated: _____

Dated: _____

EXHIBIT F

LIST OF OPEN AZAL COFFEE FRANCHISES

Location	Franchisee	Contact	Address	Phone Number
WISCONSIN				
Milwaukee	Wild Flower Superior, LLC	Musa Abdeljabar	1318 S. 1 st Milwaukee, WI 53204	(414) 226-6355

LIST OF AZAL COFFEE FRANCHISES THAT HAVE SIGNED FRANCHISE AGREEMENTS BUT HAVE YET TO OPEN

Location	Franchisee	Contact	Address	Phone Number
FLORIDA				
Altamonte Springs	Yemeni Coffee of Orlando, LLC	Hisham Yahya	150 Cranes Roost Blvd. #1200 Altamonte Springs, FL 32701	(929) 248-8885
NEW JERSEY				
Jersey City	The Coffee of Jersey City Corp.	Shehab Assaedi	131 Newark Ave. Jersey City, NJ 07302	(910) 633-1905
OHIO				
Columbus	Omar & Sara Investments, LLC	Omar Abdellatif	1471 Koppel Way, Columbus, OH 43228	(614) 446-3295
PENNSYLVANIA				
Pittsburgh	Yemeni Coffee Pittsburgh, Inc.	Elias Alselemi	2100 Murray Ave. Pittsburg, PA 15217	(757) 774-3433

EXHIBIT G

LIST OF FRANCHISEES THAT RECENTLY LEFT THE SYSTEM

LIST OF FRANCHISEES THAT RECENTLY LEFT THE SYSTEM

NONE.

EXHIBIT H
FINANCIAL STATEMENTS

DURAR INVESTMENT LLC

FINANCIAL STATEMENTS

**Year Ended December 31, 2024 and for the period from
January 1, 2023 (Date of Inception) to December 31, 2023**

DURAR INVESTMENT LLC

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FMD

CPAs & Strategic Advisors

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
DURAR INVESTMENT LLC
BIRMINGHAM, MICHIGAN

Opinion

We have audited the accompanying financial statements of Durar Investment LLC (a Michigan limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members equity, and cash flows for the year ended December 31, 2024 and for the period from January 1, 2023 (date of inception) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Durar Investment LLC as of December 31, 2024 and 2023, and the results of its operations and cash flows for the year ended December 31, 2024 and for the period from January 1, 2023 (date of inception) to December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements that is 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 Durar Investment LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

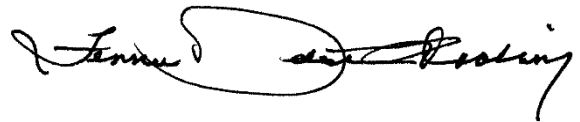
Auditors' Responsibilities for the Audit of the Financial Statements

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 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 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 Durar Investment LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Durar Investment LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink, appearing to read "Fenner Melstrom & Dooling", with a large, stylized loop at the end.

FENNER, MELSTROM & DOOLING, PLC

MAY 15, 2025

DURAR INVESTMENT LLC

BALANCE SHEETS December 31, 2024 and 2023

ASSETS

	<u>2 0 2 4</u>	<u>2 0 2 3</u>
CURRENT ASSETS		
CASH.....	\$ 22,687	\$ 66
TOTAL CURRENT ASSETS	22,687	66
RELATED PARTY LOAN RECEIVABLE	<u>228,361</u>	<u>233,694</u>
	<u>\$ 251,048</u>	<u>\$ 233,760</u>

LIABILITIES AND MEMBERS EQUITY

CURRENT LIABILITIES		
DEFERRED FRANCHISE FEES	\$ 2,500	\$ -
ACCRUED LIABILITIES	<u>9,207</u>	<u>-</u>
TOTAL CURRENT LIABILITIES.....	11,707	-
DEFERRED FRANCHISE FEES, NET OF CURRENT PORTION ...	<u>22,500</u>	<u>-</u>
TOTAL LIABILITIES	34,207	-
MEMBERS EQUITY.....	<u>216,841</u>	<u>233,760</u>
	<u>\$ 251,048</u>	<u>\$ 233,760</u>

