FRANCHISE DISCLOSURE DOCUMENT

Qargo Coffee, Inc.
A Delaware Corporation
701 Brickell Avenue, Suite 1550
Miami, FL 33131
(786) 913-9991
info@qargocoffee.com | https://www.qargocoffee.com

The franchise offered is a traditional quick-service coffee shop serving freshly made hot and cold beverages with a variety of select food menu items. We utilize a non-traditional approach to store construction and design by using the shipping container prototype as a model to create pop-up or full-size cafes. This design defines the signature look of the Qargo Coffee brand and customer experience.

The total investment necessary to begin operation of a single Qargo Coffee franchised business ranges from \$155,400 to \$624,500. This includes between \$50,000 and \$60,000 that must be paid to the franchisor or its affiliate. The total investment necessary to begin operation of your first Qargo Coffee franchised business plus committing to developing two (2) additional Qargo Coffee franchised businesses ranges from \$195,400 to \$674,500. This includes between \$90,000 and \$110,000 that must be paid to the franchisor or its affiliate. The minimum number of Qargo Coffee franchised businesses for our Area Development Agreement offering is three (3) and there is no maximum number for an Area Development Agreement.

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 disclosures in different formats, please contact Qargo Coffee, Inc. at 701 Brickell Avenue, Suite 1550, Miami, FL 33131, via email info@qargocoffee.com or (786) 913-9991.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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 www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 29, 2026

How to Use This Franchise Disclosure Document

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

Question	Where To Find Information
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 D 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 Qargo 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 a Qargo Coffee franchisee?	Item 20 or Exhibit E 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 C.

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

Special Risks to Consider About This Franchise

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

1. **<u>Out-of-State Dispute Resolution</u>.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation in Delaware. 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 Delaware than in your own state.

2. **<u>Financial Condition</u>.** 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. **<u>Unopened Franchises</u>**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

4. **<u>Unregistered Trademark.</u>** The primary trademark that you will use in your business is not federally registered. If the franchisor’s right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

State of Michigan

THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

> (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

> (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
>
> (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
>
> (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

A franchisor whose most recent financial statements are unaudited and which show a net worth of less than $100,000.00 shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding the notice should be directed to the department along with the address and phone number of the department.

State of Michigan
Consumer Protection Division / Franchise Section
525 West Ottawa Street
G. Mennen Williams Building Lansing, MI 48933

Telephone Number: (517) 373-7117

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LIST OF EXHIBITS

FRANCHISE DISCLOSURE DOCUMENT

To simplify the language in this Disclosure Document, the words “we,” “our,” and “us” refer to Qargo Coffee, Inc., the franchisor of Qargo Coffee businesses. “You” and “your” refer to the person who buys the franchise, whether you are an individual or a business entity. If you are a business entity, certain provisions of this disclosure also apply to your owners and will be noted. Unless otherwise defined in this Franchise Disclosure Document, all capitalized terms are defined in Section 1 of the Franchise Agreement attached as Exhibit A.

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

The Franchisor

We are a Delaware corporation formed on May 20, 2020, for the purpose of developing and franchising a standardized premium quick-service coffee retail system under the “Qargo Coffee” brand. Our principal business address is 701 Brickell Avenue, Suite 1550 Miami, Florida 33131. We began offering franchises in May 2020. We do not offer franchises in any other line of business, and we do not conduct any other business than managing the Qargo Coffee franchise system.

Predecessors, Parents, and Affiliates

We do not have any predecessors, parents, or affiliates that offer franchises in any other line of business.

Our Franchise Opportunity

The franchise offered is for a traditional quick service coffee shop under the brand name "Qargo Coffee" (each a “Franchised Business” or “Business”). Qargo Coffee Businesses serve freshly made, hot and cold beverages, select complementary food menu items and a variety of dessert offerings. We prepare handcrafted beverages using traditional and original recipes.

Qargo Coffee operates a standardized franchise system designed to maintain operational consistency, product quality, and brand integrity across all locations. The Qargo Coffee franchise system provides an Operations Manual, build-out specifications, vendor and supplier standards, technology standards and integration, training, operation standards and support, and advertising support. The store brand and design draw on the imagery of the shipping industry and the spirit of innovation the industry represents. We utilize a non-traditional approach to store construction including the use of the shipping container prototype as a model to create pop-up or full size Qargo Coffee cafes. In order to maintain a cohesive brand identity, Franchisees are required to operate strictly in accordance with the Franchise Agreement and the Operations Manual, as modified from time to time.

Qargo Coffee outlets are offered in standard and non-traditional locations. Standard locations are typically endcaps, in-line, stand-alone, and/or drive-thru locations. The second type are non-traditional locations which include, but are not limited to, transportation facilities (such as airports and train stations), military bases, government offices and facilities, sports facilities, amusement parks, zoos, convention centers, rest stops and travel centers, supermarkets, concessionaire locations (including event specific non-permanent, temporary or moveable stands, kiosks, trailers, tents or similar installations), educational facilities, recreational theme parks, hospitals and health care facilities, fitness businesses, malls, schools and universities, or any similar captive market or any other location to which access to the general public is restricted.

We also offer qualified individuals the right to open and operate multiple locations within a defined geographical area (the "Development Area") by: (i) executing our current form of Area Development Agreement (the "Area Development Agreement") attached as Exhibit B to this Disclosure Document; and (ii) paying our then-current development fee upon execution of your Area Development Agreement, which will depend on the number of locations you agree to open (the "Development Fee").

You will be required to enter into our then-current form of franchise agreement for each of the locations you are required to open under the Area Development Agreement, and you must execute the Franchise Agreement for your initial location contemporaneously with the execution of your Area development Agreement. Each subsequent franchise agreement you sign after your initial franchise agreement may be materially different from the current Franchise Agreement included with this Disclosure Document. You must then ensure that you open and commence operations of each additional location in the Development Area in accordance with a development schedule set forth in your Area Development Agreement (the "Development Schedule").

Market and Industry Environment

Qargo Coffee operates in the mature and competitive quick-service beverage industry. Franchisees will compete with independent operators, regional brands, and national chains. Our products and services are offered year-round. Sales are not seasonal. Your individual results will vary based on location, management, competition, and market conditions.

Industry Regulations

Operation of a Qargo Coffee will require you to be aware of federal, state and local regulations that are common to all businesses and those laws specifically applicable to the beverage/food service business, including laws pertaining to food handling and safety, food labeling, sanitation, and weights and measurements, if applicable. You should also be aware of federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. In addition, you may be required to obtain restaurant, business, occupational, food handling and other miscellaneous licenses. Some states also have laws regarding who may secure these licenses. You should consult with your own advisors and the government agencies for information on how these laws apply to you. Local law requirements vary by location.

ITEM 2
BUSINESS EXPERIENCE

Samir Shenouda, Founder/Chairman: Mr. Shenouda has served as our Chairman since March 2026 and prior to that served as our CEO since our inception in May 2020. He also served as our President from May 2020 to August 2023. From July 2019 to December 2023, Mr. Shenouda was a Member of We Franchise Your Business, LLC in Delaware.

Bernadette Bastorous, Co-founder/President: Mrs. Bastorous has served as our President since August 2023. She has served as Co-Founder since May 2020. From May 2020 to August 2023, she served as Director of Product & Vendor Management. From January 2016 to May 2020, she served as Vice President of Operations for CITI Investment Group in California.

Mark Bastorous, Chief Executive Officer: Mr. Bastorous has served as our CEO since March 2026 and before that served as our Development Manager since July 2021. From July 2019 to June 2022, he was an independent contractor with We Franchise Your Business, LLC. From January 2016 to July 2021, he served as President of CITI Investment Group in California.

Supplemental Disclosure Related to Mr. Bastorous. This supplemental disclosure is provided in the interest of transparency and to provide prospective franchisees with additional context regarding prior franchise industry consulting activities. From approximately 2017 through 2019, Mark Bastorous, through an independent entity known as Mark Bastorous LLC, entered into a Franchise Development Services Agreement with BurgerIM Group USA. Under this agreement, Mark Bastorous LLC provided independent consulting and franchise development services related to assisting with franchise sales activities within a defined territory. The services were performed as an independent contractor and not as an employee, officer, director, partner, or executive of BurgerIM or any BurgerIM franchisor entity. Mr. Bastorous did not hold any corporate management position within BurgerIM and did not have authority to direct the franchisor's corporate operations, supervise employees of the franchisor, establish franchise system policies, or otherwise participate in the governance of the franchisor organization. In 2019, a commercial dispute arose relating to payments allegedly owed under the Franchise Development Services Agreement. Through legal counsel, Mark Bastorous LLC issued a formal Notice of Default to BurgerIM asserting that certain contractual payments remained outstanding under the agreement.

Sara Muñoz Uribe, Senior Director of Design and Architecture: Ms. Muñoz has served as Senior Director of Design and Architecture since February 2025. She served as Director of Design and Architecture from February 2022 to February 2025. From June 2017 to May 2021, she served as Project and Sales Manager with Puerta Moliere SA de CV (Mexico). From February 2016 to June 2021, she served as an Interior Designer with Weber Arquitectos (Mexico).

Ginna Astrid Vega Romero, Creative Director: Ms. Vega has served as our Creative Director since July 2023. From January 2023 to July 2023, Ms. Vega was a freelance Art Director for Ogilvy Col in Bogota, Colombia. From September 2022 to December 2023, Ms. Vega served as Creative Director of Proximity BBDO in Bogota, Colombia. From September 2018 to June 2021.

Felipe Romero, Architect & Construction Director: Mr. Romero has served as our Architect and Construction Manager since February 2024. He served as architect contractor and construction director of the Secretariat of Public Works of Cundiamarca, Colombia, from March 2021 to March 2023. He also served as an architect to us from March 2023 to December 2024. Prior to this, he served as an architect for Secretary of Public Works in Cundiamarca, Colombia from May 2020 to March 2021.

Cesar Andrade, Legal & Compliance Officer: Mr. Andrade has served as our Legal and Compliance Officer since July 2024, and prior to that he served as our HR Director from December 2023 to June 2024. Prior to joining us, Mr. Andrade worked as an Advisor to the Chief of Staff in the Bogota Mayor's Office in Bogota, Colombia from July 2021 to March 2023.

ITEM 3
LITIGATION

Federal Trade Commission v. Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda (S.D. Fla. Case No. 24-cv-23978-RAR). On October 16, 2024, the Federal Trade Commission ("FTC") filed a Complaint for Permanent Injunction, Monetary Judgment and Other Relief against Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda. The FTC alleged that Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda violated the FTC Act, 15 U.S.C. § 45(a) by making misstatements regarding the length of time to open a Qargo Coffee outlet and bankruptcy information regarding Mark Bastorous and Bernadette Bastorous; making unfair omissions of material information concerning the business history and experience of the officers; failing to provide franchise disclosure documents to prospective franchisees and failing to furnish prospective franchisees with a franchise disclosure document that included all information required by 16 C.F.R. §436.5 and 16 C.F.R. § 436.6. On October 17, 2024 the court entered an agreed upon settlement between the parties wherein, Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda agreed to pay a monetary judgment of $30,000, offer rescission to all franchisees and licensees and submit regular reports to the FTC acknowledging compliance and the court entered a Stipulated Order for Permanent Injunction, Monetary Judgement and Other Relief. As of the Issuance Date, the settlement has been fully satisfied.

Other than the above action, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

On December 8, 2017, Bernadette Bastorous and Mark Bastorous, filed a bankruptcy petition under the liquidation provisions of Chapter 7 of the U.S Bankruptcy Code. In re: Bastorous, No. 6:17-bk-20092-MH (C.D. Cal. 2017). On September 30, 2020, an order dismissing Mark Bastorous was entered, and on July 14, 2022, the bankruptcy court entered a discharge for Bernadette Bastorous. These bankruptcies were personal in nature and not related to the Qargo Coffee Inc. business.

Except as disclosed above, no bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

An initial lump sum Franchise Fee of $50,000 is due upon signing the Franchise Agreement. If you operate in a non-traditional location, we will reduce the Franchise Fee to $40,000. Except as disclosed in this Item 5, the Franchise Fee is uniform, fully earned upon receipt, and non-refundable under any circumstances. In 2025, we collected Franchise Fees ranging from $24,750 to $50,000.

Veteran Incentive Program: We offer a discount equal to 50% of the applicable Franchise Fee for your first location to qualified U.S. veterans currently serving or who have served in the U.S. Armed Forces under our Veteran Incentive Program. The Veteran Incentive Program is available to all qualified individuals who either have received an honorable discharge from one of the U.S. Armed Forces (i.e., Army, Navy, Air Force, Coast Guard or Marine Corps) or are currently serving in one of the US Armed Forces and are eligible to receive an honorable discharge. We reserve the right to extend, change or discontinue the Veteran Incentive Program at any time. To qualify, you must present your DD-214 or active-duty credentials. If the franchisee is a legal entity and not an individual, a qualified individual must own at least 51% of the entity.

Development Fee

If we grant you the right to more than one Qargo Coffee under an Area Development Agreement, you must pay us a one-time Development Fee upon executing your Area Development Agreement. Your Development Fee will depend on the number of Franchised Businesses we grant you the right to open within the Development Area and is calculated as follows: (a) $100,000 for the right to open three Franchised Businesses at a standard location, plus an additional $25,000 for the right to open each additional Franchised Business; or (b) $80,000 for the right to open three Franchised Businesses at a non-traditional location, plus an additional $20,000 for the right to open each additional Franchised Business at a non-traditional location.

You must sign the Franchise Agreement for the first Franchised Business at the same time that you sign the Area Development Agreement. The entire Development Fee is payable in full at the time you sign the Area Development Agreement. The Development Fee is fully earned by us upon receipt and is not refundable under any circumstances. The Development Fee is calculated uniformly for all Area Developers, except that in 2025 we waived the Development Fee for three franchisees.

Marketing/Architectural and Design Development Support Fee

Upon signing the Franchise Agreement, you must pay a one-time Marketing/Architectural and Design Development Support Fee equal to $10,000. This fee supports the structured development and brand implementation process required for Franchised Businesses, including but not limited to, site and layout review, architectural and prototype compliance coordination, brand design standards implementation, store development guidance, pre-opening marketing coordination, and opening assistance. The Marketing/ Architectural and Design Development Support Fee is uniform, fully earned when paid, and non-refundable under any circumstances.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Weekly, on a date we determine	Royalty payments are calculated based on Gross Revenue as defined in the notes below and the Franchise Agreement. Franchisees must maintain accurate books and records and continuous integration of approved POS systems to ensure complete and accurate reporting. All royalties must be remitted through required automated payment systems. We reserve the right to audit sales records and POS data to verify reported Gross Revenue.
Marketing Fund Contribution	2% of Gross Revenue	Weekly, same as Royalty Fee	Marketing contributions are administered centrally for system-wide brand development, digital advertising, and promotional initiatives. Marketing funds are not segregated by territory and may be used in any geographic area or for system-wide initiatives at our discretion.
Local Area Marketing Expenditure	Minimum of 2% of your monthly Gross Revenue	Monthly, as incurred.	Franchisees must comply with minimum local advertising requirements as specified in the Operations Manual and must maintain documentation of expenditures upon request.
Cooperative Contributions	Anticipated to be a maximum of 50% of your local store marketing requirements	Monthly	We have the right to establish cooperative marketing programs ("Cooperatives") in your region. You can reduce your local store marketing obligation by the amount that you contribute to a cooperative. Please see Item 11 for further details.
Approval of Products or Suppliers	$1,000, plus actual costs and expenses	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase. Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently, $150 - $500 Per Month	Monthly by the 5th of each Month	Franchisees must utilize approved POS, reporting, and system software. Required upgrades, modifications, or replacements must be implemented within the timeframes specified to maintain system compatibility and reporting integrity.
Transfer/New Franchisee	$10,000	At the time of transfer	Payable to us at time of transfer to a new franchisee.
"Under New Management" Advertising Fee	Currently, $1,000 to $5,000 depending on market size	Upon completion of transfer	We will design and implement a "under new management" Advertising & Marketing Campaign to promote your new management of the Franchise Business.
Audit Expenses	Actual costs and expenses associated with audit	Upon completion of audit	Due if the audit shows you have not spent 1% of your monthly gross revenue on local advertising or if you underreported amounts you owe us by 3% or more. We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area. the business activity being audited and how well you keep your books.
Late Fees	1.5% per month or the highest rate allowed by the state where you are located (whichever is lower)	As Accrued	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. Late fees begin from the date payment was due, but not received, or date of underpayment.
Prevailing party's legal costs	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all reasonable costs and expenses, including attorney's fees, incurred in enforcing your obligations to us if we prevail.
Temporary Management	Currently, $600 per day	As Billed	If you are unable to act as or hire a Designated Manager and we elect to operate your Franchise Business due to your death, incapacity, or upon receiving a notice of termination, and we decide to take over as temporary manager of your business.
Ongoing Training Fee	Currently, $600 per day	As Billed	If we require additional training for your Designated Manager. This fee is determined in our sole discretion. We may also assess this fee if the Initial Training needs to be abandoned or altered due to your site not being ready or employment levels are insufficient.

Type of Fee	Amount	Due Date	Remarks
Successor Franchise Fee	$10,000	Upon Renewal	Our administrative fee for processing the renewal of your Franchise Agreement.
Secret Shopper Fee	Our actual costs	As Incurred	We may use a secret shopper to evaluate your facilities and operations. If we use a secret shopper, you will reimburse us for our actual costs.
Extension Fee	$2,500	As Billed	If you do not sign a lease within 3 months or open for business within 9 months of signing the franchise agreement, we may allow you to extend the deadline one time upon paying the fee and signing a general release.

NOTES

All of the fees noted above are uniform, payable only to us and are non-refundable. We do not impose and collect fees for a third party.

We collect fees payable to us via the Automated Clearing House ("ACH") electronic funds transfer program, or any other payment method we designate. All fees owed and any other amounts designated by us must be received or credited to our account by pre- authorized ACH payment, or any other payment method we designate, on or before the applicable due date.

"Gross Revenue" means the total revenue collected from all sources in connection with the Franchised Business, whether by check, cash, credit, or otherwise, including but not limited to all proceeds from any business interruption insurance, gift cards, online sales, catering services, and any other revenue sources related to the Franchised Business. This excludes: (a) any revenue the Franchisee remits to a customer, property owner, or collection agency that the Franchisee is contractually obligated to remit; (b) any chargeback fees the Franchisee pays to a collection agency; (c) any sales and equivalent taxes that are collected by the Franchisee for or on behalf of any governmental taxing authority and paid thereto; and (d) any rebate received by the Franchisee from a manufacturer or supplier.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Franchise Fee[1]	$40,000	$50,000	Lump Sum	Upon Signing Franchise Agreement	Franchisor
Marketing/ Architectural and Design Development Support Fee[1]	$10,000	$10,000	Lump Sum	Upon Signing Franchise Agreement	Franchisor
Training Expenses[2]	$2,500	$6,000	As Incurred	Prior to and While Attending Training	Airlines, Hotels, Restaurants
Location Lease Deposit[3]	$1,500	$20,000	As Arranged	Before Beginning Operations	Landlord
Leasehold Improvements[4]	$25,000	$150,000	As Arranged	Before Beginning Operations	Contractor
Computer Hardware and Software[5]	$7,500	$20,000	As Incurred	Before Beginning Operations	Supplier
Office Supplies[6]	$500	$1,000	As Incurred	Before Beginning Operations	Supplier
Signage[7]	$2,500	$25,000	As Arranged	Before Beginning Operations	Supplier
Furniture and Equipment[8]	$25,000	$150,000	As Arranged	Before Beginning Operations	Supplier
Utilities[9]	$150	$1,500	As Incurred	Before Beginning Operations	Utility Provider
Uniforms[10]	$700	$1,500	As Arranged	Before Beginning Operations	Supplier
Inventory[11]	$5,000	$25,000	As Arranged	Before Beginning Operations	Approved Supplier
Grand Opening Advertising[12]	$2,000	$10,000	As Incurred	Before Beginning Operations	Supplier
Insurance[13]	$5,000	$10,000	As Arranged	Before Beginning Operations	Insurance Agent
Licenses and Permits[14]	$1,000	$40,000	As Incurred	Before Beginning Operations	Relevant Organizations
Legal and Accounting[15]	$2,000	$3,500	As Arranged	Before Beginning Operations	Accountants, Lawyers
Dues and Subscriptions[16]	$50	$1,000	As Incurred	Before Beginning Operations	Relevant Organizations
Additional Funds – First 3 Months[17]	$25,000	$100,000	As Incurred	Upon Beginning Operations	Suppliers
Total Estimated Initial Investment[18]	**$155,400**	**$624,500**			

FOOTNOTES

1. Franchise Fee and Marketing/Architectural and Design Development Support Fee: The Franchise Fee is described in greater detail in Item 5. Payment is due upon signing the Franchise Agreement payable as a lump sum via ACH, Electronic Funds Transfer (EFT) or wire transfer. The Marketing/Architectural and Design Development Support Fee is described in greater detail in Item 5. Payment is due upon signing franchise agreement payable as a lump sum via ACH, Electronic Funds Transfer (EFT) or wire transfer.

2. Training Expenses. The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. The estimated costs listed are for 3 to 5 attendees. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel any reservation. These expenses are typically non-refundable.

3. Location Lease Deposit. The average approved location will range from 200 to 400 square feet for non-traditional locations and 700 to 2,500 square feet for standard locations. The low end of the range contemplates a non-traditional location whereas the high end contemplates a standard location. Generally, your Franchised Business should be located in a high foot-traffic area such as a downtown business area, an upscale strip center or other highly visible, trafficked area. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot. The cost of a security deposit is included. Estimated rental costs for 3 months are included with the category "Additional Funds".

4. Leasehold Improvements. The low end of the range in the initial outlay assumes that the landlord provides a partial build out allowance. The high end of the range reflects the cash outlay by a franchisee that does not receive a build-out allowance.

5. Computer Hardware and Software. This is for computers, monitors, battery backups, electronic devices, internet access and other IT work. This also accounts for the POS system for the Business. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. The amounts you pay for a computer and software are typically non-refundable, or if refundable, may be subject to a "re-stocking" fee. Your initial investment will depend on your location and any modifications needed for set up and installation of all required POS, hardware, kiosk payment terminal, software, internet, security and communications systems.

6. Office Supplies. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. Typically, office supplies may be returned if unused but are otherwise nonrefundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

7. Signage. The range of costs represents the outright purchase of all signage on the franchised locations. It is subject to all local ordinances. These costs are typically not refundable.

8. Furniture and Equipment. Although some of these items may be leased, the range shown represents the actual purchase price. Equipment installation charges are included in the range of expenses for location improvements.

9. Utilities. The high side of this range includes payment of a utility deposit that will typically be required if the franchisee is a new customer of the utility company.

10. Uniforms. This expense covers shirts, hats and/or other branded apparel for employees. The estimated costs listed here are for 25 to 30 employees.

11. Inventory. You must purchase an initial inventory of coffee, food products and other items needed for use in the operation of the franchised business. Costs vary based upon the size and location of the franchised business, suppliers and other related factors. Currently, the minimum inventory opening order is $10,000.

12. Grand Opening Advertising. The Grand Opening Advertising will be managed and operated by us. You will pay the entire amount to a third-party vendor, and we will provide direction to the marketing program.

13. Insurance. You must purchase the types and amounts of insurance as we require. See Item 8 for our current specifications. A 20% down payment of the annual premium for general liability insurance and workers' compensation insurance costs is included in the low-end estimate, and the full annual premium is included in the high estimate. Factors that may affect your cost of insurance include the size and location of the Approved Location, equipment, inventory, number of employees and other factors. The amounts you pay for insurance are typically non- refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase. Qargo Coffee, Inc. must be listed as an additional named insured on all insurance policies related to the franchised business.

14. Licenses and Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and storage area. These fees are typically non-refundable.

15. Legal and Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants and your existing relationships. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

16. Dues and Subscriptions. You may choose to join the local Chamber of Commerce in addition to local business networking groups in your market. Membership fees vary from area to area.

17. Additional Funds. This entry estimates additional funds you may need for the first 3 months of operations, including payroll costs (but not including any draw or salary for you) and working capital for other expenses. We have relied on the experience of our existing franchisee owned locations to prepare these estimates.

18. Total. We do not offer direct or indirect financing for any part of the Estimated Initial Investment. See Item 10. We based these estimates on the experience of our franchisees opening their locations.

B. YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPMENT AGREEMENT (3-UNIT)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Development Fee[1]	$80,000 (3 non-traditional)	$100,000 (3 standard)	Lump Sum	Signing of ADA	Franchisor
Estimated Initial Investment to Open Initial Franchised Business (minus Franchise Fee)[2]	$115,400	$574,500	See Table A Above for Each Expenditure	See Table A above for Each Expenditure	See Table A above for Each Expenditure
Total Estimated Initial Investment	**$195,400**	**$674,500**			

FOOTNOTES

1. Development Fee. The Development Fee is described in greater detail in Item 5. Payment is due upon signing the Area Development Agreement, and is payable as a lump sum via ACH, Electronic Funds Transfer (EFT) or wire transfer.

2. Initial Investment for First Franchised Business. This figure represents the total estimated initial investment required to open the initial Franchised Business minus your initial Franchise Fee because that is included in the Development Fee you will pay. you agree to open and operate under the Development Agreement. The range includes the items outlined in Item 7, Table A, but excludes the Franchise Fee as that is included in the Development Fee. This estimate does not include any of the costs you will incur in opening any additional Franchised Businesses that you are granted the right to open and operate under your Development Agreement. You will be required to enter into our then-current franchise agreement for the initial franchised business and each successive franchised business you open under the Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To preserve product quality, operational consistency, and brand integrity, you must purchase, lease, or use certain goods and services only from us, from suppliers we designate as Approved Suppliers, or from suppliers that meet our written specifications and receive our prior written approval. We may approve, conditionally approve, or revoke approval of any supplier at any time in our discretion to protect system standards. Neither we or any of our officers or directors are approved suppliers and no franchisor officer owns an interest in any supplier, except where we, or our affiliate, are the Approved Supplier.

All product, equipment, and supplier specifications are set forth in the Operations Manual or other written materials. We may modify specifications as reasonably necessary to preserve system standards. Franchisees must implement updates within required timeframes.

Required Purchases and Leases

Real Estate: You may not execute a lease or acquire any location for a Franchised Business without our prior written approval. All locations must meet our site selection criteria and brand positioning standards.

Contractors: All construction, remodeling, and build-out must comply with our architectural plans, layout standards, and written specifications. Contractors must meet our qualification requirements and may be subject to approval prior to engagement. We reserve the right to inspect construction progress to ensure compliance.

Inventory and Coffee Products: You must purchase designated inventory, coffee products, and related supplies from Approved Suppliers or from suppliers meeting our written specifications. We may modify product specifications, supplier requirements, or approved product lists to maintain system quality and uniformity. You will sign our exclusive supplier agreement, a copy of which is attached to the Franchise Agreement.

Equipment: You must purchase equipment that meets our written specifications and system compatibility requirements. We may designate specific equipment models or require modifications to ensure operational consistency.

Computer System: You must utilize approved POS systems, reporting software, payment processing systems, and related hardware designated by us. All required systems must remain continuously integrated with centralized reporting capabilities. Failure to maintain system connectivity may constitute a default under the Franchise Agreement.

Signage: All signage must comply with our brand standards and written specifications. We may require signage to be purchased from Approved Suppliers or produced in accordance with our approved design requirements.

Uniforms: Uniforms must be purchased from Approved Suppliers or conform to our written specifications to maintain consistent brand presentation.

Insurance: You must obtain and maintain insurance coverage meeting the types and minimum limits specified in the Operations Manual. Our current requirements are listed here below.

You must purchase the following types and amounts of insurance: (1) "all risk" property insurance; (2) workers' compensation insurance and employer liability coverage with a minimum limit of $250,000 or higher if your state law requires; (3) comprehensive general liability insurance with a minimum liability coverage of $2,000,000 per occurrence, or higher if your state law requires. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase. Qargo Coffee, Inc. must be listed as an additional insured on all insurance policies. You must provide certificates of insurance upon request and upon renewal of coverage. We reserve the right to require higher coverage limits or additional types of insurance as reasonably necessary to protect the system. Failure to obtain or maintain the required insurance coverage constitutes a default under the Franchise Agreement.

<u>Supplier Approval Process</u>

You may request approval of alternative suppliers where Approved Suppliers are required. You must provide sufficient information, specifications, and samples for evaluation. We will determine whether to approve such supplier within a reasonable period, typically thirty days or less, following receipt of complete information. We may revoke supplier approval upon reasonable notice if standards are not maintained. We charge a fee of $1,000 plus our costs and expenses in evaluating proposed products or suppliers.

<u>Estimated Proportions</u>

We estimate that 50%-80% of your purchases made in establishing your Business will be made according to our specifications. We estimate that 50%-80% of your purchases made in operating your Business will be made according to our specifications.

<u>Miscellaneous</u>

There are currently no purchasing or distribution cooperatives. We may, but are not required to, negotiate purchase agreements with suppliers on your behalf. We reserve the right to negotiate and enter into any purchasing arrangements or distribution cooperatives. We do not provide material benefits to you based on the purchase of particular products or services or use of particular suppliers.

We reserve the right to derive revenue from any of the purchases that our system franchisees are required to make in connection with the Franchised Business. We may derive revenue directly or in the form of payments from suppliers or rebates, based on purchases made by our franchisees. We may either retain these commissions, discounts, rebates or incentives received as a result of your purchases or use them for advertising or other expenses. Currently we receive rebates between 2% and 5% for purchases made on certain required products and services, as well as on some furniture, fixtures, and equipment.

During the 2025 fiscal year ending December 31, 2025, we received $206,746.65 in revenue from rebates from vendors and suppliers of the system. This represents 14% of our total revenue of $1,442,508.30.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	5	11
b.	Pre-opening purchases/leases	5, 13	7, 8
c.	Site development and other pre-opening requirements	5	11
d.	Initial and ongoing training	8	6, 7, 11
e.	Opening	5, 8, 11	11
f.	Fees	3, 11	5, 6, 7
g.	Compliance with standards and policies/Operations Manual	9, 12, 13	8, 14, 16
h.	Trademarks and proprietary information	2, 6	13, 14
i.	Restrictions on products/services offered	13	8, 16
j.	Warranty and customer service requirements	13	16
k.	Territorial development and sales quotas	Not Applicable	12
l.	Ongoing product/service purchases	13	8, 11
m.	Maintenance, appearance and remodeling requirements	5, 13	6
n.	Insurance	14	6, 7, 8
o.	Advertising	11	6, 7, 11
p.	Indemnification	20	Not Applicable
q.	Owner's participation/ management/ staffing	8, 13	15
r.	Records and reports	12	11
s.	Inspections and audits	6, 12	6, 11, 13
t.	Transfer	17	6, 17
u.	Renewal	4	17
v.	Post-termination obligations	16	17
w.	Noncompetition covenants	7	17
x.	Dispute resolution	22	17
y.	Right of First Refusal	18	Not Applicable

ITEM 10
FINANCING

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

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

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

Initial Obligations of Franchisor

Before you open, we will perform the following obligations:

1. We will review and approve or disapprove your proposed site based on our site selection criteria, which may include demographics, traffic patterns, proximity to other franchisees, competitive presence, physical characteristics, and lease terms. We will respond within a reasonable time after receipt of complete site information. (Franchise Agreement, §5.1)

2. We will designate a geographic area your site selection will fall within if you have not already received approval for your location when you sign the Franchise Agreement (Franchise Agreement, §2.4).

3. We will review and approve the lease contract for your site (Franchise Agreement, §5.3). If you fail to receive approval for your site within six months of signing the Franchise Agreement, we will have the right to terminate that Agreement with no refund due to you of any amounts paid (Franchise Agreement, §5.2). We do not generally own the location and sublease it to you. An unrelated third party will own the location and lease it to you.

We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. We will provide you with specifications for the development, remodeling, or decoration of the Approved Location (Franchise Agreement, §5.4). We will provide training for your Designated manager and up to 2 assistants (Franchise Agreement, §8.1). We are not obligated to assist you in the hiring of your staff, but we will provide training for your staff and other general opening assistance (Franchise Agreement, §8.2). We will not provide you with the necessary equipment, signs, fixtures, opening inventory and supplies required to open for business directly, but we will assist you in working with third party approved vendors.

Development Timetable

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise location is 6 to 12 months. You must select a site for the franchise location within 3 months of signing the franchise agreement and must be open for business within 3 months (if in a second-generation space) or 6 months (if starting with a shell) of our approval of the site. Factors that may affect Franchisee's beginning operations include ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures, and signs (Franchise Agreement, §§5.2, 5.5 and 5.7). Should you fail to obtain an approved location within 3 months after signing the franchise agreement or fail to commence operations within 12 months after signing the franchise agreement, subject to any unforeseen circumstances or delays beyond your control, we may, at our sole discretion, have the right to terminate the franchise agreement. We may, in our sole discretion, offer an extension of 3 months to either your location approval or location opening deadline if you pay us an extension fee of $2,500 and sign a general release.

If the location for the Business has not been determined as of the date you sign the Franchise Agreement, you will promptly select a site and notify us of such selection. We will evaluate the site and notify you of our approval or disapproval of the site within a reasonable time (usually 30 days) after receiving notice of the site. If we approve, the site shall be designated as the approved location. If we do not approve of such selection, you will select and notify us of new sites until we approve a site for the Business. We will provide you with general guidelines to assist you in selecting a site suitable for the approved location. We have the right to approve or disapprove a proposed location based on such factors as we deem appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other

Qargo Coffee Franchised Businesses, proximity to Competitive Businesses, or the size of the location and lease requirements (Franchise Agreement, §5.1).

Ongoing Obligations of Franchisor

1. As we continue to develop our System, we will provide you with updates and developments by providing updated copies of the Operations Manual or other relevant written documents. You will be required to implement the updates within allotted timeframes (Franchise Agreement, §§7.2 and 9.2).

2. We will train your new Designated Managers according to our training program. You are responsible for the hiring, training, management, and compensation of your employees. We will be available to render advice, discuss problems and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods with respect to general operating problems (Franchise Agreement, §8.6).

3. We will prescribe a standard accounting system in the Operations Manual (Franchise Agreement, §12).

4. We may provide you with pricing for the products or services offered (Franchise Agreement, §13.1).

5. We may make periodic visits to the Approved Location to provide you with consultation, assistance and guidance in various aspects of the operation and management of the Business (Franchise Agreement, §8.6).

Nothing in this Item requires us to provide on-site management, staffing assistance, or financial advisory services.

Grand Opening Advertising

You must conduct a grand opening marketing program in accordance with our system requirements. In addition, providing you our system requirements for the grand opening program, we will advise you on implementing your program in your market. You must spend between $2,000 and $10,000 on local advertising and promotional activities in connection with the initial opening of the Franchised Business (the "Grand Opening Program"). Such expenditures must occur during the period designated by us, which may include a period prior to opening and/or up to approximately three (3) months following commencement of operations. We will review and approve the Grand Opening Program plan, including proposed media channels and promotional activities, based on market conditions, geographic factors, seasonal considerations, and other relevant criteria. Grand Opening Program expenditures are separate from and in addition to, Local advertising requirements and Marketing Fund contributions. You are solely responsible for funding all required Grand Opening Program expenditures. Failure to comply with required Grand Opening Program obligations may constitute a default under the Franchise Agreement. (Franchise Agreement, §11.1).

Marketing/Advertising Program

We have established a National Marketing Fund for the enhancement, promotion and protection of the System and the Proprietary Marks. You must contribute a percentage of your Gross Sales weekly to the National Marketing Fund. We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the National Marketing Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used, and the geographic, market and media placement and allocation. You must participate in all advertising, marketing, promotions, research, and public relations programs instituted by the National Marketing Fund. As of the date of this Disclosure Document, the required contribution is 2% of weekly Gross Revenue. All franchisees and corporate outlets are required to contribute the same 2% of weekly Gross Revenue to the National Marketing Fund.

Among the programs, concepts, and expenditures for which we may utilize the National Marketing Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual Qargo Coffee location décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile applications and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; (13) association dues; (14) affinity program development; (15) development of third party facilities for the development of local advertising; and (16) public relations and community involvement activities and programs.

We may sell certain advertising materials, merchandise and premium items to you that are developed by the National Marketing Fund and the earnings from such sales will be deposited in the National Marketing Fund. The National Marketing Fund also may be used to pay our reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the National Marketing Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the National Marketing Fund (including accounting fees, legal fees, and interest on monies borrowed by the National Marketing Fund). We will not use the National Marketing Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the National Marketing Fund may contain information about franchising opportunities.

We will prepare an annual, unaudited statement of National Marketing Fund collections and expenses within 60 days after our fiscal year end and will provide a copy of the statement to all franchisees. We retain the final authority on all programs financed by the Brand Fund. We have the right to change or dissolve the National Marketing Fund at any time. If we disband the National Marketing Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective National Marketing Fund contributions during the preceding 12-month period.

During the 2025 fiscal year, we collected $45,027.86 in franchisee contributions towards the National Marketing Fund. We spent $208,256.06 out of the Marketing Fund on the following: 0% - Media Production, 47% - Media Placement, 52% - Administrative, and 1% - Other.

The National Marketing Fund (including any earnings on unspent funds) will be used to maximize general public recognition, acceptance, and patronage of Qargo Coffee locations. We are not obligated to make National Marketing Fund expenditures for you which are equivalent or proportional to your contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the National Marketing Fund. The National Marketing Fund is not a trust, and we have no fiduciary obligation in collecting payments, bookkeeping, or disbursement of monies from the National Marketing Fund. We will conduct national advertising by maintaining the Qargo Coffee Website, but we are not obligated to advertise directly in your territory. (Franchise Agreement, §11.5) You will be permitted to use your own advertising material for local advertising provided that we first approve the material. (§11.1.1)

Local Advertising

In addition to your required contribution to the Marketing Fund, you must spend no less than two percent (2%) of your monthly Gross Revenue on local advertising and marketing activities in your designated market area ("Local Store Marketing"). We must approve all Local Store Marketing as described below. (Franchise Agreement, §11.2).

We may establish minimum standards, guidelines, and required marketing initiatives for Local Store Marketing, as set forth in the Operations Manual. You must maintain records of all Local Store Marketing expenditures and provide documentation upon request. Failure to comply with Local Store Marketing requirements may constitute a default under the Franchise Agreement.

All advertising, marketing, and promotional activities conducted by you or by any Cooperative must comply with our brand standards and must be approved prior to use. You must submit proposed advertising materials, promotional campaigns, and marketing plans for our review within a reasonable period prior to intended use, and in no event less than twenty (20) days before implementation, unless we approve a shorter period.

We will review submissions for compliance with brand standards, messaging consistency, legal requirements, and system policies. If we do not provide written approval within twenty (20) days after receipt of a complete submission, the proposed materials will be deemed disapproved. We may require modifications to any advertising or promotional materials at any time to ensure compliance with brand standards and system requirements. Failure to comply with advertising approval requirements may constitute a default under the Franchise Agreement.

Advertising Council

We do not currently maintain an Advertising Council. We reserve the right to establish an Advertising Council in the future to provide franchisee input regarding system-wide marketing initiatives. Any Advertising Council that may be established will serve in an advisory capacity only. We will retain final authority over all marketing strategies, creative decisions, expenditures, and program implementation.

Advertising Cooperative

We do not currently but we reserve the right to establish and administer co-marketing programs with suppliers or third parties, joint marketing initiatives involving multiple franchised and company-owned locations, and/or Local or regional advertising cooperatives ("Cooperatives") for the purpose of promoting the Proprietary Marks and participating Qargo Coffee locations. If a Cooperative is established that applies to your location, you must participate and comply with its governing requirements.

We may designate any geographic area or other criteria for purposes of establishing a Cooperative. If your location falls within a designated Cooperative area, you must become a member and begin contributing as required. You will not be required to contribute to more than one Cooperative for the same location at the same time. We and our affiliates will participate in any Cooperative applicable to company-owned locations.

Each Cooperative must operate under governing documents approved by us. If members fail to adopt governing documents within a reasonable time, you agree to execute our prescribed form of Cooperative agreement. We retain the right to modify the structure, governance, organization, or operational procedures of any Cooperative. No governing document, bylaw, or material policy of a Cooperative may be amended without our prior written approval.

Each Cooperative shall operate solely for advertising and promotional purposes. All advertising materials, campaigns, and promotional plans developed by a Cooperative must be submitted for and receive our prior approval before use. We retain final authority over brand standards and advertising compliance.

You must contribute monthly to the Cooperative an amount determined in accordance with Cooperative requirements, up to fifty percent (50%) of your Local Store Marketing obligation, unless otherwise approved. Cooperative contributions will reduce your Local Store Marketing requirement by a corresponding amount.

We may grant written exemptions from Cooperative membership or contribution requirements, in whole or in part, at our discretion. If an exemption is granted, the franchisee must allocate the exempted amount toward Local Store Marketing. Our determination regarding any exemption request shall be final.

Computer System

You must purchase and maintain approved point-of-sale ("POS"), reporting, accounting, and technology systems that meet our specifications. You are required to purchase the computer hardware and software we require which will include a computer, tablet, POS hardware and software, camera system, and back-office software packages, and other items.

The estimated initial cost of the Computer System, including installation and configuration of related components (POS, kiosk, internet, security, communications systems, and integrations), ranges from $7,500 to $20,000. Actual costs may vary depending on location, configuration, and system requirements. You must use approved POS and reporting systems capable of transmitting sales, inventory, and operational data to us in real time or at such intervals as we require. We will have access to sales and operational data generated by your Computer System, subject to applicable data protection laws and the Franchise Agreement. (Franchise Agreement, §12.4)

As part of your Computer System, you must purchase, install, maintain, and continuously operate a Franchisor-approved video surveillance system for the Franchised Business, the cost of which is included in the above estimate. The system must include such cameras, recording capability, storage capacity, internet connectivity, and related hardware and software as we may specify in the Operations Manual or otherwise in writing.

The video surveillance system must provide coverage of the interior and exterior areas of the Franchised Business, including customer-facing areas, points of sale, entrances and exits, back-of-house areas, inventory and storage areas, and any other locations we designate from time to time. You must provide us, our affiliates, and our designated representatives with live remote access and recorded playback access to the video surveillance system at all times, for purposes including quality assurance, brand standards enforcement, operational oversight, loss prevention, complaint investigation, security review, training verification, and audit and compliance review.

You must maintain the system in good working order at all times, preserve recorded footage for the minimum period we specify in the Operations Manual, and immediately repair or replace any non-functioning equipment. You may not disable, obstruct, tamper with, relocate, or modify the system without our prior written consent. Failure to install, maintain, or provide the required access to the video surveillance system will constitute a violation of system standards and may constitute a default under the Franchise Agreement. You are solely responsible for operating the video surveillance system in compliance with all applicable privacy, employment, data protection, and surveillance laws.

We are not obligated to repair or maintain your computer system and do not require you to purchase a maintenance package as there are no contractual limits on the frequency and cost to update your computer system, but you may decide to hire an IT professional for this purpose. To the extent possible and to the extent limited by the contract with the service providers, we will have access to the information generated or stored in your computer system. We anticipate the annual maintenance or replacement costs of the Computer System to be less than $1,000 excluding subscriptions.