SEE ACCOMPANYING NOTES

DURAR INVESTMENT LLC

STATEMENTS OF INCOME AND MEMBERS EQUITY Year Ended December 31, 2024 and for the period from January 1, 2023 (Date of Inception) to December 31, 2023

	<u>2 0 2 4</u>	<u>2 0 2 3</u>
REVENUES.....	\$ -	\$ -
BUSINESS DEVELOPMENT COSTS	<u>14,676</u>	<u>-</u>
NET LOSS	(14,676)	-
MEMBERS EQUITY, BEGINNING OF YEAR/PERIOD.....	233,760	-
MEMBER CONTRIBUTIONS	-	233,760
DISTRIBUTIONS	<u>(2,243)</u>	<u>-</u>
MEMBERS EQUITY, END OF YEAR/PERIOD.....	<u>\$ 216,841</u>	<u>\$ 233,760</u>

SEE ACCOMPANYING NOTES

DURAR INVESTMENT LLC

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2024 and for the period from
January 1, 2023 (Date of Inception) to December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2 0 2 4</u>	<u>2 0 2 3</u>
NET LOSS	\$ (14,676)	\$ -
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
DEFERRED FRANCHISE FEES	25,000	-
INCREASE (DECREASE) IN CURRENT LIABILITIES ACCRUED LIABILITIES	<u>9,207</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES.....	<u>19,531</u>	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

NET CHANGE IN RELATED PARTY LOAN RECEIVABLE	<u>5,333</u>	<u>(233,694)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES.....	<u>5,333</u>	<u>(233,694)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

MEMBER CONTRIBUTIONS	-	233,760
DISTRIBUTIONS	<u>(2,243)</u>	<u>-</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES.....	<u>(2,243)</u>	<u>233,760</u>

NET CHANGE IN CASH DURING THE YEAR

NET INCREASE IN CASH	22,621	66
CASH, BEGINNING OF YEAR/PERIOD	<u>66</u>	<u>-</u>
CASH, END OF YEAR/PERIOD	<u>\$ 22,687</u>	<u>\$ 66</u>

SEE ACCOMPANYING NOTES

DURAR INVESTMENT LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

The Company's revenue from operations mainly consists of franchise fees and royalties. The Company sells individual franchisees the right to operate a Durar Investment Coffee Shop within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid. The Company has obligations to provide franchisees with the franchise rights to operate a Durar Investment Coffee Shop, training, and site selection, as well as provide advertising for which fees are charged. The Company has concluded that these items represent performance obligations. Therefore, initial franchise fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the coffee shop is opened. Transfer fees and renewal fees are recognized in the period the transfer or renewal agreement is executed. Income for royalties is recognized over the term of the respective franchise agreement as the underlying sales occur.

No franchise locations opened in 2024 or 2023, therefore no revenue was recognized in either year.

Payment Terms

Initial franchise and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties are paid on a weekly basis, based upon a percentage of franchisee net sales. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the balance sheet. Contract liabilities at the beginning and end of the year ended December 31, 2024 were \$0 and \$25,000, respectively. There were no budget contract liabilities at the beginning or the end of the year ended December 31, 2023.

(continued on next page)

DURAR INVESTMENT LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

Allocating the Transaction Price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate a studio. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties, as the transaction price is based on the franchisees' sales. The license of the franchise right is the predominant item to which the royalty relates; therefore, the variable consideration is recognized based on the actual amounts incurred each month.

FEDERAL INCOME TAX

The Company is a disregarded entity for tax purposes as a single member LLC. In lieu of corporate income taxes, the member of Durar Investment LLC includes their respective income or loss on their individual income tax returns.

ADVERTISING COSTS

The Company's policy is to expense advertising costs as incurred. Advertising expense for the years ended December 31, 2024 and 2023 was \$505 and \$0, respectively.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events for disclosure through May 15, 2025, the date on which the financial statements were ready to be issued. There were no subsequent events to disclose.

DURAR INVESTMENT LLC

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

2. BUSINESS ACTIVITY

The Company is engaged in franchising Yemeni coffee shops in the United States. The Company is an affiliate of V60 Coffee LLC (Operating Entity of Corporate Store), Azal Yemeni Coffee (Corporate Store, owns the franchise name), and Azal Wholesale, LLC (provides goods required to be purchased by franchisees).

3. USE OF ESTIMATES

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

4. CASH

CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

SUPPLEMENTAL CASH FLOW INFORMATION

The Company classifies all highly liquid debt instruments purchased with original maturities of 90 days or less as cash equivalents. The Company has not designated any other assets as cash equivalents.

5. RELATED PARTY TRANSACTIONS

As of December 31, 2024 and 2023, the Company had a loan receivable totaling \$228,361 and \$233,694, respectively, from V60 Coffee LLC, the Operating Entity for the corporate store related by common ownership. The loan is not expected to be paid in full within one year, therefore it is reported as a non-current asset.

DURAR INVESTMENT LLC

FINANCIAL STATEMENT

January 1, 2023 (Date of Inception) to December 31, 2023

DURAR INVESTMENT LLC

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FMD

CPAs & Strategic Advisors

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
DURAR INVESTMENT LLC
BIRMINGHAM, MICHIGAN

Opinion

We have audited the accompanying balance sheet of Durar Investment LLC (the "Company"), a Michigan limited liability company, as of December 31, 2023, the end of the initial accounting period of the Company, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Durar Investment LLC as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 the financial statements that is 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 Durar Investment LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Durar Investment LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Durar Investment LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink, appearing to read "Fenner Melstrom & Dooling", with a large, sweeping loop at the end.

FENNER, MELSTROM & DOOLING, PLC

NOVEMBER 12, 2024

DURAR INVESTMENT LLC

BALANCE SHEET
December 31, 2023

ASSETS

CURRENT ASSETS

CASH	\$	66
RELATED PARTY LOAN RECEIVABLE		<u>233,694</u>

TOTAL CURRENT ASSETS	\$	<u><u>233,760</u></u>
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MEMBERS EQUITY

MEMBERS EQUITY	\$	<u>233,760</u>
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	\$	<u><u>233,760</u></u>
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SEE ACCOMPANYING NOTES

DURAR INVESTMENT LLC

NOTES TO FINANCIAL STATEMENT

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FEDERAL INCOME TAX

The Company is a disregarded entity for tax purposes as a single member LLC. In lieu of corporate income taxes, the members of Durar Investment LLC include their respective income or loss on their individual income tax returns.

DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events for disclosure through November 12, 2024 the date on which the financial statements were ready to be issued. There were no subsequent events to disclose.

2. BUSINESS ACTIVITY

The Company is engaged in franchising Yemeni coffee shops in the United States. The Company is an affiliate of V60 Coffee LLC (Operating Entity of Corporate Store), Azal Yemeni Coffee (Corporate Store, owns the franchise name), and Azal Wholesale, LLC (provides goods required to be purchased by franchisees).

3. USE OF ESTIMATES

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

DURAR INVESTMENT LLC

NOTES TO FINANCIAL STATEMENT
December 31, 2023

4. CASH

CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

SUPPLEMENTAL CASH FLOW INFORMATION

The Company classifies all highly liquid debt instruments purchased with original maturities of 90 days or less as cash equivalents. The Company has not designated any other assets as cash equivalents.

5. RELATED PARTY TRANSACTIONS

As of December 31, 2023, the Company had notes receivable totaling \$233,694 from V60 Coffee LLC, the Operating Entity for a loan the corporate store related by common ownership. The entire balance is included in current assets.

EXHIBIT I

STATE SPECIFIC DISCLOSURES AND ADDENDA

**ADDITIONAL STATE-SPECIFIC DISCLOSURES FOR THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF
DURAR INVESTMENT, LLC**

The following are additional disclosures for the Franchise Disclosure Document of DURAR INVESTMENT, LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. 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.

2. IN ADDITION TO THE INFORMATION SET FORTH IN ITEM 3 OF THE DISCLOSURE DOCUMENT, NEITHER THE FRANCHISOR NOR ANY PERSON LISTED IN ITEM 2 OF THE DISCLOSURE DOCUMENT IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, 15 USCA 78(a), ET SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN SUCH ASSOCIATION OR EXCHANGE.