Operations Manual

Our Operations Manual is online and is an approximate 260 pages. Exhibit H contains a copy of the table of contents of our manuals.

Franchisor's Training Program

The initial training program will be conducted at our facility in Bogota, Colombia (or in Miami, Florida if you cannot travel to Colombia). Currently, training is held on an as needed basis, approximately 2 months before the opening of your Business, but scheduling is subject to change based on need for training. The training materials include the Operations Manual and related written materials. Training is conducted in multiple phases. Phase 1 instruction will pertain to administrative, operational and sales/marketing matters. It will also include a substantial amount of on-the-job training related to brewing, food preparation, health and safety, inventory control and point-of-sale training. Phase 2 instruction is provided at the franchisee's location when the franchisee commences operation of their Qargo Coffee location and will focus on assisting the franchisee with mastering operations skills. We do not charge for initial training; however, you must pay for all travel costs and living expenses for any attendees. Both you and your designated manager are required to attend and satisfactorily complete the initial training program. (Franchise Agreement, §8.3). Additional training programs may be required but are not currently scheduled. (Franchise Agreement, §8.4).

As of our last fiscal year end, our training program consisted of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Getting Started with Qargo Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.)	8	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Operations Basics	4	8	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Pricing and Menu	2	0	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
New Customer Interactions: Wowing the Customer and Creating a Great Experience	4	8	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Customer Interactions: Managing Relationships and Keeping People as Returning Customers	4	8	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
FAQ's	2	2	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Customer Satisfaction	2	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Opening the Location	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Closing the Location	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Deep Clean and Maintenance	4	8	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Equipment Maintenance	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Weekly Duties	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Marketing Essentials / Content Creation	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Offline Marketing / Customer Journey	4	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
Onboarding Graduation	2	4	A Corporate Training Center in Bogota, Colombia, in Miami, FL, Your Business, or another Franchised Business
TOTALS:	**56**	**70**	

Training will be primarily under the direction of Nicolas Molinos, Cristian Cortes, and Juan Pablo Arevalo. We may appoint other trainers in our discretion.

Nicolas Molinos: With over 20 years of experience in hospitality management and team development, Nicolás has led large-scale operations for both boutique and high-volume F&B brands across Latin America and the U.S. His leadership ensures that each Qargo Coffee franchise implements our systems with precision while maintaining a warm, guest-centric environment. He oversees training execution, store-level operations, and onboarding.

Cristian Cortes: Cristian specializes in technical barista training, menu execution, and front-line team development. With hands-on experience training teams in over 40 stores, he ensures every barista meets Qargo's gold standard of beverage preparation, speed of service, and hospitality.

Juan Pablo Arevalo: Juan Pablo brings extensive knowledge of food safety protocols, local health codes, and in-store compliance procedures. He leads training around sanitation, handling standards, and internal audits, ensuring that each store operates within the highest food safety guidelines.

Manuelita Montes: Manuelita serves as our Development Chef and brings extensive experience as a chef, including most recently prior to joining us with the Embassy of Lebanon in Colombia.

Giorgio Milos: Giorgio is a Master Barita who has over 15 years' experience with a global special Italian coffee company. Giorgio serves in a similar position for us and ensures every barista meets our standards.

Santiago Guerrero: Santiago brings extensive leadership and management experience with software companies and currently serves as our Sales Director. Santiago oversees the technology and sales management part of our training program.

Esteban Marin: Esteban works with our franchisees as an Architectural and Interior Design Manager. He has been on our architecture team since February 2023.

Luis Posada: Luis has been our Purchasing Manager since April 2025. Luis brings extensive experience in procurement and purchasing departments including for the US Embassy in Colombia.

Eduardo Murcia: Eduardo serves as our Creative and Marketing Director and works with franchisees on the marketing side of the business.

Laura Ordonez: Laura currently serves as our Real Estate Analyst and works with franchisees in the site selection process. She brings extensive experience in project management, real estate management and retail development.

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate one Qargo Coffee outlet at an approved location. If you have already selected a specific location for your business, we will approve that location and include its information in the franchise agreement. If we have not already approved a specific location for your Business, you shall select and submit possible sites within the Designated Area for our approval. There is no minimum size for a Territory, and the size of your Territory will vary depending on the population density. You are not granted the right to open additional franchise outlets under the Franchise Agreement. Additional franchise outlets will be governed by additional franchise agreements.

You may relocate your Business only with our prior written approval and only within the Territory. Approval will not be unreasonably withheld provided that the proposed new location meets our then-current criteria for a Qargo Coffee Business.

If you are operating from a traditional location, you will receive a Territory, to be mutually agreed upon by you and us, around your franchised business where we will not establish or license another traditional Qargo Coffee location. You may only operate and conduct marketing, advertising, and business activities within the Territory. You do not have any rights to alternative channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing outside of the territory.

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

The Franchise Agreement grants you only the right to operate your Qargo Coffee Business and does not grant you any right to engage into other business opportunities for the sale and distribution of "Qargo Coffee" products or services through any other channel of distribution.

Neither we nor our Affiliate currently operate or have plans to operate a business under a different trademark that sells goods or services as its primary business that are the same or similar to those you sell.

We reserve the right, in our sole discretion, to:

- establish, own or operate, and license others to establish, own or operate, Qargo Coffee Businesses outside of the Territory;

- establish, own or operate, and license others to establish, own or operate, Qargo Coffee Businesses within Non-Traditional Locations located within or outside of the Territory;

- establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside or outside of the Territory;

- be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory;

- provide the services and sell the products authorized for Qargo Coffee Businesses using the Marks or other trademarks through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate without providing you any compensation; and

- purchase or otherwise acquire controlling ownership of one or more Competitive Businesses some or all of which may be located anywhere, including within the Territory. "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) goods or services the same as or similar to those provided by us or in which trade secrets or other confidential information could be used to our disadvantage.

Area Development Agreement

We will not establish or license another traditional Qargo Coffee Cafe within your designated Development Area, during the term of the Development Agreement, and provided that you: are in full compliance with the Development Agreement and all related agreements; are not in default under any agreement with us or our affiliates; and have timely satisfied all financial and operational obligations.

Existing and Reserved Rights

This protection does not apply to: locations open and operating at the time you sign the Development Agreement; locations under development at the time you sign the Development Agreement; non-traditional venues (including airports, universities, stadiums, hospitals, travel centers, food courts, or similar venues); alternative channels of distribution (including online sales, delivery platforms, catering, or remote fulfillment methods); businesses operating under different trademarks; or businesses acquired by us or our affiliates.

We reserve all rights within the Development Area that are reserved in the Franchise Agreement with respect to Territory.

Loss of Development Protection

If you fail to meet the development schedule or are otherwise in default under the Development Agreement or any related agreement, we may suspend or terminate your development rights, including exclusivity protections, as provided in the Development Agreement.

Rights of First Refusal

Neither the Franchise Agreement nor the Development Agreement grants you any option, right of first refusal, right of first offer, expansion right, or similar right to acquire additional franchises or territories.

Any additional franchise rights must be granted only pursuant to a separate written agreement.

We and our affiliates reserve the right to develop, acquire, operate, franchise, or license other businesses under different trademarks, including businesses that may offer goods or services similar to those offered by Qargo Coffee locations.

ITEM 13
TRADEMARKS

Principal Trademark(s)

We have applied for registration with the United States Patent and Trademark Office for the following marks:

Trademark	Application Date	Serial Number
Empowering The Creators	September 26, 2024	98771303
ITALY'S FINEST COFFEE & PASTRIES	September 26, 2024	98771299
SKIP THE LINE	September 26, 2024	98771305
	September 26, 2024	98771295
	September 26, 2024 (Class 30) September 26, 2024 (Class 43) September 26, 2024 (Class 16)	98771316 98771273 98771308

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Material Determinations

We are not aware of any currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, any state trademark administrator, or any court that adversely affect our rights in the Marks.

We are not aware of any pending material federal or state litigation, opposition, cancellation, or infringement proceedings that challenge our ownership or use of the Marks.

Trademark Liabilities

We are not obligated to protect your right to use the principal trademark or to protect you against claims of infringement or unfair competition arising out of your use of the Marks. You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims but will take the action, we think appropriate. We have the option to control the defense and settlement of any proceeding related to your use of the Marks. We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding.

If we require you to modify or discontinue using a trademark, you will be solely responsible for all expenses up to the cap for system modifications stated in the Franchise Agreement.

Superior Rights and Infringements

We are aware of a registered mark that could materially affect the use of the Marks. We have reached out to the owner of the mark to negotiate a co-existence agreement. The existence of this mark may infringe and materially affect your use of the principal trademarks in your state. There are no agreements currently in effect that significantly limit our right to use or license the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents or patent applications that are material to the franchise.

Copyrights

We own certain proprietary works of authorship, including, without limitation, our Operations Manual, training materials, marketing materials, website content, digital assets, design elements, and other written, graphic, and electronic materials (collectively, the “Copyrighted Materials”).

These materials are protected under applicable U.S. copyright laws upon creation. We may, but are not obligated to, seek federal copyright registration for any of these materials.

You are granted a limited, non-exclusive, non-transferable license to use the Copyrighted Materials solely during the term of your Franchise Agreement and solely for the purpose of operating your Franchised Business in compliance with our standards.

You may not copy, reproduce, modify, distribute, publish, display, or use any Copyrighted Materials for any purpose other than the operation of your Franchised Business, and only as expressly authorized by us.

We are not obligated to protect the Copyrighted Materials or to defend you against claims arising from your use of the Copyrighted Materials. There are no material determinations of the United States Copyright Office or any court that materially adversely affect our rights in the Copyrighted Materials.

Trade Secrets and Proprietary Information

We have developed and will continue to develop certain confidential information, trade secrets, and proprietary methods relating to the operation of the Qargo Coffee system (collectively, "Confidential Information"), including without limitation, business management systems, operating procedures, recipes and product specifications, vendor and supplier information, marketing strategies, training programs, customer experience systems, technology integration processes, and financial and operational methodologies.

This Confidential Information is not generally known to the public and provides a competitive advantage to the System. You must maintain the confidentiality of all Confidential Information during the term of the Franchise Agreement and thereafter. You may use Confidential Information solely for the purpose of operating your Franchised Business in accordance with our standards. Unauthorized use or disclosure of Confidential Information may cause irreparable harm to us and may result in injunctive relief and other remedies as provided in the Franchise Agreement.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must actively participate in the operation of the Franchised Business or appoint a qualified Designated Manager to provide full-time, on-premises supervision of the Business.

Each Designated Manager must: successfully complete our initial training program and any additional training we require; demonstrate competence in operating the Franchised Business in accordance with our standards; and execute nondisclosure, confidentiality, and noncompetition agreements in a form acceptable to us. Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 6. We reserve the right to require replacement of a Designated Manager who fails to meet our operational standards. If you are a business entity, we do not require that the Designated Manager hold an ownership interest in the entity.

If you are a business entity, each owner must execute a personal guaranty, jointly and severally guaranteeing your obligations under the Franchise Agreement, including monetary obligations and all performance obligations. Each guarantor agrees to be personally bound by all covenants and restrictions applicable to you under the Franchise Agreement. We generally do not require spouses of owners to sign a personal guaranty, but we reserve the right to do so in our sole discretion.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services that are part of the System, and all services and products that we incorporate into the System in the future. You may only offer services and products that we have previously approved. You may only sell products and services in the manner we prescribe.

You may not use our Marks for any other business, and you may not conduct any other business from your Cafe location without our prior approval. You cannot engage in any other business that competes with your Cafe, with our affiliates, or us or with Qargo Coffee outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from, or modify the products and services that you can and must offer. You must abide by any additions, deletions, and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. See Item 12 for restrictions on sales within and outside the Territory.

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 agreement attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	4.1	The initial term is 10 years.
b. Renewal or extension of term	4.2	After the initial term you will be required to sign then current Franchise Agreement that may contain materially different terms and conditions than Franchisee's original contract but will be for terms of 5 years.
c. Requirements for franchisee to renew or extend	4.2	You may renew the then-current Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; comply with current training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	15.1	You may seek termination on any grounds applicable by state law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	15.2	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully. Termination of the Multi-Unit Development Agreement may result in Termination of the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
g. "Cause" defined- curable defaults	15.2.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Operations Manual, you can avoid termination of the Franchise Agreement if you cure the defaults within the granted cure period, unless it is a non-curable default, as described in (h) below.
h. "Cause" defined - non-curable defaults	15.2.1	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for or establish, equip and begin operations; fail to have your Designated Manager satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the brand; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the brand; use the Operations Manual, Training Manuals, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the Business for 5 or more consecutive days; surrenders or transfers control of the Business in an unauthorized manner; fail to maintain the Business under the supervision of a Designated Manager following a death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due to us or any Affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; breach the franchise agreement or fail to comply with specifications on 2 or more occasions within any 12 months; or default under any other agreement with us (or an Affiliate) so that they have the right to terminate such agreement.
i. Franchisee's obligations on termination/non-renewal	16.1	Upon termination, you must: cease operations; cease to identify yourself as a Qargo Coffee franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment,

Provision	Section in Franchise or Other Agreement	Summary
		inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media, and software accounts.
j. Assignment of contract by franchisor	17.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. “Transfer” by franchisee-definition	17.2	" Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l. Franchisor’s approval of transfer by franchisee	17.2	You may not transfer your interest without our prior written consent.
m. Conditions for franchisor approval of transfer	17.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; you or the transferee have paid the transfer fee of $10,000, the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide a copy of all contracts and agreements related to the transfer; you or the transferee pay the transfer fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a noncompetition agreement in a form the same as or similar to the Nondisclosure and Noncompetition attached to the Franchise Agreement; the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the Business; and the transferee has obtained all necessary types of insurance.
n. Franchisor’s right of first refusal to acquire franchisee’s business	18	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller’s representations and warranties.
o. Franchisor’s option to purchase franchisee’s franchised business	16.4	Upon termination of the Franchise Agreement, we have the option to purchase your, equipment, signs, advertising materials, supplies, vehicle, and inventory at your cost or fair market value, whichever is less.

Provision	Section in Franchise or Other Agreement	Summary
p. Death or disability of franchisee	17.6	Following the death or incapacity of an owner of the Business or the death or incapacity of any holder of a legal or beneficial interest in the Business, you or your representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the Business within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q. Noncompetition covenants during the term of the franchise	7.3	You, your owners (and members of their families and households) and its officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the Business to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.
r. Noncompetition covenants after the franchise is terminated or expires	16.2	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within 25 miles of the franchise location or within the area of primary responsibility (whichever is greater), or within 25 miles of any other franchisee or affiliate; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	9.2 and 21.7	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/ merger clause	21.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we make in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Subject to state law, any litigation must be pursued in courts located in Delaware.
v. Choice of forum	22.2	Subject to state law, any litigation must be pursued in courts located in Delaware.
w. Choice of law	22.1	Subject to state law, Delaware Law applies; except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

Provision	Section in Area Development Agreement	Summary
a. Length of franchise term	4.1	The initial term is 10 years.
b. Renewal or extension of term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	4.2	If you have met all obligations under the Development Schedule, then we may agree to extend your Developer Agreement.
d. Termination by franchisee	5.1	You may terminate the Franchise Agreement if you are in compliance with it, we materially breach it, and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	5.1	We can terminate only if you fail to comply with the terms of the Area Development Agreement.
g. "Cause" defined-curable defaults	5.1	We can terminate only if you fail to comply with the terms of the Area Development Agreement.
h. "Cause" defined-non-curable defaults	5.1	We can terminate only if you fail to comply with the terms of the Area Development Agreement.
i. Franchisee's obligations on termination/non-renewal	5.2	Upon termination or expiration of the Area Development Agreement, Franchisor is then free to open Company- Owned Units or grant franchises to others within Development Area but outside any Exclusive Territories granted to you under Franchise Agreements for Franchised Units you are currently operating or are under construction.
j. Assignment of contract by franchisor	3.1	There are no restrictions on our right to assign our interest in the Area Development Agreement.
k. "Transfer" by franchisee-definition	3.2	"Transfer" means to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in the Area Development Agreement.
l. Franchisor's approval of transfer by franchisee	3.2	You may not transfer your interest without our prior written consent.
m. Conditions for franchisor approval of transfer	3.2	If you intend to transfer the Area Development Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you pay us a transfer fee of $10,000 for the transfer of Area Development Rights.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable

Provision	Section in Area Development Agreement	Summary
o. Franchisor's option to purchase franchisee's franchised business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Noncompetition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Noncompetition covenants after the	Not Applicable	Not Applicable
s. Modification of the agreement	7.1	The Area Development Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/ merger clause	7.10	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we make in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Subject to state law, any litigation must be pursued in courts located in Delaware.
v. Choice of forum	Not Applicable	Not Applicable
w. Choice of law	Not Applicable	Not Applicable

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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 Franchisee is 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 financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 Qargo Coffee Inc., 701 Brickell Avenue, Suite 1550 Miami, FL 33131, (786) 913-9991, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISE INFORMATION

Table No. 1
System-wide Outlet Summary for Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	2	2	0
	2024	2	6	+4
	2025	6	10	+4
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	**2023**	**2**	**2**	**0**
	2024	**2**	**6**	**+4**
	2025	**6**	**10**	**+4**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	**2023**	**0**
	2024	**0**
	2025	**0**

Table No. 3
Status of Franchised Outlets for Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CO	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
	2025	0	0	0	0	0	0	0
DC	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	1	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
FL	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
IL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
MI	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
OH	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
TX	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Total	**2023**	**2**	**0**	**0**	**0**	**0**	**0**	**2**
	2024	**2**	**5**	**0**	**0**	**0**	**1**	**6**
	2025	**6**	**5**	**0**	**0**	**0**	**1**	**10**

Table No. 4
Status of Company-Owned Outlets for Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Total	**2023**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**

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

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Arizona	0	0	0
Colorado	0	0	0
Florida	0	2	0
Georgia	1	1	0
Illinois	0	7	0
Indiana	0	2	0

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Kentucky	0	0	0
Massachusetts	2	2	0
Michigan	2	2	0
Missouri	1	1	0
Nebraska	0	0	0
Nevada	1	1	0
New Jersey	3	3	0
New York	1	2	0
North Carolina	1	3	0
Ohio	1	1	0
Pennsylvania	0	3	0
Tennessee	0	0	0
Texas	4	3	0
Utah	0	0	0
Virginia	0	0	0
Washington D.C.	0	1	0
Total	**17**	**34**	**0**

The names, addresses and telephone numbers or available contact information for all current franchisees and franchisees who ceased operations in the last fiscal year, or franchisees who have not communicated with us within ten (10) weeks of the disclosure document issuance date, can be found in Exhibit E to this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees 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.

There are currently no trademark-specific franchise associations associated with the franchised system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are the audited financial statements for the periods ending December 31, 2025, December 31, 2024, and December 31, 2023. Our fiscal year end is December 31.

[Remainder of page intentionally left blank.]

ITEM 22
CONTRACTS

All proposed agreements regarding the franchise offering are attached:

Exhibit A	Franchise Agreement and Exhibits
Exhibit A-2	General Release
Exhibit A-3	Approved Location Addendum
Exhibit A-4	Nondisclosure and Noncompetition Agreement
Exhibit A-5	Holders of Legal or Beneficial Interest In Franchisee, Officers and Directors
Exhibit A-6	Multi-State Addenda to Franchise Agreement
Exhibit A-7	Agreement With Landlord
Exhibit A-8	Telephone Numbers & Directory Advertising Assignment
Exhibit A-8	Deposit Agreement
Exhibit A-10	Conversion Addendum
Exhibit A-11	Supplier Equipment and Inventory Addendum
Exhibit B	Area Development Agreement
Exhibit F	Franchisee Disclosure Questionnaire
Exhibit G	Multi-State Addenda to the Franchise Disclosure Document

ITEM 23
RECEIPTS

Two copies of the receipt for this disclosure document are attached as the last pages. Please sign and return one copy to us and keep the other copy for your records.

EXHIBIT A
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Qargo Coffee, Inc.
701 Brickell Avenue, Suite 1550
Miami, FL 33131

Franchisee:________________________________

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Qargo Coffee Inc.

Franchise Agreement

This Franchise Agreement is by and between Qargo Coffee, Inc., (“we,” “us,” “our,” or “Franchisor”) and the person(s) or entity identified on Exhibit 1 to this Agreement (“you,” “your,” or “Franchisee”) as of the Effective Date (as defined in Section 1 and as indicated on the signature page of this Agreement).

Whereas Franchisor intends to grant to Franchisee the license, and Franchisee intends to establish and operate a Qargo Coffee Outlet;

Franchisor and Franchisee, intending to be legally bound, agree as follows:

§1 Definitions

Whenever used in this Agreement, the following words and terms have the following meanings:

“Agreement” means this agreement entitled “Qargo Coffee Franchise Agreement” including the exhibits.

“Approved Location” means the site for the operation of the Outlet selected by Franchisee and approved in writing by Franchisor.

“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) goods or services the same as or similar to those provided by Qargo Coffee or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to any business operated under a Franchise Agreement with Franchisor.

“Confidential Information” means information used in or related to Qargo Coffee and not commonly known by or available to the public, including, without limitation, Trade Secrets, the customer list and any other information identified or labeled as confidential when delivered by Franchisor.

“Designated Manager” means the individual designated by Franchisee as having primary responsibility for managing the daily affairs of the Outlet.

“Effective Date” means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term.

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks.

“Gross Revenue” means the total of all revenue collected from all sources in connection with the Outlet, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, gift cards, online sales, catering services, and any other revenue sources related to the Outlet.

Gross Revenue excludes (a) any revenue Franchisee remits to a customer or property owner or collection agency that Franchisee is contractually obligated to remit, (b) any chargeback fees Franchisee pays to a collection agency, (c) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (d) any rebate received by Franchisee from a manufacturer or supplier.

“Incapacity” means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Outlet on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Marks" means the trade name or trademark "Qargo Coffee" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with the System.

"**Non-Traditional Location"** means a location located at transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; supermarkets; concessionaire locations (including event specific non-permanent, temporary or moveable stands, kiosks, trailers, tents or similar installations); educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted.

"Operations Manual" means the Qargo Coffee Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

"Outlet" means the Qargo Coffee business authorized by this Agreement and located at the Approved Location.

"Standard-Regular Location" means locations that are endcap, in-line, stand- alone and/or drive-thru locations.

"System" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Qargo Coffee businesses; and

"Trade Secrets" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, 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 Qargo Coffee business that are not commonly known by or available to the public and that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

§2 Grant of Franchise and Approved Location

2.1 Grant

Franchisor hereby grants to Franchisee, subject to the terms and conditions contained herein, a revocable, non-exclusive, non-transferable, limited license to operate one Outlet using the System. This license is granted solely for the operation of the Outlet at the Approved Location and does not extend to any other location or outlet.

2.2 Trademark License

Franchisor hereby grants to Franchisee, a revocable, limited license to use the Marks within the Territory to promote and operate its business and otherwise as authorized in this agreement. Franchisee acknowledges that Franchisor has licensed from Affiliate the rights to the Marks in connection with its franchise program. Franchisee agrees not to challenge, directly or indirectly, in any court of law or in any other manner the validity, ownership, or enforceability of the Marks. Franchisee acknowledges that all use of the Marks by Franchisee shall inure to the benefit of Franchisor and its good will associated with the Marks and agrees to use the Marks in a manner consistent with the standards set forth by the Franchisor.

2.3 Approved Location

The street address (or detailed description of the premises) of the Approved Location for the operation of the Outlet is identified in Exhibit 1. The type of location granted to Franchisee, whether a Standard-Regular Location or a Non-Traditional Location, is also identified in Exhibit 1.

2.4 Approved Location Not Determined

If the Approved Location is determined as of the Effective Date, then this Section shall be inapplicable. If the Approved Location is not determined as of the Effective Date, then the geographic area in which the Approved Location is to be located shall be within the geographic area described below ("Designated Area"). Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with §5.1. When the Approved Location is determined, its address shall be inserted into §2.3, shall be initialed and dated by Franchisee and Franchisor and the Designated Area shall lapse. The failure to insert such address shall not automatically affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. A detailed description of the geographic area or boundaries of the Designated Area is identified in Exhibit 1. Your Designated Area is not exclusive until you have an Approved Location and we set a Territory, pursuant to Section 2.5.

2.5 Territory

Franchisee will not receive an exclusive territory but an Area of Primary Responsibility. The Area of Primary Responsibility will be mutually agreed upon by Franchisor and Franchisee and depicted in the map in §2.8 below ("Territory"). The Territory shall be the only area within which the Franchisee is authorized to operate the Outlet and conduct direct marketing, advertising, and business activities. Franchisee will operate the Outlet within the designated Territory and shall limit all direct marketing, advertising, and business activities as stated in §2.11. As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee's Territory. Franchisee's rights in the Territory are subject to Franchisor's rights as articulated in §2.10.

2.6 Approved Relocation

If Franchisee wishes to relocate to a new Approved Location, Franchisee shall select and submit possible sites for Franchisor's evaluation in accordance with §§2.4 and 5.1. Franchisor shall not unreasonably withhold its approval.

2.7 Additional Franchise Outlets

Franchisee shall not be permitted to open additional outlets within the Territory. Additional outlets shall be governed by separate and additional franchise agreements.

2.8 Map or Description of Territory

The Territory shall be defined by and exist within the zip codes or other physical, political or natural boundaries as identified in Exhibit 1.

2.9 Sub-Franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in §17, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.10 Franchisor's Rights

2.10.1 Franchisee acknowledges that Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.10.1.1 establish, own or operate, and license others to establish, own or operate, Qargo Coffee Businesses outside of the Territory;

2.10.1.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Territory;

2.10.1.3 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory;

2.10.1.4 provide the services and sell the products authorized for Qargo Coffee Businesses using the Marks or other trademarks through an alternate channel of distribution on such terms and conditions as Franchisor deems appropriate; and

2.10.1.5 purchase or otherwise acquire the assets or controlling ownership of one or more Competitive Business some or all of which may be located anywhere, including within the Territory.

2.10.2 If Franchisor purchases or acquires a Competitive Business within the Territory, Franchisor may, in its sole discretion:

2.10.2.1 offer to sell any such businesses to Franchisee or to Franchisee at the business's fair market value to be operated as a Qargo Coffee; or

2.10.2.2 offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.11 Marketing and Solicitation Restrictions

2.11.1 Except as part of cooperative advertising implemented pursuant to §11.3, Franchisee shall not advertise in any media whose primary circulation is within the area of primary responsibility of another franchisee or Affiliate. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other Qargo Coffee franchisees. However, should litigation or similar actions be required to enforce these restrictions, Franchisor reserves the right to take such actions as deemed necessary.

2.11.2 Despite the marketing restriction in the previous section, Franchisee shall be permitted to serve any customers regardless of their home or business location at their Approved Location within the Territory.

2.12 Non-Traditional Venues. Franchisor and its affiliates will have the exclusive right to operate Qargo Coffee Businesses at or within Non-Traditional Locations, unless otherwise specifically delegated in writing, on behalf of themselves and/or through other franchisees utilizing the Marks. Any dispute as to whether a particular site is a Non-Traditional Location will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding. Franchisor or Franchisor's affiliates', licensees' or designees' operation of a Qargo Coffee Business at or within a Non-Traditional Location within Franchisee's Territory will not constitute a violation of this Agreement. Franchisee acknowledges and agrees that they will not receive any compensation or consideration for revenues earned by others from operating Qargo Coffee Businesses at or within Non-Traditional Locations located within Franchisee's Territory.

§3 Fees

3.1 Franchise Fee

Franchisee shall pay the Franchise Fee of $50,000 to Franchisor. If Franchisee is going to open a Non-Traditional Location, the Franchise Fee shall be $40,000. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Marketing/Architectural and Design Development Support Fee

Franchisee shall pay the Marketing/Architectural and Design Development Support Fee of $10,000 to Franchisor, concurrently with the execution of this Agreement. The Marketing/Architectural and Design Development Support Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchisor will use the Marketing/Architectural and Design Development Support Fee to offset the costs and expenses related to providing site and store development support and on-site store opening assistance.

3.3 Royalty Fee

On or before Wednesday of each week, for so long as this Agreement shall be in effect, Franchisee shall pay Franchisor a fee ("Royalty Fee") equal to 6% of the Gross Revenue for the previous week. The Royalty Fee will be deemed late if not received by the third day of the week in which it becomes due.

3.4 Technology Fee

On or before the fifth day of each month, Franchisee will be required to pay to Franchisor it's then-current technology fee, currently $150 to $500 per month for technology support and services. This fee represents ongoing support provided to assist you with required technology services, operations management and digital marketing applications.

3.5 Late Fees

For all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor, time is of the essence. Late fees at the rate of 1.5% per month (or the highest rate allowed by the law of the state where Franchisee is located), from the date payment is due to the date payment is received by Franchisor shall be assessed. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

3.7 Manner of Payment

Franchisor may institute an Automated Clearing House ("ACH") program under which Franchisor automatically deducts fees owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor, from Franchisee's bank account. Franchisee must deposit all revenues from operation of the Outlet into one bank account within three days of receipt, including cash, checks, and credit card receipts. Before opening the Outlet, Franchisee must provide Franchisor with Franchisee's bank name, address and account number, a voided check from the bank account, and sign and give to Franchisor and Franchisee's bank, all documents necessary to effectuate the ACH Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee will immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor will inform Franchisee of the amount to be taken from Franchisee's account at least one day beforehand. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Revenues Report has not been received within the time period required by this Agreement, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Revenues Report provided by Franchisee to Franchisor, provided, that if a Gross Revenues Report for the subject month is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor shall be entitled to withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

§4 Term & Renewal

4.1 Term

This Agreement shall be effective and binding for an initial term of ten years from the Effective Date, unless sooner terminated pursuant to §15.

4.2 Successor Franchise

4.2.1 Franchisee will have the option, at the expiration of the Term of this Agreement, to enter into a new franchise agreement with Franchisor for additional 5-year terms, with terms that may be materially different from this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee. Franchisee's renewal option is subject to the following:

4.2.1.1 Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

4.2.1.2 Franchisee has access to and the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.1.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Outlet reflects Franchisor's then-current standards and specifications;

4.2.1.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.1.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.1.6 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements;

4.2.1.7 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 3, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Outlet is located; and

4.2.1.8 Franchisee pays Franchisor the Successor Franchise Fee of $10,000 to process the new Franchise Agreement.

§5 Approved Location

5.1 Selection of Site

Franchisee shall select their location to lease or purchase for the operation of the Outlet to be approved by Franchisor ("Approved Location"). If an Approved Location for the Outlet has not been determined as of the Effective Date, Franchisee shall promptly select a site and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty (30) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Outlet. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other Qargo Coffee Outlets, proximity to Competitive Businesses, or the size of the location and lease requirements. Franchisee shall not locate the Outlet on a selected site without the prior written approval of Franchisor. ***Franchisor does not represent that it, or any of its Affiliates, owners, employees or agents, have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Outlet will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.***

5.2 Failure to Select Site

Should Franchisee fail to obtain an Approved Location within 6 months after the Effective Date, Franchisor has the right to terminate this Agreement or extend the period for obtaining an Approved Location at its sole discretion. Franchisor may, upon Franchisee's request, grant a one-time 3-month exemption by paying a $2,500 fee and signing a general release.

5.3 Lease of Approved Location

5.3.1 If Franchisee is to execute a lease for, or a binding agreement to purchase, the Approved Location, Franchisee must obtain Franchisor's approval of the terms. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on ***its review of any such lease or purchase agreement.*** Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including but not limited to:

5.3.1.1 a provision reserving to Franchisor the right, but not the obligation, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without a requirement for the payment of an additional security deposit or any increase in rent or other fees upon termination or expiration of the Franchise; and that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease; and that Franchisee shall not be entitled to a return of its security deposit;

5.3.1.2 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.1.3 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.1.4 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.1.5 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Operations Manual, subject only to the provisions of applicable law;

5.3.1.6 a provision prohibiting the premises from being used for any purpose other than the operation of the Outlet;

5.3.1.7 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

5.3.1.8 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right, but not the obligation, to take possession of the Approved Location and operate the Outlet and notwithstanding Franchisor's (or the nominee's) possession, the lessor agrees that during all times prior to an assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease incurred prior to or during such possession and prior to such assignment; and

5.3.1.9 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

5.4 Development of Approved Location

5.4.1 Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of the Approved Location, including specifications for improvements, supplies and equipment that are necessary for the development and operation of the Outlet. In connection with the development of the Approved Location, Franchisee shall:

5.4.1.1 obtain all necessary permits and licenses required for operation of the Outlet, and certify in writing that all such permits and certifications have been obtained;

5.4.1.2 purchase any supplies or inventory necessary for the operation of the Outlet, as specified in the Operations Manual;

5.4.1.3 purchase and install all equipment, furniture and fixtures, including any camera systems, software and computer equipment, required by Franchisor for the operation of the Outlet; and

5.4.1.4 establish broadband or high-speed Internet access and obtain at least one telephone number solely dedicated to the Outlet.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location within 6 months after the site approval, Franchisor has the right to terminate this Agreement. Franchisor may, at Franchisee's request, extend the deadline to open one time by 3 months if Franchisee pays an extension free of $2,500 and signs a general release in favor of the Franchisor. If this Agreement is terminated pursuant to this Section, Franchisor shall terminate any future obligations to Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 3, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Opening

5.6.1 Before opening the Outlet and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of §5;

5.6.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.3 complete initial training to the satisfaction of Franchisor;

5.6.1.4 hire and train the personnel necessary or required for the operation of the Outlet;

5.6.1.5 if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.6.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily

prepared to operate; and

5.6.1.7 pay in full all amounts due to Franchisor.

5.7 Failure to Open

Time is of the essence. Should Franchisee fail to commence operations of the Outlet within 6 months after the site approval, Franchisor has the right to terminate this Agreement.

5.8 Use of Approved Location

Franchisee shall use the Approved Location exclusively for the operation of a Qargo Coffee Outlet, in full compliance with this Agreement and the Operations Manual, unless provided with express written approval by Franchisor for any other use.

5.9 Relocation

Franchisee shall not relocate the Approved Location without the prior written consent of Franchisor. If the Approved Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Approved Location's premises is destroyed, condemned or otherwise rendered unusable, Franchisee may request the right to relocate the Approved Location either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Approved Location for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Approved Location shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in §5.1. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in §15.2.1.1.

<u>§6 Proprietary Marks</u>

6.1 Ownership

Franchisee's right to use the Marks is granted solely under this Agreement, is non-exclusive, and is restricted to the conduct of business by Franchisee in strict accordance with this Agreement and all applicable standards, specifications, and operating procedures as prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name but shall register a trade name (aka assumed name or dba) for Qargo Coffee and link such registration to Franchisee. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Qargo Coffee. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Outlet is an "Independently Owned and Operated Franchise of Qargo Coffee, Inc."

6.3 Notifications

Franchisee shall immediately notify Franchisor in writing of any third-party use of the Marks they become aware of, any challenge made to their use of any of the Marks, or any published statements that attack the reputation of the brand. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of §6.3 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall, not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks; not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor; not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten business days after notice to Franchisee by Franchisor and subject to the limitations in §10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Outlet, Franchisor and its designees have the right to enter and inspect the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Outlet in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Outlet and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Qargo Coffee" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all rights, title and interest in and to such domain names as Franchisor shall designate in the Operations Manual.

§7 Trade Secrets and Other Confidential Information

7.1 Confidentiality of Trade Secrets and Other Confidential Information

Both parties acknowledge that they shall disclose Confidential Information to each other. Neither party shall acquire any interest in the Confidential Information disclosed, other than the right to use it in the development and operation of the Outlet and in performing their duties, during the term of this Agreement. Both parties acknowledge that the use or duplication of the Confidential Information in any other business venture would constitute unfair competition. Both parties acknowledge that the Confidential Information is proprietary and is disclosed solely on the condition that no one shall: (a) use the Confidential Information in any other business or capacity; (b) violate the absolute confidentiality of the Confidential Information during or after the term of this Agreement; (c) make any unauthorized copies of any portion of the Confidential Information disclosed; and (d) fail to adopt and implement all necessary procedures to prevent unauthorized use or disclosure of the Confidential Information. Both parties shall enforce this Section as to its employees, agents and representatives and shall be liable for any unauthorized disclosure or use of Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System for the benefit of all franchisees. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

7.3.1 Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Qargo Coffee franchisees if owners and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1.1 divert or attempt to divert any business or customer of the Outlet to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.1.2 own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Business Records

Franchisee acknowledges and agrees that Franchisor owns all Business Records with respect to customers, crafts persons, employees, and other service professionals of, and/or related to, Franchisee's Business; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

7.5 Nondisclosure and Noncompetition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff of Franchisee to execute a nondisclosure and noncompetition agreement, in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 5, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and noncompetition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein.

7.6 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

7.7 Customer Lists

Franchisee shall maintain a currently updated customer list including all customer data applicable to the continued service and solicitation of the customers. This customer list shall be treated as Confidential Information and shall not be disclosed, sold, or shared with any third party without the express written consent of the Franchisor.

<u>§8 Training and Assistance</u>

8.1 Initial Training

Franchisor's initial training program is available to one Designated Manager as part of the Franchise Fee. The Designated Manager must attend and successfully complete, to Franchisor's satisfaction, the initial training program sixty days prior to the opening of the Outlet. The Initial Training program will pertain to the operation and administration of the business including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; operational procedures; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters, Franchisee's Approved Location or at another designated location. All expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee.

8.2 New Designated Manager Training

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction within thirty days of being named. Franchisee shall pay Franchisor an amount equal to the then-current Ongoing Training Fee for training provided to the new Designated Manager. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

8.3 Opening Assistance

In conjunction with the beginning of operation, but not to exceed sixty days from the opening of the Outlet, Franchisor shall make available to Franchisee, at Franchisor's expense, a minimum of one of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with the System and for the purpose of providing general assistance and guidance in connection with the opening of the Outlet.

8.4 Failure to Complete Initial Training Program

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to require Franchisee to replace the Designated Manager with a qualified candidate who must complete the training program to Franchisor's satisfaction. If the Franchisee fails to replace the Designated Manager within a reasonable time frame, as determined by the Franchisor, the Franchisor may then have the right to terminate this Agreement.

8.5 Ongoing Training

From time to time, Franchisor may provide and if it does, has the right to require that the Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor shall charge a fee of $600 per day for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.6 Ongoing Assistance

Franchisor shall make available to Franchisee, at Franchisor's expense, a minimum of one of Franchisor's representatives, experienced in the System, for the purpose of providing consultation, assistance, guidance, and general assistance in connection with the operation of the Outlet. However, should the Franchisee require additional ongoing assistance beyond the scope of the standard support provided, Franchisor may charge Franchisee a fee of $600 per day, plus expenses, for this extended support.

8.7 Periodic Visits

Franchisor or Franchisor's representative shall, at the request of Franchisee, travel to the Approved Location for the purposes of providing Ongoing Assistance. All expenses incurred by Franchisor in making the visit including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee.

<u>§9 Operations Manual</u>

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor will provide access to the Operations Manual for Franchisee. Franchisee shall operate the Outlet in strict accordance with the provisions set forth in the Operations Manual. The Operations Manual may consist of one or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Operations Manual shall, at all times, remain the sole property of Franchisor and upon expiration or termination of this Agreement, Franchisee shall return all physical copies to Franchisor and delete all digital copies within seven days.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Operations Manual is up-to-date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3 Confidentiality

The Operations Manual contains Trade Secrets and other Confidential Information of Franchisor, and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Operations Manual is available at the Approved Location in a current and up-to-date manner. If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Approved Location; if the Operations Manual is in electronic form, Franchisee shall maintain the Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination or passwords needed for access to the Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

§10 Franchise System

10.1 Uniformity

Franchisee shall strictly comply, and shall cause its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisor shall provide Franchisee with a written notice of any such changes or additions at least thirty (30) days prior to the effective date of such changes or additions. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require; provided, however, Franchisee shall not be required to implement or conform to any such changes, additions or modifications if the cost to do so would exceed (a) $1.00 during the first year of the term of this Agreement; (b) $25,000.00 in the aggregate during the initial term of this Agreement or (c) if Franchisee provides written notice of its intention not to renew the Franchise. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in §13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Outlet. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance granted to another franchisee.

§11 Advertising and Promotional Activities

11.1 Grand Opening Advertising

Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to, and/or during a period of approximately three months following the initial opening of the Outlet, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening ("Grand Opening Advertising"). Franchisor shall approve a plan for Grand Opening Advertising based upon Franchisor's general assessment of the area surrounding the Approved Location and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors in consultation with Franchisee. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in §11.2.1. Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall continuously promote the Outlet. Every month, Franchisee shall spend a minimum of 2% of its monthly Gross Revenue on advertising, promotions and public relations within the immediate locality surrounding the Approved Location ("Local Advertising"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within thirty days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts, direct mail, and all digital and online promotional materials. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty-day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Cooperative Advertising

Franchisor has the right at any time and from time to time to establish, and thereafter modify (1) co-marketing programs in which Franchisor and its franchisees join with suppliers or other third parties to cross-promote goods and services; (2) joint marketing efforts in which multiple Qargo Coffee locations can contribute to a specific marketing and/or advertising campaign or event; and/or (3) local or regional marketing co-operatives (**"Cooperatives"**) that pool funds of Qargo Coffee locations on an ongoing basis to jointly promote the Proprietary Marks and the Qargo Coffee locations of the Cooperative members. Franchisee must participate in each applicable joint marketing program and comply with the rules of the program. The following provisions apply to Cooperatives:

11.3.1 Franchisor has the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative. If a Cooperative is applicable to Franchisee's Qargo Coffee location at the time the Qargo Coffee location opens for business, Franchisee must join the Cooperative. If a Cooperative applicable to the Qargo Coffee location is established during the term of this Agreement, Franchisee must become a member and begin contributing no later than thirty (30) days after Franchisor authorizes the Cooperative to begin operation. Franchisee will not have to contribute to more than one Cooperative for the same Qargo Coffee location at the same time. Franchisor (or Franchisor's affiliates, as the case may be) will become a member of any Cooperative that is applicable to a Qargo Coffee location owned by Franchisor or Franchisor's affiliates.

11.3.2 Each Cooperative will be organized for the exclusive purpose of developing, administering and executing advertising programs for the members of the Cooperative. Each Cooperative will adopt a Cooperative agreement governing the organization and operation of the Cooperative, subject to Franchisor's approval. If the members of the Cooperative do not sign an agreement within a reasonable time, Franchisee agrees to sign Franchisor's recommended form of Cooperative Agreement. Franchisor reserves the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and Franchisee and the other members agree to implement any such change promptly after notice from Franchisor. No changes in the bylaws or other governing documents of a Cooperative may be made without Franchisor's prior written consent. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. Franchisor and Franchisor's designated agents will have the right to examine and copy, at Franchisor's expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative. Franchisor will also have the right, at any time, to have an independent audit made of the books of any Cooperative.

11.3.3 Franchisee and each other member of the Cooperative must contribute monthly to the Cooperative up to fifty percent (50%) of Franchisee's Local Advertising requirement (unless a majority of the Cooperative votes to increase that amount), which amount will result in a corresponding reduction in Franchisee's Local Advertising requirement.