3. THE FOLLOWING PARAGRAPHS ARE AN ADDITION TO THE DISCLOSURE CONTAINED IN ITEM 17 OF THE DISCLOSURE DOCUMENT.

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

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

(c) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 USCA Sec. 101, et seq.).

(d) The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

(e) You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

(f) Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.

The URL address for the DURAR INVESTMENT, LLC Website is www.azalcoffeeusa.com. 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 OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

HAWAII

1. The following is in addition to the disclosure in Item 8 of the Franchise Disclosure Document:

The requirement for you to purchase products from us or some other entity as we designate in writing, may be unlawful under Hawaii Law. If, and to the extent, that requirement is found to be unlawful, that requirement will be void (to the extent unlawful) and you must purchase those products from approved suppliers.

2. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

Any release signed by you as a condition of renewal or transfer will not exclude claims you may have under the Hawaii Investment Law

ILLINOIS

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

2. Payment of the initial franchise/development fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

3. Illinois law governs the franchise agreement.

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

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

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

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

INDIANA

1. **REGISTRATION OF THIS FRANCHISE IN THE STATE OF INDIANA DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.**

2. The following is in addition to the disclosure in Item 8 of the Franchise Disclosure Document:

The requirement for you to purchase products from us or some other entity as we designate in writing, may be unlawful under Indiana Law. Under the Franchise Agreement amended for use in Indiana, if, and to the extent, that requirement is found to be unlawful, that requirement will be void (to the extent unlawful) and you must purchase those products from approved suppliers.

3. The following is in addition to the disclosure in Item 12 of the Franchise Disclosure Document:

(a) Under the Franchise Agreement amended for use in Indiana, we are prohibited from establishing a Franchisor owned outlet engaged in a substantially identical business to that of the Franchise Business within your Protected Area, whether or not the business is operated under the Franchise Marks.

4. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

(a) Under the Franchise Agreement amended for use in Indiana, the post-termination non-competition covenant only applies to your Protected Area and does not include the areas within a radius of any other Azal Coffee franchise location.

(b) The Franchise Agreement amended for use in the State of Indiana specifies that the Agreement and the construction of the Agreement will be governed by the laws of the State of Michigan except that the Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.

MARYLAND

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

ANY RELEASE CONTAINED IN THE FRANCHISE AGREEMENT OR ANY OTHER AGREEMENT REQUIRED AS A CONDITION OF THE SALE, RENEWAL OR TRANSFER OF THE FRANCHISE WILL NOT APPLY TO ANY LIABILITY UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

THE FRANCHISE AGREEMENT SPECIFIES THE APPLICATION OF MICHIGAN LAWS AND MICHIGAN VENUE FOR LITIGATION; HOWEVER, YOU MAY BRING AN ACTION UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW IN ANY COURT OF COMPETENT JURISDICTION IN MARYLAND.

ANY CLAIM ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW MUST BE BROUGHT WITHIN THREE YEARS AFTER THE GRANT OF THE FRANCHISE.

MINNESOTA

1. The following is in addition to the disclosures in Items 13 and 17 of the Franchise Disclosure Document:

(a) MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce: (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C; or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases):

(i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and

(ii) that consent to the transfer of the franchise will not be unreasonably withheld.

(c) MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, other than with respect to the voluntary settlement of disputes between us.

(d) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

(e) The Limitations of Claims section of the Franchise Agreement must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

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

NEW YORK

1. **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.**

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

2. Litigation. The following is in addition to the disclosure in Item 3 of the Franchise Disclosure Document:

Except for any actions disclosed in the body of the Disclosure document, neither the franchisor, a predecessor, a parent or affiliate that induces franchise sales by promising to back the franchisor financially or otherwise guarantees the franchisor's performance, an affiliate who offers franchises under the Franchisor's principal trademarks, nor any person identified in Item 2 of the Franchise Disclosure Document:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; or any pending action, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Bankruptcy. The following is in addition to the disclosure in Item 4 of the Franchise Disclosure Document:

Except as disclosed in the body of the Disclosure document, neither Franchisor, and parent, predecessor, affiliate, officer, or general partner of the franchisor, nor any other individual who will have management responsibility relating to the sale or operation of franchises offered in the Franchise Disclosure Document has, during the ten (10) year period immediately before the date of the Disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. bankruptcy code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the Franchisor held this position in the company or partnership.