11.3.4 Franchisor may, at its sole discretion, grant to any franchisee an exemption for a period to be determined by the Franchisor from the requirement of membership in a Cooperative and/or from the obligation to contribute (including a reduction, deferral, or waiver of the contribution), upon receipt of a written request from the franchisee stating reasons which Franchisor deems sufficient to support the exemption. Franchisor's decision concerning any request for exemption will be final. If an exemption is granted to a franchisee, the franchisee will be required to spend on Local Advertising the amount the franchisee otherwise would have been required to contribute to the Cooperative.

11.4 System-Wide Marketing Fund

11.4.1 Franchisor has established and administers a System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising ("Marketing Fund"). Franchisee shall be required to contribute 2% of Gross Sales weekly to the Marketing Fund ("Marketing Fund Contribution"). Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in §3.2. Franchisor shall provide written notice to Franchisee at least thirty days before changing Marketing Fund Contribution requirements. Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.4.1.1 Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund.

11.4.1.2 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.4.1.3 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions

11.4.1.4 Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

11.4.1.5 Each franchisee and Affiliate shall make Marketing Fund Contributions at the same rate as this Outlet.

11.4.1.6 An accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund reviewed or audited and reported on, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.4.1.7 Franchisee acknowledges that the Marketing Fund is not a trust, and Franchisor assumes no fiduciary duty in administering the Marketing Fund.

11.5 Internet, Website and Social Media Marketing

Franchisee may not establish a presence on, or market using, the Internet or any form of digital or online media, including but not limited to any website or Social Media (Facebook, LinkedIn, Twitter, YouTube, blogs, and other online social networks, wikis, forums, content sharing communities, etc.) without Franchisor's prior written consent. Franchisor has established and maintains the Qargo Coffee Website at the uniform resource locator www.qargocoffee.com that provides information about the System and the products and services that Franchisor and its franchisees provide. Franchisor will include at the Qargo Coffee Website an intranet section or an interior page containing information about your location. Franchisor may require Franchisee to prepare all or a portion of the section or page, at Franchisee's expense. All such information shall be subject to Franchisor's approval prior to posting.

§12 Accounting, Records and Reporting Obligations

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three years thereafter, all books and records related to the operation of the Outlet including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Revenue Reports

Franchisee shall maintain an accurate record of the Gross Revenue and shall deliver to Franchisor via facsimile transmission, email, or the intranet, a signed and verified statement of monthly Gross Revenue ("Gross Revenue Report") by the tenth day of each month for the previous month in a form that Franchisor approves or provides in the Operations Manual.

12.3 Financial Statements

Franchisee shall, at its expense, supply to Franchisor on or before the tenth day of each month following the close of a quarter a balance sheet, income statement and fiscal year-to-date as of the end of the last day of the preceding quarter. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis. As required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Operations Manual or otherwise in writing. Franchisee shall submit to Franchisor copies of all state sales tax returns filed with the appropriate governmental agency. Franchisor shall have the right to use all financial and operational information relating to the Outlet in a financial performance representation for prospective franchisees.

12.4 Computer Equipment

Franchisee shall purchase, install, and use camera, computer and point-of-sale systems, including both hardware and software, in strict accordance with Franchisor's recommendations and specifications. Franchisor shall be permitted full access to all of Franchisee's computer and point-of-sale data and systems and all related information upon Franchisor's reasonable request.

12.5 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of 18% per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection discloses an underpayment of 3% or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.6 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Outlet including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

§13 Standards of Operation

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide for sale at the Outlet all of the coffee and related products and services that Franchisor from time to time includes in the System.

13.1.2 Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications, pricing and a list of Approved Suppliers for the supplies, signs, furniture, fixtures, inventory, equipment and other approved or specified items and services. Franchisor may from time to time issue revisions to such list. Franchisee shall not offer for sale, sell or provide any products or services that Franchisor has not approved. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.3 If Franchisee desires to utilize any products or services that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to make a determination. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time (usually thirty days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.4 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in §10.3 and shall not create any rights in Franchisee to provide the same products or services.

13.1.5 Franchisor retains the rights to any business for which Franchisee is solicited but for which Franchisee does not provide the requested products or services. Franchisee shall promptly notify Franchisor of any offers or solicitations they receive but are not equipped at that time to handle so that the franchise system may benefit from that business. Time is of the essence and a prompt reply shall be judged by the individual circumstances of each situation.

13.2 Appearance and Condition of the Outlet

Franchisee shall maintain the Approved Location, equipment fixtures, supplies, inventory and signage in "like new" condition, and shall repair or replace such as necessary to comply with the health and safety standards and specifications of Franchisor, Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in §10.2.

13.3 Ownership and Management

13.3.1 The Outlet shall, at all times, be under the direct supervision of Franchisee who will appoint a Designated Manager to provide personal "on premises" supervision of the Outlet. If the Designated Manager is not an owner, officer or otherwise covered under the Nondisclosure and Noncompetition Agreement signed by Franchisee, then the Designated Manager will be required to sign the Nondisclosure and Noncompetition Agreement so they may be granted access to all of the relevant information. The Designated Manger is required to devote sufficient efforts to the management of the day-to-day operation of the Outlet, which shall entail not less than thirty-five hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee and the Designated Manager must not engage in any business or other activities that will conflict with their obligations under this Agreement.

13.3.2 If the Franchisee's owners are no longer able to manage the Franchised Business personally or by means of hiring a Designated Manager, due to death or other incapacitation, Franchisor will have the option to either temporarily take over the management of the Franchised Business until Franchisee is able to transfer the Franchised Business for a fee of $600 per day, or terminate this Agreement and proceed with the closure of the Outlet.

13.4 Days of Operation

Franchisee shall keep the Outlet open for business during normal business hours on the days specified in the Operations Manual.

13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Outlet and shall operate the Outlet in full compliance with all applicable laws, ordinances and regulations, and provide Franchisor with copies of all such licenses, permits and certificates within 7 days of obtaining them. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Outlet. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Outlet.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the receipt of a notice of demand or threatened claim of liability of, or damages against or involving, Franchisee not more than seven days after Franchisee's receipts of such notice. Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee, and of the issuance of any order, writ, injunction, judgment, award or decree in such suit not more than seven days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than seven days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Outlet. Franchisee shall at all times give prompt, courteous and efficient service to its customers. Franchisee shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor will take disciplinary action by giving written notice for failing to comply with good business practices. Termination will occur after 3 notices have been issued within 12 months. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing Franchisee's customer pursuant to this Section within 30 days of receiving an invoice from Franchisor.

13.9 Uniforms

Franchisee shall abide by any uniform or dress code requirements.

13.10 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e- mail address by giving written notice of such change of address to Franchisor.

13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

13.12 Secret Shopper Program

Franchisor may at any time use a Secret Shopper Program to evaluate Franchisee's facilities and operations. Franchisee will be responsible for the cost of the Secret Shopper Program for two Secret Shoppers per year, unless the Shopper Report is negative as determined solely by the Franchisor. In which case, the Franchisee is responsible for the additional costs of additional Secret Shoppers on an annual basis until a minimum of two consecutive Shopper Reports meet the Franchisor's minimum requirements. Franchisor will provide Franchisee with a bill for the Secret Shopper Program when used and Franchisee will pay such bill within 30 days.

<u>§14</u> <u>Insurance</u>

14.1 Types and Amounts of Coverage

14.1.1 All policies (except any workers' compensation insurance) shall:

14.1.1.1 expressly name Franchisor as an additional insured or loss payee;

14.1.1.2 contain a waiver of all subrogation rights against Franchisor and its successors and assigns;

14.1.1.3 have a rating of B+ or higher from Moody's or a similar insurance ratings agency.

14.1.2 Within sixty days of the Effective Date, in addition to any other insurance that may be required by applicable law, or by lender or lessor, at Franchisee's sole expense, Franchisee shall procure and maintain in full force and effect during the term of this Agreement:

14.1.2.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Outlet. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

14.1.2.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Outlet is located and employer liability coverage with a minimum limit of $250,000.00 or, if higher, the statutory minimum limit as required by state law;

14.1.2.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Outlet, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of $2,000,000.00 per occurrence or, if higher, the statutory minimum limit required by state law;

14.1.2.4 such insurance as necessary to provide coverage under the indemnity provisions set forth in §20.3.

14.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

14.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

14.4 Evidence of Coverage.

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in §20.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

14.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

<u>§15 Default and Termination</u>

15.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 30 days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such 30 days. If the breach cannot reasonably be cured in such thirty days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

15.2 Termination by Franchisor

15.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

15.2.1.1 fails to timely select an approved site for or establish, equip and commence operations of the Outlet pursuant to §5;

15.2.1.2 fails to have its Designated Manager satisfactorily complete any training program pursuant to §8;

15.2.1.3 makes any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or brand;

15.2.1.5 after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the brand;

15.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Operations Manual, Trade Secrets or any other Confidential Information;

15.2.1.7 If required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and noncompetition agreement, in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 4, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and noncompetition agreements signed pursuant to §7.5 if requested by Franchisor;

15.2.1.8 abandons, fails or refuses to actively operate the Outlet for five or more consecutive days (unless the Outlet has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Approved Location following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

15.2.1.9 surrenders or transfers control of the operation of the Outlet without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

15.2.1.10 fails to maintain the Outlet under the primary supervision of a Designated Manager during the one hundred eighty days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to §17.6;

15.2.1.11 submits to Franchisor on two or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than 3% for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty days or longer (unless a supersedeas bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty days or is not in the process of being dismissed;

15.2.1.13 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

15.2.1.14 fails on two or more separate occasions within any period of twelve consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

15.2.1.15 violates on two or more occasions any health or safety law, ordinance or regulation, or operates the Outlet in a manner that presents a health or safety hazard to its customers, employees or the public;

15.2.1.16 engages in any activity exclusively reserved to Franchisor;

15.2.1.17 fails to comply with any applicable law or regulation within a reasonable period, not exceeding ten days, after being given notice of noncompliance;

15.2.1.18 breaches this Agreement and/or fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Operations Manual on two or more separate occasions within any period of twelve consecutive months, whether or not previous breaches or failures are cured; or

15.2.1.19 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

15.2.2 Except as otherwise provided in §15.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

15.2.2.1 within five days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

15.2.2.2 within ten days of receiving notice of Franchisee's failure to maintain insurance as specified in §14 of this Agreement; or

15.2.2.3 within thirty days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise prescribed in writing.

15.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

15.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to §15.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

15.5 Right of Franchisor to Operate The Outlet

Following the delivery of a notice of termination pursuant to §15.2, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Outlet until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to $600.00 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of Franchisee's operating cash flow. Should Franchisor elect to assume the operation of the Outlet on a temporary basis, Franchisor shall have no responsibility or liability for the obligations, debts or payments under the lease for the Approved Location (if any) or otherwise.

15.6 Right of Franchisor to Purchase the Assets

Following the delivery of a notice of termination pursuant to §15.2, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to purchase the assets of the business, including but not limited to the equipment, fixtures, signage, computer and POS system, and inventory at a fair market value to be determined by an independent 3rd party appraiser approved by both Franchisor and Franchisee.

§16 Rights and Duties Upon Expiration or Termination

16.1 Actions to be Taken

16.1.1 Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee immediately cease to operate the Outlet and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.2 cease to use the Trade Secrets, customer list or other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

16.1.3 Upon demand by Franchisor, Franchisee shall immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after termination or expiration of this Agreement. Franchisor reserves the right to pay rent and other expenses directly to the party to whom such payment is ultimately due.

16.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "Qargo Coffee" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after termination or expiration of this Agreement;

16.1.5 pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisee as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

16.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

16.1.7 immediately return to Franchisor the Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Outlet (all of which are acknowledged to be Franchisor's property);

16.1.8 assign all telephone listings and numbers for the franchised business to Franchisor, notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing, authorize transfer of same to or at the direction of Franchisor, and execute such instruments required effectuate such transfer; and

16.1.9 comply with all other applicable provisions of this Agreement.

16.2 Post-Termination Covenant Not to Compete

16.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in §7.5 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

16.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

16.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

16.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

16.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

16.2.2.1 own an interest in, manage, operate or provide the same goods or services to customers through a Competitive Business located or operating (a) within the Territory, or (b) within the territory of any other franchisee or affiliate in existence at the time of termination or expiration; or

16.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

16.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or noncompetition agreements in a form the same as or similar to the Nondisclosure and Noncompetition Agreement attached as Exhibit 5.

16.2.4 If for whatever reason, either the above area or time frame covered by the Nondisclosure and Noncompetition Agreement is deemed unreasonable by a court of law, then and only in such an event shall such area and/or its time frame be reduced accordingly by the court. The rulings by the court concerning the area or time frame or any other judicial interpretation shall not affect the rest and remainder of such restrictive covenants.

16.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with Franchisor. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

16.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor retains the Right of first refusal under §18 of this Agreement (but not the obligation), for a period of thirty days after termination or expiration of this Agreement, to purchase any or all assets of the Outlet, including but not limited to leasehold improvements, equipment, supplies, and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

16.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

<u>§17 Transferability of Interest</u>

17.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

17.2 Transfer by Franchisee to a Third Party

17.2.1 The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Outlet, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be voidable and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.2.1.1 Franchisee has complied with the requirements set forth in §18;

17.2.1.2 All obligations owed to Franchisor, and all other outstanding obligations relating to the Outlet, are fully paid and satisfied;

17.2.1.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 3, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

17.2.1.4 the prospective transferee has provided evidence satisfactory to Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including but not limited to, a satisfactory business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the business;

17.2.1.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

17.2.1.6 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

17.2.1.7 Franchisee, or the transferee, has paid to Franchisor a non-refundable transfer fee equal to ten thousand dollars ($10,000);

17.2.1.8 If the transferee is not a current franchisee or Franchisor then Franchisee, or the transferee, has paid to Franchisor its then current "Under New Management" Advertising Fee;

17.2.1.9 Franchisee has agreed in writing to be bound to the obligations of the new franchise agreement and to unconditionally guarantee the full performance thereof by the transferee, if required by Franchisor;

17.2.1.10 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and has complied with or satisfied all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer;

17.2.1.11 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and noncompetition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and noncompetition covenants contained in §§7.5 and 16.2;

17.2.1.12 the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in §8.1 prior to assuming the management of the day-to-day operation of the Outlet; and

17.2.1.13 the transferee has obtained all necessary types of insurance as described in §14.1.

17.3 Transfer to a Controlled Entity

17.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.3.1.1 the Controlled Entity intends to use the same Designated Manager;

17.3.1.2 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Outlet;

17.3.1.3 Franchisee and all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

17.3.1.4 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay any transfer fee;

17.3.1.5 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Outlet. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

17.3.1.6 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

17.3.1.7 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

17.3.1.8 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption; and

17.3.1.9 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of $10,000.

17.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement.

17.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Outlet, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand strict compliance with the terms of this Agreement.

17.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Outlet or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Outlet by an intended transferee identified by Franchisee.

17.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Outlet, or in any communication media, any form of advertising relating to the sale of the Outlet or the rights granted hereunder.

17.6 Transfer by Death or Incapacity

17.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty days following such event, transfer such individual's interest in the Outlet or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section. During such one hundred eighty-day period, the Outlet must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

17.6.2 Following such a death or Incapacity of such person as described in this Section, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Outlet until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to $600.00 per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Outlet.

§18 Right of First Refusal

18.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity) the Outlet (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. This applies to all transfers, including a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

18.2 Franchisor's Right to Purchase

Franchisor shall, for thirty days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

18.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by §17.2. Should the sale fail to close within one hundred eighty days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

18.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Outlet (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section shall be inapplicable. Nothing in this Section shall be construed to relieve Franchisee from full compliance with the terms and conditions of §17.3 prior to a sale or transfer to family pursuant to this Section.

§19 Beneficial Owners of Franchisee

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 6 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

§20 Relationship and Indemnification

20.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner or employee of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Outlet operating the Outlet pursuant to a franchise agreement with Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Outlet. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

20.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

20.3 Indemnification

To the fullest extent permitted by law, Franchisee shall, at Franchisee's sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon (a) any personal injury, bodily injury or property damage whatsoever occurring in or at the Approved Location; (b) any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee; (c) Franchisee's ownership or operation of the Outlet; (d) Franchisee's breach of the lease for the Approved Location; (e) Franchisee's violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (f) Franchisee's breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (g) Franchisee's defamation of Franchisor or the System; (h) Franchisee's acts, errors or omissions committed or incurred in connection with the operation of the Outlet including any negligent or intentional acts; or (i) Franchisee's infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section shall expressly survive the termination of this Agreement.

20.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate written notice of any action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section to take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

§21 General Conditions and Provisions

21.1 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

Qargo Coffee, Inc.
701 Brickell Avenue, Suite 1550
Miami, FL 33131
info@qargocoffee.com | (786) 913-9991

21.2 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

21.3 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

21.4 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

§22 Dispute Resolution

22.1 Internal Dispute Resolution

Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution by providing notice as set forth in §21.1 above, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

22.2 Mediation

At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 22.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have up to thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

22.3 Arbitration

22.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 22.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Attachments hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 22.1 or 22.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

22.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 22 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq*.) and the federal common law of arbitration. All hearings and other proceedings will take place in in the then-current location of Franchisor's headquarters, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

22.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

22.3.4 The provisions of this Section 22.2 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

22.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

22.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

22.4 Exceptions

Notwithstanding the requirement of Sections 22.3, the following claims shall not be subject to arbitration:

22.4.1 Franchisor's claims for injunctive or other extraordinary relief;

22.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

22.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

22.4.4 disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

22.4.5 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

FRANCHISEE IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, SUBMITTED TO COURT PURSUANT TO THIS SECTION 20.4 OR OTHERWISE, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

22.5 Governing Law and Venue

This Agreement is made in and shall be substantially performed in the state of Delaware. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the state of Delaware. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in the state of Delaware. Franchisee and its Principals, hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

22.6 Mutual Benefit

Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 22.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

22.7 Waiver of Certain Damages

Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

22.8 Injunctive Relief

Nothing contained herein (including, without limitation, Sections 22.1, 22.2, and 22.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders and preliminary injunctions.

22.9 Limitations of Claims

Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

22.10 Attorneys' Fees

In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees and court costs incurred.

22.11 Survival

The provisions of this Article 22 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

§23 General

23.1 Independent Licensee

Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, independent contractor or employee of Franchisor for any purpose whatsoever, and

Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner that may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship. Upon Franchisor's request, Franchisee and each employee will sign an employment relationship acknowledgment form within seven days stating that Franchisee alone is the employer and operator of the Franchised Business.

23.2 Successors

This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

23.3 Invalidity of Part of Agreement

Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

23.4 Entire Agreement

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.

23.5 Construction

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

23.6 Captions

Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

23.7 Effect of Waivers

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than within the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

23.8 Covenant of Good Faith

If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions, and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely Franchisee's interests; (ii) Franchisor shall use its judgment in exercising the discretion based on its assessment of its own interests and balancing those interests against the interests of its franchisees generally (including Franchisor and its affiliates if applicable), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (iii) Franchisor shall have no liability to Franchisee for the exercise of its discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

23.9 Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 15 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

23.10 Consent to Do Business Electronically

This agreement is made in the State of Delaware. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Delaware, the parties hereby affirm to each other that they agree with the terms of the Franchisee Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

23.11 Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

23.12 Survival

Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

23.13 Acknowledgment

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.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

Franchisor:	Qargo Coffee, Inc.
Signature:	________________________________
Name Printed:	Mark Bastorous
Title:	CEO
Franchisee:	
Signature:	________________________________
Name Printed:	________________________________
Title:	________________________________

Exhibit A-1
FRANCHISEE INFORMATION

FRANCHISE INFORMATION

Franchisee: ____

If the Premises has not been accepted by us as of the Effective Date, the **Designated Area** shall be identified as: ____

Premises: ____

Location Type (Check One):

_____Standard-Regular Location _____Non-Traditional Location

Map or Description of Protected Territory:
____
____
____

FRANCHISEE: ______________________________________

By: ____
Print name: ______________________________________
Title: ____
Date: ____

Exhibit A-2

GENERAL RELEASE

This General Release is made by RELEASOR in consideration of the execution by Qargo Coffee, Inc., A Delaware Corporation ("RELEASEE"), of a Franchise Agreement between RELEASOR and RELEASEE and other good and valuable consideration, the adequacy of which is hereby acknowledged.

Accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

Any action brought by either party regarding this Release, shall only be brought in the appropriate state or federal court located in or serving Delaware. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:____

Signature:____

Title:____

Date:____

Exhibit A-3
APPROVED LOCATION ADDENDUM

THIS APPROVED LOCATION ADDENDUM is signed on ___________________________________ __________________________between Qargo Coffee, Inc. ("we, "us" or "our") and__________________ ____("you" or "your").

BACKGROUND

A. The parties have signed a Qargo Coffee Franchise Agreement (the "Agreement") before you selected a location that we had approved for the Franchise Business.

B. You have now selected a location that we have approved, and, under Section 1.2 of the Agreement, the parties are entering into this Addendum.

The parties agree as follows:

TERMS

1. You agree that you will operate the Franchise Business only at the Premises:
____

2. Your Limited Protected Territory is the following zip codes or other physical, political or natural boundaries:
____

3. Upon any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum supersede and control. In all other respects, the parties ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

Qargo Coffee, Inc.:

____

(You):

____

Exhibit A-4
NONDISCLOSURE AND NONCOMPETITION AGREEMENT (MANAGER)

This " Agreement" is by and between Qargo Coffee, Inc. ("Franchisor") and ____________________ ("Manager").