4. Initial Franchise Fee. The following is in addition to the disclosure in Item 5 of the Franchise Disclosure Document:

The initial franchise fee may, in part, be profit to us, and is, in part, used to pay our following expenses and costs: (a) employee salaries and benefits; (b) sales, administrative and operating expenses; (c) legal and accounting fees; (d) expenses of technical assistance, service and support; (e) protection of our trademarks; (f) other operational expenses incurred by us relating to franchising.

5. Renewal, Termination, Transfer and Dispute Resolution. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

(a) Conditions for our approval of the transfer--The release you must sign if you transfer your franchise will not apply to any claims you may have arising under Article 33 of the General Business Law of the State of New York.

(b) Assignment of contract by us--No assignment of our rights in the Franchise Agreement will be made by us except to an assignee who, in our good faith and judgment, is willing and able to assume our duties under the Agreement.

(c) Choice of law--The choice of law provision, which requires application of Michigan laws, will not be considered a waiver of your rights under Article 33 of the General Business Law of the State of New York.

(d) Modification of agreements--Revisions to the operations manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement.

NORTH DAKOTA

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

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

(a) Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.

(b) **Situs of Arbitration Proceedings:** Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

(c) **Restrictions on Forum:** Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

(d) **Liquidated Damages and Termination Penalties:** Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

(e) **Applicable Laws:** Franchise agreements, which specify that they are to be governed by the laws of a state other than North Dakota.

(f) **Waiver of Trial by Jury:** Requiring North Dakota franchises to consent to a waiver of a trial by jury.

(g) **Waiver of Exemplary and Punitive Damages:** Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

(h) **General Release:** Franchise Agreements that require the franchisee to sign a general release on renewal of the franchise agreement.

(i) **Limitation of Claims:** Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(j) **Enforcement of Agreement:** Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

RHODE ISLAND

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

§ 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."

VIRGINIA

1. The following statements are added to Item 17 of the Franchise Disclosure Document:

(a) 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 grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

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

WASHINGTON

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

(a) The State of Washington has a statute, RCW 19.100.180, which may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement or related agreements concerning your relationship with the franchisor including the areas of termination and renewal of your franchise. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

(b) In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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

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

(e) Provisions such as those that 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.

(f) Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

(g) Provisions that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j).

(h) Any provision that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

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

(j) Provisions stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

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

(l) Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

(m) 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.

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

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

(p) Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A

franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

Chapter 135, Stats., Wisconsin Fair Dealership Law, supersedes any provision of the Franchise Agreement or any other agreement inconsistent with that law.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE SPECIFIC ADDENDA TO THE
FRANCHISE AGREEMENT**

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF CALIFORNIA**

THIS ADDENDUM is made this ____ day of _____, 20 __, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

1. In recognition of the requirements of California Franchise Investment Law, Cal Corp Code §§31000-31516 and the California Franchise Relations Act, Cal Bus And Prof Code §§20000-20043, the Franchise Agreement for Durar Investment, LLC is amended as follows:

- The California Franchise Relations Act provides you rights concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement.
- Section 15.04, which terminates the Franchise Agreement upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 USC Section 101, *et. seq*).
- Section 13.2. of the Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.
- Section 18.1 requires binding arbitration. The arbitration will occur at the forum indicated in Section 18.1, with the costs being borne by you if we substantially prevail. You are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

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

3. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

DURAR INVESTMENT, LLC

By: _____

Its: _____

FRANCHISEE

By: _____

Its: _____

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF HAWAII**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

In recognition of the requirements of the Hawaii Franchise Investment Law, Haw. Rev. Stat. § 482E-1, et seq., the parties agree as follows:

1. Release on Renewal. Section 3.2(h) of the Franchise Agreement, is amended to read as follows:

(h) You have signed a general release, in a form specified by us, of any and all claims against us and our affiliates, and their respective officers, directors, agents, members and employees, excluding only such claims as you may have under the Hawaii Investment Law.