WITNESSETH:

WHEREAS, ____ ("Franchisee") is a party to a Franchise Agreement with Franchisor;

WHEREAS, Franchisee desires Manager to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below;

WHEREAS, Franchisee is required by the Franchise Agreement to have Manager execute this Agreement prior to providing Manager access to said Trade Secrets and other Confidential Information; and

WHEREAS, Manager understands the necessity of not disclosing any such information to any other party or using such information to compete against Franchisor or any of its affiliates or franchisees (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products or services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisor or any of its affiliates or franchisees (hereinafter, "Competitive Business"); provided, however, that the term Competitive Business shall not apply to any business operated under a Franchise Agreement with Franchisor.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. <u>Trade Secrets and Confidential Information</u>

Manager understands Franchisor possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or nontechnical data, formulas, patterns, compilations, 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 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.

b) For the purposes of this Agreement "Confidential Information" means technical and nontechnical information used in or related to the Franchise that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisor or Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Manager; (ii) Manager can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Franchisor or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Manager of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Manager understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Manager and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Nondisclosure

a) Manager shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Manager must take all steps reasonably necessary and/or requested by Franchisor or Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Manager must comply with all applicable policies, procedures and practices that Franchisor has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Manager's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Manager's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Manager's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Manager or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Competitive Business.

3. Noncompetition

a) During the term of Manager's relationship with Franchisee and for a period of one year after the expiration or termination of Manager's relationship with Franchisee, regardless of the cause of expiration or termination, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's trademark "Qargo Coffee" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Franchisor designates to be used in connection with Qargo Coffee.

b) During the term of Manager's relationship with Franchisee, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, work for, render services to, or own or share in the earnings of any Competitive Business anywhere within Franchisee's Territory, without the express written consent of Franchisor, except for any stock ownership in a Competitive Business purchased on the open stock market.

c) For a one year period following the term of Manager's relationship with Franchisee, regardless of the cause of termination, Manager shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, work for, render services to, or own or share in the earnings of any Competitive Business within Franchisee's Territory, or within the territory of any other Qargo Coffee Business without the express written consent of Franchisor, except for any stock ownership in a Competitive Business purchased on the open stock market.

d) During the term of Manager's relationship with Franchisee and for a period of one year thereafter, regardless of the cause of termination, Manager shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Franchisor or any other Qargo Coffee Business to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Franchisor or any other Qargo Coffee Business.

4. <u>Reasonableness of Restrictions</u>

Manager acknowledges and agrees that each of the terms set forth herein, including the restrictive covenants, are fair and reasonable and are reasonably required for the protection of Franchisor and Franchisor's Trade Secrets and other Confidential Information, the Franchisor's business system, network of franchises and trade and service marks, and Manager waives 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 Manager shall 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.

5. <u>Relief for Breaches of Confidentiality, Non-solicitation and Noncompetition</u>

Manager further acknowledges that any violation or threatened violation of the covenants contained in this Agreement will cause immediate and irreparable harm to the Franchisor, and that such harm will be difficult to quantify or remedy fully in damages. Accordingly, Franchisee and Franchisor shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Manager of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Franchisor may have at law or in equity.

6. <u>Miscellaneous</u>

a) 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 Manager and Franchisor. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Delaware. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Franchisor may bring claims for injunctive relief where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Manager agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the Manager, as well as their successors and assigns. It shall inure to the benefit of the Franchisor, its subsidiaries, successors, and assigns.

f) The failure of either party to insist upon performance in any one or more instances upon performance of any terms 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 either party with respect thereto shall continue in full force and effect.

g) 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.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Manager and Franchisor.

j) The existence of any claim or cause of action Manager might have against Franchisee or Franchisor will not constitute a defense to the enforcement by Franchisee or Franchisor of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Franchisor 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 of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

MANAGER CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

FRANCHISOR:	**MANAGER:**
Name: ______________________________	Name: ________________________
Title: ______________________________	Title: __________________________

Exhibit A-5
HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE,
OFFICERS AND DIRECTORS

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

______________________________ *Sole Proprietorship* ______________________________

Partnership

______________________________ *Liability Company Corporation*

State of incorporation / organization / residence: ____

2. **Sole Proprietor**

Name	Social Security Number

3. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

4. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

5. **Notice Address.**

Address	
Phone	
Email	

Exhibit A-6
MULTI-STATE ADDENDA

State Specific Riders to the Franchise and Trademark Agreement

At this time, Qargo Coffee, Inc. is not subject to any particular state's franchise registration laws.

Qargo Coffee, Inc. will attach additional riders for the Franchise and Trademark Agreement subject to state registration requirements. A particular state's disclosure only applies if you are covered by that state's franchise law.

Exhibit A-7
AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on_____________________________________among Qargo Coffee Inc., a Delaware corporation (the "Franchisor");___________________________(the "Landlord") and ____ ____ (the "Tenant/Franchisee").

BACKGROUND

A. The Tenant/Franchisee is a franchisee of the Franchisor under a Qargo Coffee Franchise Agreement between the Franchisor and the Tenant/Franchisee (the "Franchise Agreement") for the operation of Qargo Coffee franchise (the "Franchise Business").

B. The Landlord and the Tenant/Franchisee are parties to a Lease Agreement (the "Lease") for the premises located at ____ (the "Premises") that the Franchisor has approved on condition that all the parties sign this Agreement.

C. In order to assure that a franchise business may continue to operate at the Premises, the Landlord grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

TERMS

1. **Signage.** The Landlord agrees to the Franchisor's signage requirements for the Tenant/Franchisee, subject to local signage ordinances and approval by local governmental agencies, if necessary.

2. **Use of Premises**. The Landlord and the Tenant/Franchisee agree that the Tenant/Franchisee may only use the Premises for the operation of the Franchised Business, unless the Franchisor otherwise approves in writing. The Landlord acknowledges that this use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant of the Landlord in the building/center or adjacent outparcel owned by the Landlord in which the Premises are located. The Landlord further acknowledges that during the term of the Lease or any extension of the Lease, the Landlord will not lease space within the building/center or outparcel to a business similar to the Franchised Business, or permit an existing tenant to offer products that compete with the Franchised Business.

3. **Tenant Information; Notices of Default**. The Landlord will send to the Franchisor at the address set forth below by regular U.S. mail copies of all sales reports, financial information, correspondence and other communications sent by the Landlord to the Tenant/Franchisee or sent by the Tenant/Franchisee to the Landlord. The Landlord will overnight to the Franchisor at the address below by USPS, FedEx or UPS copies of all written notices of default sent by the Landlord to the Tenant/Franchisee. Landlord acknowledges that the Franchisor is not responsible for any actions of the Tenant/Franchisee or any of its employees, agents, suppliers or customers.

Qargo Coffee, Inc.
701 Brickell Avenue, Suite 1550
Miami, FL 33131

4. **Right to Cure and Take Occupancy.**

a. If the Tenant/Franchisee defaults under the Lease, the Franchisor may (but is under no obligation to), within 30 days after receipt of written notice from the Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and the Franchisor is diligently proceeding to cure the default). If the Franchisor cures the Tenant/Franchisee's default, the Franchisor has the right to occupy the Premises and operate the Franchised Business. The Tenant/Franchisee is deemed to have assigned the Lease to the Franchisor, but the Tenant/Franchisee and any guarantors are not released from their obligations under the Lease. From and after the deemed assignment, the Franchisor will assume and perform all of the obligations of the Tenant/Franchisee under the Lease until the Franchisor is released in accordance with Subsection 4(b).

b. The Franchisor may assign the Lease to another Qargo Coffee franchisee with the Landlord's written approval of the new tenant/franchisee. The Landlord will not unreasonably withhold, delay or condition its approval of the new tenant/franchisee. Upon the permitted assignment by the Franchisor to the new tenant/franchisee, the Franchisor is released from all further obligations under the Lease.

6. Franchisor's Rights Upon Termination or Expiration of Franchise Agreement. The Landlord acknowledges that any landlord's lien or security interest does not include any property of the Tenant/Franchisee that includes any items bearing the Franchisor's trademarks including the signage and proprietary trade dress. If the Franchisor does not take occupancy of the Premises and does not assume the Lease, the Landlord agrees to the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises solely for the purposes of taking all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other items bearing the Proprietary Marks of the Franchisor (without damage to the Premises).

7. Modification of Lease. The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's prior written consent, which consent the Franchisor may grant or withhold in its sole discretion.

8. Noncompetition. If the Franchisor does not take over the Lease upon the termination or expiration of the Franchise Agreement and the Tenant/Franchisee remains in possession of the Premises, the Landlord and the Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for a Competitive Business.

9. Landlord's Statutory Lien or Security Interest. The Landlord subordinates its statutory lien or security interest in the Tenant's property to the security interest of the Franchisor. The Landlord will further cooperate in signing all required documents to recognize the subordination.

10. Attorneys' Fees. If a party institutes any action to enforce any provision of this Agreement, the prevailing party is entitled to recover all attorneys' fees and costs incurred in connection with the action from the non-prevailing party.

11. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the state in which the Premises are located. Venue will be in the county in which the Premises are located.

12. Conflict. Upon any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls.

13. Binding Effect. This Agreement is binding upon the personal representatives, heirs, successors and assigns of the parties.

IN WITNESS WHEREOF, this Agreement has been signed the date and year first above written.

FRANCHISOR: **Qargo Coffee, Inc.**

By: ____________________________________

LANDLORD:

By: ____________________________________

Its: ____________________________________

TENANT/FRANCHISEE:

By: ____________________________________

Its: ____________________________________

Exhibit A-8
TELEPHONE NUMBER AND DIRECTORY ADVERTISING ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is signed on___________________________________, between Qargo Coffee Inc., a Delaware Corporation ("we," "us" or "our") and ___________________ ____("you" or "your").

BACKGROUND

A. The parties have entered into a Qargo Coffee franchise agreement (the "Franchise Agreement").

B. As a condition to signing the Franchise Agreement, we require that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, and telephone directory advertisements relating to the Qargo Coffee Franchise (the "Franchise Business") upon the expiration or termination of the Franchise Agreement.

TERMS

The parties agree as follows:

1. **Assignment**. In order to secure continuity and stability of our operation of the Franchise Business, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, facsimile numbers, email addresses, telephone listings and telephone directory advertisements, whether on the Internet or in print, pursuant to which you operate your Franchise Business in accordance with the terms of the Franchise Agreement without further action on your part.

2. **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing.

3. **Your Representation and Warranties**. You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal, binding obligation and is enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment.

4. **Other Documents**. You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective.

5. **Miscellaneous**. The validity, construction and performance of this Assignment is governed by the laws of the State of Delaware, where we are incorporated. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

IN WITNESS WHEREOF, each of the parties has signed this Assignment as of the day and year first written above.

Qargo Coffee, Inc:

____

(You):

____

Exhibit A-9
DEPOSIT AGREEMENT

___________________________________, ("you" or “your”) have made a formal application for a Qargo Coffee Franchise (the “Franchise Business”). Qargo Coffee, Inc., a Delaware Corporation (“we, "us" or “our”) acknowledge receipt of $50,000 (the “Deposit Fee”), which you are depositing with us as an indication of your *bona fide* intent to enter into a Qargo Coffee Franchise Agreement. You acknowledge that you have received from us a copy of our Franchise Disclosure Document dated ____________ (the “FDD”) that includes as exhibits this Deposit Agreement, the Franchise Agreement and all other exhibits listed in the FDD’s Table of Contents. You acknowledge that you have had a copy of the FDD for at least 14 days before you signed this Agreement, or before you paid us the Deposit Fee or any other consideration for a Qargo Coffee Franchise. The dispute resolution provisions of ARTICLE 22 of the Franchise Agreement are incorporated into this Agreement by reference and are a part of this Agreement.

You understand that, in reliance on your signing this Agreement and giving us the Deposit Fee, you will look for locations suitable for a Franchised Business within_________________________ (the “Reserved Area”). We expect that the parties will sign the Franchise Agreement and related documents within the next 30 days. If you desire to cancel this Agreement within the next 30 days, you must give us written notice and we will return the Deposit Fee to you less any out-of-pocket expenses we have incurred. You must also sign the General Release included as Exhibit M. If you do not cancel, you must sign the Franchise Agreement 8 days after you receive the completed Franchise Agreement and related documents. If you timely sign the Franchise Agreement and related documents, we will credit the entire Deposit Fee against the Initial Franchise Fee. If you fail to timely sign the Franchise Agreement and related documents, we will retain the entire Deposit Fee to compensate us for our expenses, and for the time and effort that we expended in reliance upon your Franchise Application and for our lost opportunities.

You agree not to disclose or make use of, directly or indirectly, any trade secrets or confidential information we disclose to you in reliance on this Agreement, including contemplated locations for a Franchise Business, demographic data, methods of financing, sources of supply, merchandising techniques and operating methods. This provision is effective regardless of whether the parties sign a Franchise Agreement. If the parties do not sign a Franchise Agreement and related documents within the specified time, you will immediately return to us copies of any documents, manuals, or other materials, in whatever form, in your possession or in the possession of your advisors, and will verify in writing that you have returned all copies to us.

Qargo Coffee, Inc.: (Depositor)
________________________________:

________________________________ ______________________________________

Exhibit A-10
CONVERSION ADDENDUM

THIS CONVERSION ADDENDUM is signed on ____________________ between Qargo Coffee, Inc. ("we, "us" or "our") and ______________________________________("you" or "your").

BACKGROUND

A. You currently own and operate a ____ (the "Operating Outlet") located at ____(the "Premises").

B. We are the franchisor of Qargo Coffee Franchises, and you desire to purchase franchise rights from us and convert the Operating Outlet into a Qargo Coffee Franchise (the "Franchise Business").

C. The parties are entering into the Franchise Agreement (the "Agreement") at the same time as this Addendum and agree to amend certain terms of the Agreement to reflect the conversion of the Operating Outlet into a Franchise Business in accordance with the terms of this Conversion Addendum.

TERMS

The parties agree as follows:

1. Sections 7.7 of the Agreement is stricken and replaced with the following: Franchisee shall provide Franchisor with their current customer list at the time this Agreement is signed, and update it regularly in accordance with Franchisor's requirements. Franchisee shall then maintain a currently updated customer list including all customer data applicable to the continued service and solicitation of the customers and shall treat the customer list as Confidential Information.

2. Section 16.1.2 of the Agreement is stricken and replaced with the following: cease to use the Trade Secrets, customer list (with the exception of the customers on the list at the time the original franchise agreement was signed) or other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

3. Before signing the Agreement and this Addendum, you furnished to us as part of your application for a Franchise Business, information regarding your existing Premises including a copy of the lease, a written description of the location, exterior and interior photographs of the Premises, plans and specifications, and such other information we reasonably require. You also have obtained the written consent of your landlord for the conversion including any required construction, renovation, refurbishing, décor changers, new signage and variance from the use clause of the lease and our Agreement with Landlord.

4. After the parties sign the Agreement and this Addendum, we will furnish you with our requirements for the conversion of the Operating Outlet to a Franchise Business including any required construction, renovation and refurbishing to conform to our Trade Dress of a Franchise Business in accordance with the Agreement. As part of the conversion process, you agree to sell, remove or otherwise dispose of all inventory, materials, furniture, fixtures, signs and equipment that do not conform with the Business System, are not approved by us or do not meet our standards and specifications.

5. You will convert all of your books, accounts, ledgers, bookkeeping systems and related records and systems to comply in format and content with our standards and specifications as set forth in the Agreement and the Operation & Policies Manual. You must also modify or replace you existing Computer/POS systems and/or software as required to comply with our specification for Franchise Businesses.

6. You acknowledge that, notwithstanding the fact that you operated a business similar to a Franchise Business, you are subject to all of the terms of the Agreement including the confidentiality and non-competition provisions and our ownership of the Confidential Information.

7. You represent and warrant to us as follows:

(a) You are the sole owner of the Operating Outlet;

(b) You do not operate any other business, other than the Operating Outlet, that is in competition with our business;

(c) You and the Operating Outlet are not subject to any other franchise, license, loan or other agreement that restricts you from entering into the Agreement and this Addendum; and

(d) The assets comprising the Operating Outlet are not subject to any lien, security interest or other encumbrance.

8. In the event of any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall prevail and control. In all other respects, the parties ratify and confirm the terms of the Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

Qargo Coffee, Inc.:	(You)
______________________________	______________________________
______________________________	______________________________

Exhibit A-11
SUPPLIER ADDENDUM

QARGO COFFEE

ITALY'S FINEST COFFEE & PASTRIES

KIMBO PROGRAM FRANCHISE EQUIPMENT, SUPPLY, INDEMNITY, REIMBURSEMENT AND SECURITY ADDENDUM

This Kimbo Program Franchise Equipment, Supply, Indemnity, Reimbursement and Security Addendum ("Addendum") is entered into as of [DATE] ("Effective Date"), by and between [QARGO FRANCHISOR LEGAL NAME], a [STATE] [ENTITY TYPE] ("Franchisor" or "Qargo"), and [FRANCHISEE LEGAL NAME], a [STATE] [ENTITY TYPE] ("Franchisee"), in connection with that certain Franchise Agreement dated [DATE] between Franchisor and Franchisee for the operation of the franchised business located at [STORE ADDRESS] (the "Franchise Agreement").

For purposes of Sections 14, 15, 18, 19, 20, 21, and 22, the undersigned guarantor(s), if any, shall be bound by this Addendum.

RECITALS

A. Franchisor has entered into a supply and equipment agreement with Kimbo USA Corp. ("Kimbo") pursuant to which Franchisor is obligated to purchase certain Kimbo products exclusively for participating locations and to satisfy certain minimum purchase commitments in connection with Kimbo's furnishing of coffee equipment.

B. Franchisor has agreed to permit Franchisee to participate in the Kimbo program for the Store, subject to the terms and conditions of this Addendum.

C. Franchisee acknowledges that Franchisor may incur liabilities, losses, shortfalls, costs, equipment payout obligations, and other expenses under or in connection with the Kimbo program as a result of acts or omissions attributable to Franchisee or the Store.

D. As a condition to Franchisee's participation in the Kimbo program, Franchisee agrees to assume all Store-level obligations and liabilities arising from the Kimbo program and to protect Franchisor against all such exposures.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Incorporation; Relationship to Franchise Agreement

1.1 This Addendum is attached to, incorporated into, and made part of the Franchise Agreement.

1.2 Franchisee's participation in the Kimbo program and use of any Kimbo Equipment are conditioned upon Franchisee's execution of and strict compliance with this Addendum.

1.3 Any breach of this Addendum shall constitute a default under the Franchise Agreement. Any default under the Franchise Agreement shall constitute a default under this Addendum.

1.4 In the event of any conflict between this Addendum and the Franchise Agreement, the provision affording greater protection to Franchisor shall control, except to the extent prohibited by applicable law.

2. Definitions

For purposes of this Addendum, the following terms shall have the meanings set forth below:

2.1 "Kimbo Agreement" means the applicable agreement or agreements between Franchisor and Kimbo governing the supply of Kimbo products and the furnishing, loan, servicing, repair, return, recovery, or buyout of coffee equipment, as amended, supplemented, renewed, replaced, or restated from time to time.

2.2 "Kimbo Products" means Kimbo-branded whole bean espresso, Filtro coffee, cold brew, Caffe Cream, and all other products, ingredients, consumables, supplies, and related items designated by Franchisor for purchase under the Kimbo program.

2.3 "Kimbo Equipment" means all brewing, espresso, grinding, cold brew, dispensing, and related coffee equipment, fixtures, peripherals, accessories, parts, and related items furnished,

installed, loaned, maintained, repaired, serviced, or otherwise provided for the Store under or in connection with the Kimbo program, as identified on Exhibit A.

2.4 "Program Term" means the period during which the Store participates in the Kimbo program. Unless Franchisor notifies Franchisee otherwise in writing, the initial Program Term shall correspond to the initial master Kimbo term expiring May 31, 2030, subject to earlier termination, renewal, extension, replacement, or modification by Franchisor.

2.5 "Minimum Annual Commitment" shall have the meaning assigned in Exhibit A.

2.6 "Shortfall" means the deficiency, if any, between the Minimum Annual Commitment and Franchisee's actual purchases attributable to the Store during the applicable twelve-month measurement period, together with any related make-whole amount, charge, cost, liability, or reimbursement obligation imposed upon or incurred by Franchisor.

2.7 "Average Shortfall Price" means $176.95 per case, as reflected in the Kimbo program pricing methodology, as the same may be updated under the Kimbo Agreement or any successor pricing schedule.

2.8 "Buyout Amount" means the amount payable by Franchisee to Franchisor if Franchisor becomes obligated to purchase, pay out, reimburse, or otherwise satisfy any residual, depreciated, or termination value attributable to Kimbo Equipment assigned to the Store, as determined under Section 11.

2.9 "Upstream Losses" means any and all amounts, losses, liabilities, damages, claims, costs, fees, charges, taxes, expenses, shortfalls, make-whole sums, equipment payout obligations, residual values, depreciation-based amounts, repossession costs, transport costs, storage costs, repair costs, refurbishment costs, settlement amounts, and attorneys' fees incurred, paid, imposed upon, or reasonably allocated to Franchisor under or in connection with the Kimbo Agreement as a result of any act, omission, condition, default, event, or circumstance attributable to Franchisee or the Store.

3. Exclusive Purchase Requirement

3.1 During the Program Term, Franchisee shall purchase and use for the Store only Kimbo Products required by Franchisor and shall purchase such Kimbo Products exclusively from Kimbo or Kimbo's designated sub-distributor(s), as directed by Franchisor.

3.2 Franchisee shall not purchase, offer, use, or sell substitute or competing products in place of required

Kimbo Products without Franchisor’s prior written consent.

3.3 Franchisee shall comply at all times with Franchisor’s standards, policies, specifications, ordering procedures, menu requirements, merchandising requirements, branding requirements, and operating standards relating to the Kimbo program.

4. Branding and Marketing Requirements

4.1 Franchisee shall display the “Proudly Brewing Kimbo” logo and such other Kimbo branding elements as Franchisor may require on menus and on the front of the coffee bar at the Store.

4.2 Franchisee shall implement all required Kimbo branding as soon as reasonably practicable and, unless Franchisor approves otherwise in writing, no later than ninety (90) days after the Kimbo program begins at the Store.

4.3 Franchisee shall not remove, alter, obscure, or discontinue required Kimbo branding without Franchisor’s prior written consent.

5. Kimbo Equipment; Title; Possession; Restrictions

5.1 Kimbo Equipment is furnished on a loan or use basis in connection with the Kimbo program and shall remain owned by the party designated as owner under the Kimbo Agreement unless and until title is expressly transferred in writing.

5.2 Franchisee acquires no ownership interest in any Kimbo

Equipment by virtue of possession, installation, use, maintenance, or payment of any amounts under this Addendum.

5.3 Franchisee shall:

(a) use the Kimbo Equipment solely at the Store and solely for its intended purpose;

(b) keep the Kimbo Equipment in good condition and working order, ordinary wear and tear excepted;

(c) protect the Kimbo Equipment against damage, loss, theft, misuse, vandalism, contamination, and unauthorized modification;

(d) not sell, assign, lease, sublease, pledge, encumber, relocate, or dispose of the Kimbo Equipment without Franchisor’s prior written consent; and

(e) maintain all serial numbers, identification labels, and ownership markings intact and visible.

5.4 Franchisee shall bear all utility, plumbing, drainage, electrical, internet, site preparation, permit, and operational costs associated with the Kimbo Equipment unless Franchisor expressly agrees otherwise in writing.

6. Maintenance and Repair

6.1 Kimbo Equipment shall be maintained and repaired in accordance with the Kimbo program requirements and Franchisor’s standards.

6.2 Franchisee shall promptly report any malfunction, service need, damage, or repair issue to Franchisor and shall cooperate fully with all maintenance, repair, inspection, and service access requirements.

6.3 Franchisee shall be liable to Franchisor for any damage to Kimbo Equipment and for any repair, replacement, restoration, transport, cleaning, or calibration costs arising from Franchisee's negligence, misuse, abuse, unauthorized repair, unauthorized modification, improper operation, unsanitary conditions, or failure to follow instructions.

6.4 Franchisee shall not permit any unauthorized person or vendor to service, repair, alter, replace, disconnect, or remove any Kimbo Equipment without Franchisor's prior written approval.

7. Minimum Purchase Commitment; Reporting; Records

7.1 Franchisee shall satisfy the Minimum Annual Commitment during each twelve-month period of the Program Term.

7.2 Franchisee shall maintain accurate, complete, and contemporaneous records of all purchases, orders, invoices, inventory, usage, and sales of Kimbo Products and shall provide such records to Franchisor upon request.

7.3 Franchisor may determine Franchisee's compliance with the Minimum Annual Commitment based on supplier invoices, distributor records, electronic ordering data, inventory records, point-of-sale data, internal reports, and any good-faith allocation methodology applied by Franchisor.

7.4 Franchisee shall timely provide all information reasonably required by Franchisor to monitor the Store's compliance with the Kimbo program and to satisfy any reporting obligations owed by Franchisor under the Kimbo Agreement.

8. Shortfall Liability

8.1 If Franchisee fails to satisfy the Minimum Annual Commitment for any applicable annual period, Franchisee shall immediately pay Franchisor the resulting Shortfall.

8.2 The Shortfall shall be calculated using the same pricing methodology, case-equivalent methodology, or other commercially reasonable equivalent methodology used by Kimbo or Franchisor under the Kimbo Agreement, including the Average Shortfall Price as listed in Exhibit B.

8.3 To the extent the Minimum Annual Commitment is stated in pounds, gallons, and cases, Franchisor may convert deficiencies in pounds and gallons into case-equivalent units using Kimbo's then-current pack sizes, distributor conversion schedules, or another commercially reasonable method selected by Franchisor in good faith.

8.4 Franchisee's obligation to pay any Shortfall shall apply regardless of whether:

(a) the Store remains open or operating;

(b) the Franchise Agreement is terminated, transferred, expired, or not renewed;

(c) Franchisor has already been invoiced by Kimbo; or

(d) Franchisor continues the Kimbo program at any other location.

8.5 If Franchisor is charged, billed, assessed, or otherwise incurs any shortfall, make-whole, or similar amount attributable to the Store, Franchisee shall reimburse Franchisor in full within five (5) days after written demand.

9. Taxes, Fees, and Charges

9.1 Franchisee shall pay, or reimburse Franchisor for, all taxes, assessments, license fees, permit fees, freight, delivery charges, pickup charges, shipping charges, storage charges, de-installation costs, re-installation costs, and other charges arising out of or relating to the Store's possession, use, operation, maintenance, return, purchase, or recovery of the Kimbo Equipment, except taxes based solely on Franchisor's net income.

9.2 If Franchisor incurs any such amount, Franchisee shall reimburse Franchisor immediately upon demand.

10. Insurance; Risk of Loss

10.1 Franchisee shall maintain, at its sole cost and expense, throughout the Program Term and for so long as any obligations under this Addendum remain outstanding:

(a) commercial general liability insurance for the Store;

(b) property and casualty insurance covering the Kimbo Equipment for its full replacement value or such other amount as Franchisor may require;

(c) workers' compensation and employer's liability insurance as required by law; and

(d) such additional insurance as Franchisor may reasonably require.

10.2 Franchisor, its affiliates, and such supplier(s), owner(s), lessor(s), or lender(s) as Franchisor may designate, including Kimbo if requested by Franchisor, shall be named as additional insureds and/or loss payees, as applicable.

10.3 As between Franchisor and Franchisee, Franchisee shall bear the full risk of loss, theft, destruction, damage, seizure, casualty, or unavailability of the Kimbo Equipment from the time of delivery or installation at the Store, except to the extent directly caused by Franchisor's gross negligence or willful misconduct.

10.4 No loss, casualty, or damage affecting the Kimbo Equipment shall relieve Franchisee of any obligation under this Addendum, including any obligation to pay Shortfalls, Buyout Amounts, or other Upstream Losses.

11. Buyout Amount; Equipment Payout Formula

11.1 If, as a result of any act, omission, event, condition, or default attributable to Franchisee or the Store, Franchisor becomes obligated to purchase, pay out, reimburse, or otherwise satisfy any value, residual, depreciated amount, termination charge, or other amount relating to Kimbo Equipment assigned to the Store, Franchisee shall immediately pay Franchisor the Buyout Amount.

11.2 Unless Franchisor is charged a greater amount under the Kimbo Agreement, the Buyout Amount for each item of Kimbo Equipment shall be calculated as follows:

Buyout Amount =
Stated Equipment Value – ((Stated Equipment Value ÷ 60) × Number of Full Months Elapsed)

11.3 The "Stated Equipment Value" for each item of Kimbo Equipment shall be the value set forth on Exhibit A.

(a) The “Number of Full Months Elapsed” shall be measured from the date the applicable Kimbo Equipment was installed at the Store through the effective date of the event giving rise to the Buyout Amount.

11.4 If Franchisor is charged a greater amount under the Kimbo Agreement, including any different residual value, termination value, or make-whole amount, Franchisee shall pay the greater amount actually owed by Franchisor.

11.5 Franchisee shall also be liable for all de-installation, packing, shipping, transport, storage, cleaning, refurbishment, repair, and recovery costs relating to the Kimbo Equipment.

12. Events of Default

Each of the following shall constitute an immediate default under this Addendum:

12.1 failure to pay any amount when due under this Addendum or the Franchise Agreement;

12.2 failure to satisfy the Minimum Annual Commitment;

12.3 purchase of required products from any source not approved by Franchisor;

12.4 failure to maintain required insurance;

12.5 misuse, neglect, loss, damage, theft, unauthorized repair, unauthorized modification, unauthorized relocation, or unauthorized disposal of any Kimbo Equipment;

12.6 failure to permit inspection, service, access, return, removal, or repossession of Kimbo Equipment;

12.7 any closure, abandonment, insolvency, bankruptcy filing, receivership, dissolution, assignment for the benefit of creditors,

or cessation of operations of the Store;

12.8 any unapproved transfer, sale, relocation, change in control, or assignment involving the Store;

12.9 any material breach of this Addendum; or

12.10 any default under the Franchise Agreement.

13. Termination; Store Closure; Early Exit

13.1 Franchisee shall not independently terminate participation in the Kimbo program, discontinue required Kimbo Products, remove required Kimbo branding, or require removal of Kimbo Equipment without Franchisor’s prior written consent.

13.2 I f the Store closes, is terminated, is transferred, is abandoned, ceases operations, is de-identified, or otherwise exits the Kimbo program prior to the expiration of the applicable Program Term, Franchisee shall, at Franchisor’s election, immediately:

(a) pay all accrued Shortfalls;

(b) pay all remaining, future, or end-of-term shortfall, make-whole, or similar amounts that Franchisor owes or reasonably determines it will owe under or in connection with the Kimbo Agreement and that are attributable to the Store;

(c) pay the Buyout Amount for the Kimbo Equipment;

(d) return the Kimbo Equipment as directed by Franchisor; and

(e) reimburse Franchisor for all related Upstream Losses.

13.3 Franchisee acknowledges and agrees that Franchisor may incur liabilities under the Kimbo Agreement through the end of the applicable term and that Franchisee shall bear such Store-level risk to the fullest extent permitted by law.

14. Indemnification

14.1 Franchisee shall indemnify, defend, protect, and hold harmless

Franchisor and its affiliates, and each of their respective owners, members, managers, directors, officers, employees, agents, representatives, successors, and assigns (collectively, the "Franchisor Indemnified Parties"), from and against any and all claims, demands, actions, proceedings, liabilities, damages, losses, penalties, fines, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to:

(a) Franchisee's possession, use, operation, misuse, maintenance, transport, return, non-return, storage, or disposal of Kimbo Equipment;

(b) Franchisee's failure to satisfy the Minimum Annual Commitment;

(c) any Shortfall;

(d) any injury to persons or damage to property involving Kimbo Equipment or Kimbo Products at the Store;

(e) any taxes, fees, or charges arising from the Store's possession or use of Kimbo Equipment;

(f) any breach of this Addendum, the Franchise Agreement, or any Kimbo program requirement;

(g) any closure, insolvency, transfer, abandonment, or cessation of operations of the Store; and

(h) any claim asserted by Kimbo, any sub-distributor, landlord, creditor, customer, governmental authority, or other third party arising out of or relating to the Store.

14.2 Franchisee's obligations under this Section include direct reimbursement of Franchisor for all Upstream Losses, whether or not Kimbo proceeds directly against Franchisor.

15. Payment Terms; Interest; Attorneys' Fees; Setoff

15.1 All amounts due under this Addendum shall be paid within five (5) days after invoice or written demand unless Franchisor specifies a shorter period.

15.2 Any amount not paid when due shall bear interest at the lesser of one and one-half percent (1.5%) per month or the maximum rate permitted by law from the due date until paid in full.

15.3 Franchisee shall pay all costs and expenses incurred by Franchisor in enforcing this Addendum, including reasonable attorneys' fees, expert fees, court costs, collection costs, repossession costs, de-installation costs, transport costs, and storage costs.

15.4 Franchisor may offset any amount owed by Franchisor or any affiliate to Franchisee, including rebates, credits, refunds, deposits, or transfer proceeds, against any amount owed by Franchisee under this Addendum.

16. Inspection; Access; Return; Repossession

16.1 Franchisor, Kimbo, any designated distributor, and their respective agents, employees, contractors, and representatives shall have the right to enter the Store during business hours or at any other reasonable time to inspect Kimbo Equipment, confirm compliance, perform service, photograph Kimbo Equipment, and record identifying information.

16.2 Upon any default, closure, termination, transfer denial, abandonment, or any other event requiring return or recovery of Kimbo Equipment, Franchisor and its designees may enter the Store and remove, recover, de-install, transport, or repossess Kimbo Equipment, to the fullest extent permitted by law.

16.3 Franchisee shall fully cooperate with all inspection, service, de-installation, return, removal, and repossession activities and shall execute any landlord waiver, access agreement, bailee waiver, or similar document reasonably requested by Franchisor.

16.4 Franchisee waives, to the fullest extent permitted by law, any claim against Franchisor arising from peaceful repossession or recovery of Kimbo Equipment.

17. Disclaimer of Warranties

17.1 FRANCHI SEE ACKNOWLEDGES THAT FRANCHI SOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE KIMBO EQUIPMENT OR KIMBO PRODUCTS, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUALITY, CONDITION, OR PERFORMANCE.

17.2 TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE KIMBO EQUIPMENT AND KIMBO PRODUCTS ARE PROVIDED "AS IS" AND "WITH ALL FAULTS," EXCEPT TO THE EXTENT OF ANY NON-WAIVABLE WARRANTY PROVIDED BY THE APPLICABLE MANUFACTURER, OWNER, OR SUPPLIER.

18. No Direct Rights Against Kimbo

18.1 Franchisee acknowledges that the Kimbo Agreement is between Franchisor and Kimbo and that Franchisee is not a party to, and is not a third-party beneficiary of, the Kimbo Agreement.

18.2 Franchisee shall have no independent right to assert any claim against Kimbo under the Kimbo Agreement through Franchisor.

18.3 Any territorial protection, exclusivity arrangement, supplier restriction, or other right arising under the Kimbo Agreement shall belong solely to Franchisor unless expressly granted to Franchisee in writing.

19. Security Interest

19.1 To secure all obligations of Franchisee under this Addendum, the Franchise Agreement, and any related guaranty, Franchisee hereby grants to Franchisor a security interest in:

(a) any of Franchisee's right, title, or interest in the Kimbo Equipment, to the extent any such interest exists;

(b) all proceeds, insurance proceeds, claims, refunds, credits, rebates, and recoveries relating to the Kimbo Equipment or the Kimbo program; and

(c) all deposits, credits, refunds, or sums payable by Franchisor to Franchisee.

19.2 Franchisee authorizes Franchisor to file one or more financing statements and amendments under the Uniform Commercial Code or other applicable law to evidence and perfect Franchisor's security interest.

19.3 Franchisee shall execute and deliver such further documents as Franchisor may reasonably request to perfect, maintain, and enforce Franchisor's rights under this Section.

20. Franchisor Remedies

20.1 Upon any default, Franchisor may exercise any one or more of the following rights and remedies, cumulatively and without election:

(a) declare all amounts due under this Addendum immediately due and payable;

(b) invoice and collect all Shortfalls, Buyout Amounts, and Upstream Losses;

(c) terminate this Addendum and/or declare a default under the Franchise Agreement;

(d) suspend Franchisee's right to participate in the Kimbo program;

(e) remove, disable, recover, or repossess Kimbo Equipment;

(f) seek injunctive relief, specific performance, or other equitable relief; and

(g) exercise any other remedy available under the Franchise Agreement, at law, or in equity.

20.2 Franchisor shall have no duty to proceed first against Kimbo, any insurer, any guarantor, any landlord, or any other third party before enforcing its rights against Franchisee.

21. Personal Guaranty

Each undersigned guarantor (**"Guarantor"**), individually and in their personal capacity, absolutely, unconditionally, and jointly and severally guarantees the full and prompt payment and performance of all obligations of Franchisee under this Addendum and the Franchise Agreement, including all Shortfalls, Buyout Amounts, Upstream Losses, interest, costs, and attorneys' fees (collectively, the **"Guaranteed Obligations"**).

This guaranty is a guaranty of payment and performance, not merely of collection. Each Guarantor acknowledges that this is a **personal guaranty** and that their personal assets may be subject to enforcement in the event of Franchisee's default.

Each Guarantor waives notice of acceptance, demand, presentment, protest, notice of default, and all suretyship defenses to the fullest extent permitted by law. Franchisor may proceed directly against any Guarantor without first proceeding against Franchisee, any co-guarantor, or any collateral. No release, discharge, modification, impairment, or limitation of any obligation of Franchisee shall affect the liability of any Guarantor hereunder.

This Personal Guaranty shall remain in full force and effect until all Guaranteed Obligations have been indefeasibly paid and performed in full.

22. Survival

Franchisee's and each guarantor's obligations under Sections 8, 9, 10, 11, 13, 14, 15, 16, 17, 19, 20, 21, and this Section 22 shall survive the expiration, termination, transfer, non-renewal, closure, de-identification, return, or repossession of Kimbo Equipment and the expiration or termination of the Franchise Agreement.

23. Miscellaneous

23.1 This Addendum shall be governed by the governing law and venue provisions of the Franchise Agreement, except that Franchisor may seek collateral remedies, repossession, injunctive relief, or similar relief in any jurisdiction where the Store, Kimbo Equipment, or collateral is located, to the extent permitted by law.

23.2 No amendment, modification, or waiver of this Addendum shall be effective unless in writing and signed by Franchisor and Franchisee, except that Franchisor may update exhibits, schedules, supplier procedures, operational standards, and conversion schedules as permitted by the Franchise Agreement and applicable law.

23.3 I f any provision of this Addendum is determined to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

23.4 This Addendum may be executed in counterparts and by electronic signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

23.5 This Addendum, together with the Franchise Agreement and any related guaranty or security document, constitutes the entire agreement of the parties regarding the Kimbo program for the Store.

EXHIBIT A

STORE KIMBO EQUIPMENT SCHEDULE

Store Name / Location ID: [________________________________] **Store Address:** [___]

Item No.	Equipment Description	Serial Number	Quantity	Stated Equipment Value	Installation Date
1	[Espresso Machine]	[___________]	[_]	$[___________]	[___________]
2	[Grinder]	[___________]	[_]	$[___________]	[___________]
3	[Cold Brew System]	[___________]	[_]	$[___________]	[___________]
4	[Other]	[___________]	[_]	$[___________]	[___________]

EXHIBIT B

KIMBO PROGRAM MINIMUMS AND SHORTFALL SCHEDULE

Minimum Annual Commitment

- Whole Bean Espresso and Filtro Coffee (combined): _____________
- Cold Brew: __________
- Caffe Cream: ____________

Shortfall Pricing

Average Shortfall Price: $_________ per case

Conversion Methodology

For any minimum measured in pounds or gallons, Franchisor may convert deficiencies into case-equivalent units using Kimbo's then-current pack sizes, distributor conversion schedules, or another commercially reasonable method selected by Franchisor in good faith.

Billing

All Shortfalls, Buyout Amounts, and other amounts due under this Addendum shall be payable within five (5) days after written demand unless Franchisor specifies a shorter period.

:: SIGNATURE PAGE ::

Franchisor: Qargo Coffee, Inc.

Signature: ______________________________

Name Printed: Mark Bastorous

Title: CEO

Franchisee:

Signature: ______________________________

Name Printed: ______________________________

Title: ______________________________

Guarantor:

Signature: ______________________________

Name Printed: ______________________________

Title: ______________________________

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT

Qargo Coffee, Inc.
701 Brickell Avenue, Suite 1550
Miami, FL 33131

Franchisee:_______________________________

AREA DEVELOPMENT AGREEMENT

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Section **Page**

EXHIBITS

Qargo Coffee, Inc.

Area Development Agreement

This Area Development Agreement is by and between Qargo Coffee, Inc., a Delaware Corporation, ("Franchisor"), and the person(s) or entity identified on Exhibit A to this Agreement ("Franchisee") as of the Effective Date (which is the date indicated on the signature page of this Agreement). In this Agreement, the Franchisor is referred to as "we," "us" or "our." The Franchisee is referred to as "you" or "your";

RECITALS

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the "Initial Franchise Agreement"), in which we have granted you the right to establish and operate one QARGO COFFEE outlet (a "Franchised Business").

B. We desire to grant to you the exclusive right to establish and operate a specified number of Franchised Businesses within a specified geographical area in accordance with a development schedule.

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all of your owners of a legal and/or beneficial interest in the Entity (the "Owners") are listed on Exhibit A of this Agreement (Exhibit A and all other appendices hereto being hereby incorporated herein by reference).

D. You desire to establish and operate additional Franchised Businesses upon the terms and conditions contained in our then-current standard franchise agreements.

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1 Appointment of the Franchisee

1.1 Grant of Area Development Rights and Development Area. Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on Exhibit A to this Agreement (the "Development Area") the number of Franchised Businesses specified in the development schedule in Exhibit A (the "Schedule"). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreement.

1.2 Development Schedule. You will use your best efforts to comply with the minimum Development Schedule described in Exhibit A. Your compliance will be judged by the current amount of active signed Franchise Agreements at the end of each calendar year. If a Franchise Agreement is terminated, we will deduct that Franchise Business from the number of Operating Franchise Businesses. A Franchise Business remains credited against the Development Schedule if relocated in accordance with its Franchise Agreement. You will maintain sufficient financial resources to construct, open and operate the Franchise Businesses. You will maintain a minimum net worth of $250,000 during the Term or have a firm commitment from a lender reasonably satisfactory to us for financing the development of the Franchise Businesses. If you fail to achieve the Development Schedule, we reserve the right to terminate this Agreement and retain the entire Development Fee, in addition to any other damages or losses suffered by us due to this failure. If we terminate this Agreement for your failure to meet the Development Schedule, we may immediately grant other individuals and entities the right to develop and open Franchise Businesses in the Development Area, or ourselves open Company-Owned Outlets in the Development Area. You will retain all rights under the Franchise Agreements for the Franchise Businesses you have under lease, construction or in operation, provided you are not otherwise in default under the Franchise Agreements.

1.3 Acquisition of a Competitive Business. If Franchisor acquires a Competitive Business and units of the Competitive Business fall within Franchisee's Development Area, Franchisor will provide Franchisee with the option to purchase those units or Franchisor will otherwise close those units within one year of its acquisition.