2. Supplier Requirements. Section 8.5 of the Franchise Agreement is amended by adding the following:

If, and to the extent, the requirement for you to purchase products from a Designated Supplier is unlawful under Hawaii Law, that requirement will be void (to the extent unlawful) and you must purchase those products in accordance with our specifications and only from Approved Suppliers.

3. Release on Transfer. Section 14.3(d) of the Franchise Agreement, is amended to read as follows:

(d) You and the Seller must sign at the time of Transfer an agreement terminating this Agreement (unless this Agreement will be assigned to the transferee--see subsection (f) below) and must sign an agreement, in the form specified by us, that releases us and our affiliates, owners, officers, directors, employees, and agents from any and all claims and causes of action, excluding only such claims as you may have under the Hawaii Franchise Investment law.

4. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF ILLINOIS**

THIS ADDENDUM is made this _____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. State. §§ 705/1 to 705/44 (the "Act"), the parties agree as follows:

1. Payment of the initial franchise/development fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

2. Illinois law governs the Franchise Agreement.

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

4. Your rights upon Termination and Non-Renewal of the Franchise Agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

7. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF INDIANA

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

In recognition of the requirements of the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7, the parties agree as follows:

1. Limited Exclusivity. Section 2.3 of the Franchise Agreement is amended by adding the following:

We will not operate or authorize any other person to operate a substantially identical business to that of the Franchise Business within the Protected Area, whether or not the business is operated under the Franchise Marks.

2. Release on Renewal. Section 3.2(h) of the Franchise Agreement, is amended to read as follows:

(h) You have signed a general release, in a form specified by us, of any and all claims against us and our affiliates, and their respective officers, directors, agents, members and employees, except those claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.

3. Supplier Requirements. Section 8.5 of the Franchise Agreement is amended by adding the following:

If, and to the extent, the requirement for you to purchase products from a Designated Supplier is unlawful under Indiana Law, that requirement will be void (to the extent unlawful) and you must purchase those products in accordance with our specifications and only from Approved Suppliers.

4. Restrictions on Competition. Section 13.4(b) of the Franchise Agreement is amended to read as follows:

(b) "Geographic Areas" means the Protected Area.

5. Release on Transfer. Section 14.3(d) of the Franchise Agreement, is amended to read as follows:

(d) You and the Seller must sign at the time of Transfer an agreement terminating this Agreement (unless this Agreement will be assigned to the transferee--see subsection (f) below) and must sign an agreement, in the form specified by us, that releases us and our affiliates, owners, officers, directors, employees, and agents from any and all claims and causes of action, except those claims arising under the Indiana Deceptive Franchise Practices Law, Indiana Code 23-2-2.7.

6. Applicable Law. Section 18.3 of the Franchise Agreement is amended by adding the following at the end of that Section:

Notwithstanding the foregoing, the Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.

7. Effectiveness of Addendum. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to this Addendum.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF MARYLAND**

THIS ADDENDUM is made this _____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Annotated Code of Maryland, Article-Business Regulation, Title 14, §§ 14-201 to 14-233, the parties agree as follows:

1. Release on Renewal. Section 3.2(h) of the Franchise Agreement is amended to read as follows:

You have signed a general release, in a form specified by us, of any and all claims against us and our affiliates, and their respective officers, directors, agents, members and employees, except claims arising under the Maryland Franchise and Disclosure Law.

2. Release on Transfer. Section 14.3(d) of the Franchise Agreement is amended to read as follows:

(d) You and the Seller must sign at the time of Transfer an agreement terminating this Agreement (unless this Agreement will be assigned to the transferee--see subsection (f) below) and must sign an agreement, in the form specified by us, that releases us and our affiliates, owners, officers, directors, employees, and agents from any and all claims and causes of action, except claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Limitations of Claims. Section 18.8 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

Notwithstanding the foregoing, you may bring a legal claim against us under the Maryland Franchise Registration and Disclosure Law within three years after the grant of the franchise.

4. Choice of Law; Jurisdiction and Venue. Article 18 of the Franchise Agreement is amended by adding the following as Section 18.9:

18.9 Notwithstanding anything to the contrary in this Article 18, you may bring a claim against us under the Maryland Franchise Registration and Disclosure Law in any Court of competent jurisdiction in the State of Maryland.

5. Acknowledgements of Franchisee. Article 19 of the Franchise Agreement is amended by adding the following Section 19.7 at the end of the Article:

19.7 The representations in this Article 19 are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. You acknowledge that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

6. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO THE DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF MINNESOTA**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat., § 80C.01, et seq., and the Rules and Regulations promulgated under the Act by the Commissioner of Commerce, Minnesota Rule § 2860.4400, et seq., the parties agree as follows:

1. Release on Renewal. Section 3.2(h) of the Franchise Agreement is amended to read as follows:

You have signed a general release, in a form specified by us, of any and all claims against us and our affiliates, and their respective officers, directors, agents, members and employees, excluding only such claims as you may have under the Minnesota Franchises Law and the Rules and Regulations promulgated by the Commissioner of Commerce.

2. Release on Transfer. Section 14.3(d) of the Franchise Agreement is amended to read as follows:

You and the Seller must sign at the time of Transfer an agreement terminating this Agreement (unless this Agreement will be assigned to the transferee--see subsection (f) below) and must sign an agreement, in the form specified by us, that releases us and our affiliates, owners, officers, directors, employees, and agents from any and all claims and causes of action, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated by the Commissioner of Commerce.

3. Renewal, Transfer and Termination. Article 15 of the Franchise Agreement is amended by adding the following paragraph:

Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. Minn. Stat. § 80C.14, Subd. 3, 4, and 5 require, except in specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

4. Applicable Law; Jurisdiction and Venue. Article 18 of the Franchise Agreement is amended by adding the following paragraph:

Minn. Stat. § 80C.21, and Minn. Rule Part 2860.4400J prohibit franchisors from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Agreement can abrogate or reduce: (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. Injunctive Relief. Section 18.5 of the Franchise Agreement is modified to read as follows:

We will have the right to request specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. We will have the right to request injunctive relief to prevent you from engaging in the following acts, which you acknowledge would cause irreparable harm to us: (a) using any of the rights granted by this Agreement in any manner not authorized in this Agreement; (b) engaging in operations in violation of the in-term or post-term restrictions on competition in Article 13; (c) disclosing to any person or using our trade secrets or confidential information in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing our goodwill. Our rights to obtain injunctive relief are in addition to all other remedies available to us under applicable law.

6. Limitation of Claims. Section 18.8 of the Franchise Agreement is deleted.

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

8. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat., §§ 80C.01 through 80C.22, and the Rules and Regulations promulgated under the Act by the Minnesota Commissioner of Commerce, Minn. Rule §§ 2860.0100 through 2860.9930, are met independently without reference to this Addendum.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO THE DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF NEW YORK**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee"). In this Addendum, "we," "us," and "our" refers to Franchisor and "you" and "your" refers to Franchisee.

In recognition of the requirements of the New York Franchise Law, Article 33 of the General Business Law of the State of New York, the parties agree as follows:

1. Release on Renewal and Transfer. Sections 3.2(h) and 14.3(d) of the Franchise Agreement are amended by adding the following proviso at the end of each Section:

Provided, however, that all rights enjoyed by you 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 under that law will remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

2. Applicable Law. Section 18.3 of the Franchise Agreement is amended by adding the following sentence:

This choice of law provision will not be considered a waiver of your rights under the provisions of Article 33 of the General Business Law of the State of New York.

3. Effectiveness of Amendment. This Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York Franchise Law, Article 33 of the General Business Law of the State of New York, are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF NORTH DAKOTA**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the North Dakota Franchise Investment Law, Chapter 51-19 of the North Dakota Century Code, the parties agree as follows:

1. Covenants Not to Compete. Article 13 of the Franchise Agreement is amended by adding the following paragraph:

The covenants not to compete stated in this Article are subject to Section 9-08-06 of the North Dakota Century Code.

2. **THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):**

(a) Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.

(b) Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

(c) Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

(d) Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

(e) Applicable Laws: Franchise agreements, which specify that they are to be governed by the laws of a state other than North Dakota.

(f) Waiver of Trial by Jury: Requiring North Dakota franchises to consent to a waiver of a trial by jury.

(g) Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

(h) General Release: Franchise agreements that require the franchisee to sign a general release on renewal of the franchise agreement.

(i) Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(j) Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The

prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.

3. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-17, are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF RHODE ISLAND**

THIS ADDENDUM is made this _____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree as follows:

1. Applicable Law. Article 18 of the Franchise Agreement is amended by adding the following:

§ 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."

2. Effectiveness of Amendment. This Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

ADDENDUM TO DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF WASHINGTON

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the Washington Franchise Investment Protection Act, the parties agree as follows:

1. Washington Law. The Franchise Agreement is amended by adding the following paragraphs:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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

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

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

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

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

The franchisee may terminate the franchise agreement under any grounds permitted under state law.

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

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

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

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

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

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

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. The undersigned does hereby acknowledge receipt of this addendum.

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

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

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

2. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

**ADDENDUM TO THE DURAR INVESTMENT, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF WISCONSIN**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by DURAR INVESTMENT, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the Wisconsin Fair Dealership Law, Ch. 135, Stats., the parties agree as follows:

1. Applicable Law. Section 18.3 of the Franchise Agreement is amended by adding the following sentence:

Chapter 135, Stats., Wisconsin Fair Dealership Law, supersedes any provision of the Franchise Agreement or any other agreement inconsistent with that law.

2. Effectiveness of Amendment. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently without reference to this Amendment.

DURAR INVESTMENT, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT J

STATE EFFECTIVE DATES

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:

<u>State</u>	<u>Effective Date or Status</u>
California	Pending
Hawaii	
Illinois	Pending
Indiana	
Maryland	
Michigan	June 17, 2024
Minnesota	
New York	Pending
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	August 12, 2024

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 other seller-assisted marketing plans.

EXHIBIT K

RECEIPTS

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 Durar Investment, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, Durar Investment, LLC or an affiliate in connection with the proposed franchise sale. **Iowa, Maryland, New York, and Rhode Island** require that Durar Investment, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or pay any consideration that relates to the franchise relationship. **Michigan and Oregon** require that Durar Investment, LLC gives you this disclosure document at least 10 business days before you sign a binding agreement or pay any consideration, whichever occurs first.

If Durar Investment, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C, 20580 and the applicable state agency.

The name, principal business address and telephone number of each franchise seller offering the franchise *[you should write-in the names of any employees, agents or brokers of the franchisor if you have had significant contact with the person and the person is not otherwise listed]*:

Mr. Ramzi Mohammed 15010 W. Warren, Suite 113 Dearborn, Michigan 48126 Phone: (313) 247-5364		
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I received a Franchise Disclosure Document dated May 30, 2025, which included the following Exhibits:

	State Cover Page Notice under Michigan Franchise Inv. Law	F	List of Azal Coffee Franchisees
A	List of State Administrators and List of Agents for Service of Process	G	List of Franchisees That Have Left the System
B	Franchise Agreement	H	Financial Statements
C	Renewal Addendum	I	State Specific Disclosures and Addenda
D1	Transfer Addendum	J	State Effective Dates
D2	Franchise Termination and Release Agreement	K	Receipt (2 Copies)
E	Confidentiality/Non-Competition Agreement		

Please complete any applicable franchise seller information above and then sign and date this Receipt and mail it or email it to Ramzi Mohammed at 15010 W. Warren, Suite 113, Dearborn, Michigan, or info@azalcoffeeusa.com. This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

Dated: _____

[sign]

[print name]

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 Durar Investment, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, Durar Investment, LLC or an affiliate in connection with the proposed franchise sale. **Iowa, Maryland, New York, and Rhode Island** require that Durar Investment, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or pay any consideration that relates to the franchise relationship. **Michigan and Oregon** require that Durar Investment, LLC gives you this disclosure document at least 10 business days before you sign a binding agreement or pay any consideration, whichever occurs first.

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Please complete any applicable franchise seller information above and then sign and date this Receipt and mail it or email it to Ramzi Mohammed at 15010 W. Warren, Suite 113, Dearborn, Michigan, or info@azalcoffeeusa.com. This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

Dated: _____

[sign]

[print name]