2 Fees and Payments

2.1 Development Fee. Upon execution of this Agreement, you must pay us a development fee in the amount specified on Exhibit A (the "Development Fee"), which is based on the number of Franchised Businesses that you commit to developing. The Development Fee will be credited towards 100% of any Franchise Fee that would otherwise be due under each Franchise Agreement that you enter pursuant to this Agreement. The Development Fee is fully earned by us upon your signing this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

3 Transfer

3.1 Transfer by Franchisor. We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent.

3.2 Transfer by Franchisee. The rights and duties in this Agreement are personal to you. We have granted this Agreement in reliance on your business and personal skills, reputation, aptitudes and financial capacity. Accordingly, you agree that you cannot sell, assign, transfer, convey, give or encumber (collectively "transfer") this Agreement without our written consent (which may be granted or withheld by us in our sole and absolute discretion). The transfer of Area Development Rights under this Agreement must include all signed Franchise Agreements, unless we otherwise agree in writing. You may transfer this Agreement to a business entity owned by you but you continue to remain personally liable for all of your obligations under this Agreement. If you intend to transfer this Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you pay us a transfer fee of $10,000 for the transfer of Area Development Rights. Any purported transfer by you, by operation of law or otherwise in violation of this Agreement is ineffective and is a material breach of this Agreement giving us the right to terminate this Agreement without affording you an opportunity to cure.

4 Term

4.1 Initial Term. The Initial Term of this Agreement will commence on the date it is fully executed and, unless earlier terminated by Franchisor, will expire on the last day of the calendar month that the final Franchise Business is required to be opened and operating under the Development Schedule.

4.2 Continuation of Development. If at the conclusion of the Term or at any point prior that Franchisee has fully met its obligations under the Development Schedule for this Agreement, the parties may agree to execute another Development Agreement for the further development of the Development Area, a contiguous territory or a new territory, on such terms as the parties agree to at that time.

5 Default and Termination

5.1 Termination. If either party believes the other is in material breach of this Agreement, they shall give the other party written notice detailing the nature of the breach, the steps required to remedy the breach, and a reasonable timeline within which the breach must be remedied. If the party in breach does not cure the breach within 30 days or within a longer reasonable period, if the nature of the breach is such that it cannot be cured within 30 days, then the noticing party will have the right to terminate this Agreement by providing notice of the termination. This Agreement may also be terminated upon mutual written agreement.

5.2 Effect of Termination. Upon termination or expiration of this Agreement Franchisor is then free to open Company-Owned Outlets or grant Franchises to others within your former Development Area but outside any Exclusive Territories granted to you under Franchise Agreements for Franchised Outlets you are currently operating or are under construction.

6 Definitions. As used in this Agreement, the following terms have the following meaning:

6.1 "**Agreement**" means this Area Development Agreement, as it may be amended, supplemented or otherwise modified by a written agreement the parties sign.

6.2 "**Area Development Rights**" means the rights granted to you under Section 1 to construct and operate Franchise Businesses in the Development Area under the terms of this Agreement and the Franchise Agreements.

6.3 "**Company-Owned Outlet**" means a Qargo Coffee business operating pursuant to the Business System owned by us or by any affiliate.

6.4 "**Franchise Business**" means the Qargo Coffee franchise we authorize you to establish and operate under a Franchise Agreement.

7 General

7.1 Incorporation of Other Terms. Section 7 (Trade Secrets and Other Confidential Information), Section 19 (Beneficial Owner of Franchisee), Section 21 (General Conditions and Provisions), Section 22 (Dispute Resolution), and Section 23 (General) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

7.2 Amendments. The parties may only amend, supplement or change the provisions of this Agreement by an Amendment to Area Development Agreement signed by the parties except: (a) we may change the contents of the Operating Manual; (b) we may modify the Business System; and (c) a court may modify any provision of the Development Agreement in accordance with applicable law. Only our CEO and President have the authority to sign an Amendment to Area Development Agreement on our behalf.

7.3 Severability

7.3.1 If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable, and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

7.3.2 If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

7.4 Interpretation. Each of the parties agree that he, she or it had the opportunity to have been represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other document be construed against us.

7.5 Entire Agreement. Other than terms as incorporated through Section 7.1.1, this Agreement represents the entire understanding and agreement between the parties on the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement are of any effect. Nothing in the Agreement disclaims the representations we made in the Franchise Disclosure Document and Exhibits that we furnished to you.

7.6 Liability of Multiple Franchisees. If the Franchisee consists of more than one person, all persons are jointly and individually liable for your obligations under this Agreement.

7.7 Third Parties. Nothing in this Agreement, whether express or implied, confers any rights or remedies under or based on this Agreement on any person other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Nothing in this Agreement relieves or discharges the obligation or liability of any third persons to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

-signatures appear on the next page(s)-

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISOR:	**QARGO COFFEE, INC.**
Signature:	______________________
Name Printed:	Mark Bastorous
Title:	CEO

FRANCHISEE:	
Signature:	______________________
Name Printed:	______________________
Title:	______________________

Exhibit A – Development Details

1. **Franchisee**: ____

2. **Development Area**: ____

3. **Franchisee Address**:____

4. **Development Fee:** ____

5. **Development Schedule**: You agree to sign Franchise Agreements for and to open ____________ new locations within the Development Area according to the following Development Schedule:

Opening Deadline	Cumulative Minimum Number of New Locations to Be Open and Operating No Later Than The Location Opening Deadline (In Previous Column)
Six (6) months from the Effective Date of this Agreement	1
Six (6) months from the date the first location commences operations	2
Six (6) months from the date the second location commences operations	3
Six (6) months from the date the third location commences operations	4
Six (6) months from the date the fifth location commences operations	5

EXHIBIT C
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565
Connecticut	Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103	Connecticut Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103
Florida	Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, FL 32399-6500	Division of Consumer Services Attn: Business Opportunities 2005 Apalachee Parkway Tallahassee, FL 32399-6500
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744
Illinois	Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681
Kentucky	Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, KY 40601- 8204	Office of the Attorney General Consumer Protection Division Attn: Business Opportunity 1024 Capital Center Drive Frankfort, KY 40601- 8204
Maine	Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333	Bureau of Banking Securities Division 121 Statehouse Station Augusta, Maine 04333
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities Office of Attorney General 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328

State	State Administrator	Agent for Service of Process
Nebraska	Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, NE 68509	Nebraska Department of Banking and Finance Commerce Court 1230 O Street, Suite 400 Lincoln, NE 68509
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State 99 Washington Ave. Albany, New York 12231
North Carolina	Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, NC 27603-5909	Secretary of State Securities Division 300 North Salisbury Street, Suite 100 Raleigh, NC 27603-5909
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505- 0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services; Division of Finance and Corporate Securities; Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	Department of Consumer & Business Services; Division of Finance and Corporate Securities; Labor and Industries Building Salem, Oregon 97310 (503) 378-4140
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex 69-1 Cranston, RI 02920-4407 (401) 462-9527
South Carolina	Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201	Office of the Secretary of State 1205 Pendleton Street Edgar Brown Building, Suite 525 Columbia, South Carolina 29201
South Dakota	Department of Revenue and Regulation Division of Securities 124 S. Euclid Avenue Pierre, SD 57501 (605) 773-3563	Department of Revenue and Regulation Division of Securities 124 S. Euclid Avenue Pierre, SD 57501 (605) 773-3563
Texas	Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701	Office of the Secretary of State Statutory Document Section 1019 Brazos Street Austin, Texas 78701
Utah	Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114-6704	Utah Department of Commerce Division of Consumer Protection 160 East Three Hundred South P.O. Box 146704 Salt Lake City, Utah 84114-6704
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	Commissioner of Securities 345 West Washington Street, 4th Floor Madison, Wisconsin 53703

EXHIBIT D
FINANCIAL STATEMENTS

Qargo Coffee, Inc.

Audited Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (restated)

Qargo Coffee, Inc.

Contents

Etiendem CPA

Etiendem CPA
Certified Public Accountant
10408 Courthouse Rd #464
Spotsylvania, VA 22553

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Website: www.etiendemcpa.com

INDEPENDENT AUDITORS' REPORT

To the Stockholder and Management of

Qargo Coffee, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Qargo Coffee, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024 (restated), and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Qargo Coffee, Inc. as of December 31, 2025 and 2024 (restated), and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Qargo Coffee, Inc. 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.

Emphasis of Matter — Restatement of 2024 Comparative Financial Statements

As discussed in Note 2 to the financial statements, the 2024 comparative financial statements have been restated to correct the gross presentation of accounts receivable and the related allowance, to reclassify the refund liability arising from the Federal Trade Commission rescission program between its current and long-term portions, to reclassify the current and long-term portions of the auto loan, and to conform captions on the statement of cash flows. The restatement did not change 2024 total assets, total liabilities, stockholders' equity, or net loss. Our opinion is not modified with respect to this matter.

Substantial Doubt About Qargo Coffee, Inc.'s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 18 to the financial statements, the Company has incurred recurring net losses, has a stockholders' equity deficit of approximately $1.23 million as of December 31, 2025, and has limited cash reserves. These conditions, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Management's plans in regard to these matters are also described in Note 18. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Qargo Coffee, Inc.'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 auditors' 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 Qargo Coffee, Inc.'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 Qargo Coffee, Inc.'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.

Spotsylvania, Virginia

April 22, 2026

QARGO COFFEE, INC.

Balance Sheets

December 31,	2025	2024 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$191,928	$26,678
Accounts receivable	1,265,358	984,304
Less: Allowance for doubtful accounts	(453,500)	0
Prepaid expense	3,591	1,413
Due from related party	12,823	12,823
Total current assets	**1,020,201**	1,025,218
Fixed assets:		
Property and equipment	140,138	99,485
Accumulated depreciation	(33,201)	(38,731)
	106,937	60,755
Total assets	**$1,127,137**	**$1,085,972**
Liabilities and stockholders' equity		
Current Liabilities		
Deferred revenue	$1,702,745	$1,520,222
Accounts payable	431,045	13,714
Franchisee prepaid supplies	52,493	2,423
Line of credits	22,530	28,593
Due to owners	1,505	1,505
Refund liability - current	12,000	33,000
Auto loan short term portion	11,999	0
Total current liabilities	**2,234,316**	1,599,458
Long term liabilities		
Refund liability - long-term	35,000	47,000
Auto loan	84,465	59,360
Total liabilities	**2,353,781**	1,705,818
Stockholders' equity:		
Common stock and paid-in capital (withdrawal) - shares authorized 1,000,000, outstanding 167,500	(43,233)	(10,813)
Retained earnings	(1,183,410)	(609,032)
Total stockholders' equity:	**(1,226,644)**	(619,845)
Total liabilities and Equity	**$1,127,137**	$1,085,972

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

QARGO COFFEE, INC.
Income Statements

Years Ended December 31,	2025	2024 (Restated)
Revenue		
Franchise fee	$ 785,152	$ 653,633
Licensing fees	15,833	13,128
Resale supplies	334,568	124,283
Royalty income	117,260	51,885
Ad fund income	45,028	19,321
Development fee	144,667	173,111
Total revenue	1,442,508	1,035,360
Cost of revenue		
Cost of supplies	328,453	120,204
Ad fund expense	208,256	195,824
Vendor rebate	(206,747)	(246,097)
Total cost of revenue	329,962	69,931
Gross margin	1,112,546	965,429
General and administrative	450,348	406,390
Occupancy rent and utilities	124,961	64,202
Provision for credit losses	453,500	0
Rescission expense	47,000	80,000
Debt forgiveness	0	236,763
Compensation of contractors	260,105	165,122
S&M expenses	11,916	8,484
Professional and legal fee	326,387	385,165
Operating expense	1,674,216	1,346,126
Operating income (loss)	(561,670)	(380,696)
Other income (loss), net	(12,709)	(21,554)
Income before income tax	(574,378)	(402,250)
Provision for income tax	0	0
Net income (loss)	$ (574,378)	$ (402,250)

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

QARGO COFFEE, INC.

Statements of Changes in Stockholders' Equity

Years Ended December 31	2025	2024 (Restatec
Common stock and paid-in capital (withdrawal)		
Balance, beginning of period	$ (10,813)	$ 18,866
Paid-in capital (withdrawal)	(32,420)	(29,679)
Balance, end of period	$ (43,233)	$ (10,813)
Retained earnings		
Balance, beginning of period	$ (609,032)	$ (206,782)
Net income	(574,378)	(402,250)
Balance, end of period	$ (1,183,410)	$ (609,032)
Total	$ (1,226,644)	$ (619,845)

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

QARGO COFFEE, INC.

Statements of Cash Flows

Year Ended December 31,	2025	2024 (Restated)
Operations		
Net income	($574,378)	($402,250)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense (net of disposal activity)	(5,530)	22,169
Provision for credit losses	453,500	0
Debt forgiveness	0	236,763
Refund provision	0	80,000
Changes in operating assets and liabilities:		
Accounts receivable	(281,054)	105,560
Refund provision	(33,000)	0
Prepaid expense	(2,178)	(1,413)
Accounts payable	417,330	13,714
Deferred revenue	182,523	(95,770)
Franchisee prepaid supplies	50,069	2,423
Due to owners	0	1,505
Net cash provided by (used in) operating activities	207,283	(37,300)
Financing		
Auto loan	37,103	(4,568)
Line of credits	(6,063)	28,593
Member's contribution (withdrawal)	(32,420)	(28,700)
Net cash provided by (used in) financing	(1,380)	(4,675)
Investing		
Property and equipment	(40,652)	(9,456)
Net cash used in investing activities	(40,652)	(9,456)
Net change in cash and cash equivalents	165,251	(51,431)
Cash and cash equivalents, January 1st	26,678	78,108
Cash and cash equivalents, December 31st	$191,928	$26,678

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION (ASC 230-10-50)

Cash paid during the period for:		
Interest	$13,633	$10,192
Income taxes	-	-
Supplemental disclosure of non-cash investing and financing activities:		
Vehicle acquired through auto loan financing	96,463	-
Refund liability recognized from FTC rescission program	-	80,000

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

QARGO COFFEE, INC.

Notes to the Financial Statements

For the Years Ended December 31, 2025 and 2024

Note 1 — Organization and Nature of Operations

Qargo Coffee, Inc. (the "Company") is a Delaware corporation that operates as a franchisor of premium Italian-style coffee shops in the United States. Founded in 2020, the Company has expanded its footprint through executed franchise agreements across multiple states, including Florida, Georgia, Illinois, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas, and Washington, D.C. The Company's franchise model emphasizes three core pillars: People, Product, and Planet. Revenue is derived primarily from initial franchise fees, royalty income, development fees, licensing fees, resale of supplies to franchisees, and advertising fund contributions. The Company is wholly owned by Samir Shenouda. Day-to-day operations are managed by Bernadette Bastorous (President).

Note 2 — Restatement of Prior Period Financial Statements

The accompanying 2024 comparative financial statements have been restated from amounts previously reported to correct the presentation of certain balance sheet line items and to conform captions on the statement of cash flows. The restatement reflects: (a) the correction of the gross presentation of accounts receivable and the related allowance — the $80,000 previously presented as an allowance for bad debt in the 2024 notes to the financial statements was not, in fact, an allowance against accounts receivable, but rather the Company's obligation arising from the Federal Trade Commission ("FTC") rescission program; (b) the reclassification of the $80,000 obligation arising from the FTC rescission program from a single current-liability caption ("Provision for rescission") to refund liability — current ($33,000) and refund liability — long-term ($47,000), reflecting the actual payment pattern under the related payment schedule; (c) the reclassification of $10,482 of the auto loan from the current portion to the long-term portion; and (d) conforming changes to captions on the statement of cash flows, including the relabeling of $236,763 from "Due from related party" to "Debt forgiveness" and $80,000 from "Provision for rescission" to "Refund provision."

The effect of the restatement on the previously reported 2024 balance sheet is as follows:

(December 31, 2024)	As Previously Reported	Restatement Adjustment	As Restated
Accounts receivable (gross)	$1,064,304	$(80,000)	$984,304
Less: Allowance for doubtful accounts	(80,000)	80,000	—
Accounts receivable, net	984,304	—	984,304
Provision for rescission (current)	80,000	(80,000)	—
Refund liability — current	—	33,000	33,000
Refund liability — long-term	—	47,000	47,000
Auto loan — current portion	10,482	(10,482)	—
Auto loan — long-term	48,878	10,482	59,360
Total auto loan	59,360	—	59,360

The restatement had no effect on 2024 total assets, total liabilities, total stockholders' equity, net loss, retained earnings at the beginning of the earliest period presented, or net cash flows from operating, investing, or financing activities. The Company is not a public business entity, and accordingly, earnings per share information is not presented.

Note 3 — Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Comprehensive Income

In accordance with ASC Topic 220, Comprehensive Income, comprehensive income consists of net income (loss) and other comprehensive income (loss). The Company had no items of other comprehensive income or loss during the years ended December 31, 2025 and 2024. Accordingly, comprehensive loss was equal to net loss for both years.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Significant estimates include the allowance for doubtful accounts, refund liability related to rescission matters, useful lives of fixed assets, and the timing of revenue recognition for franchise arrangements. It is reasonably possible that the estimates underlying the allowance for doubtful accounts and the outcome of the Federal Trade Commission matter described in Note 15 could change materially in the near term. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions and highly liquid investments with original maturities of three months or less. The carrying amount approximates fair value due to the nature of the instruments. As of December 31, 2025 and 2024, the Company's cash balances did not exceed Federal Deposit Insurance Corporation ("FDIC") limits of $250,000 per depositor per bank.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of franchise fees, royalty payments, development fees, licensing fees, and resale supply invoices owed by franchisees. The Company maintains an allowance for doubtful accounts based on a specific identification methodology. Management evaluates the collectibility of individual accounts considering the age of the receivable, the franchisee's payment history, communication with the franchisee or its counsel, and other relevant facts and circumstances. Additions to the allowance are recognized as a provision for credit losses in the statements of income. Accounts deemed uncollectible are charged against the allowance upon final determination, which generally occurs when legal or commercial remedies have been exhausted or the franchise relationship has been formally terminated. As of December 31, 2025, the Company recorded an allowance for doubtful accounts of $453,500. No allowance for doubtful accounts was recorded at December 31, 2024, as discussed in Note 2.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three years for computer equipment and five years for vehicles and office equipment. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in current operations. Expenditures for major renewals and betterments that extend useful lives are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Leases

The Company applies Accounting Standards Codification ("ASC") Topic 842, Leases. Under ASC 842, the Company recognizes a right-of-use ("ROU") asset and corresponding lease liability for arrangements that meet the definition of a lease and have terms greater than 12 months. Arrangements that do not meet the definition of a lease under ASC 842 are accounted for as service arrangements, with amounts paid or incurred recorded to expense as incurred.

During 2025, the Company incurred occupancy costs under service arrangements and under an executed sublease for office and operations space in Bogotá, Colombia. The Bogotá sublease, dated December 17, 2025, expressly states that the sublease shall not become effective unless the master landlord's prior written consent is obtained. Because the required consent had not been obtained as of December 31, 2025, management concluded that no enforceable lease arrangement existed at year-end and therefore no arrangement within the scope of ASC 842 existed. Amounts paid or incurred during 2025 related to the Company's occupancy of the Bogotá premises were recorded within occupancy rent and utilities expense as incurred, based on the substance of the arrangement. Accordingly, the Company did not recognize any operating lease right-of-use asset or lease liability at December 31, 2025. See Note 6 and Note 13.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). Revenue recognition follows a five-step model: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Company's significant revenue streams are summarized below.

Franchise Fees — Initial franchise fees are received upon execution of franchise agreements. The Company recognizes 75% of the franchise fee evenly over the first six months following execution, with the remaining 25% recognized evenly over the remaining 9.5 years of the 10-year franchise term. The Company has determined that the performance obligations associated with franchise fees are satisfied over the term of the franchise agreement and represent the right to use the franchisor's intellectual property, brand, and ongoing support.

Royalty Income — Royalty income is calculated as a percentage of franchisee gross sales and is recognized in the period the related franchisee sales occur.

Development Fees — Development fees relate to area development arrangements and are recognized over a six-month period beginning at agreement execution, reflecting the period in which substantially all development support services are rendered. Additional store fees follow the same pattern, commencing six months after the prior store opening.

Licensing Fees — Licensing fees follow a similar 75/25 pattern as franchise fees but over the shorter five-year licensing term, with 75% recognized over the first six months and 25% over the remaining 4.5 years.

Resale Supplies — Revenue from the resale of coffee, equipment, and other supplies to franchisees is recognized at the point in time when control of the goods transfers to the franchisee, generally upon shipment.

Ad Fund Income — Ad fund contributions collected from franchisees are recognized as revenue when received and corresponding ad fund expenditures are recognized when incurred. The Company does not act as a fiduciary for ad fund contributions.

Deferred revenue, also referred to as a contract liability, represents amounts billed or received from franchisees for which the Company has not yet satisfied the related performance obligation. The Company tracks deferred revenue separately for each revenue stream.

Vendor Rebates

The Company receives rebates from certain vendors based on purchase volumes. In accordance with ASC 705-20, vendor rebates are recorded as a reduction of cost of revenue when earned and the amount is reasonably estimable.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized. See Note 7 for further information.

Note 4 — Accounts Receivable

Accounts receivable consist of the following at December 31:

	2025	2024 (Restated)
Accounts receivable, gross	$1,265,358	$984,304
Less: allowance for doubtful accounts	(453,500)	—
Accounts receivable, net	$811,858	$984,304

The Company's accounts receivable consist primarily of franchise fees, royalty payments, development fees, licensing fees, and resale supply invoices owed by franchisees. During 2025, the Company recorded an allowance for doubtful accounts of $453,500 to reflect specific reserves for accounts deemed uncollectible, including franchisees in default, rescission, or formal exit from the franchise relationship. See Note 2 regarding the restatement of the 2024 comparative presentation of accounts receivable and the related allowance.

The following table summarizes changes in the allowance for doubtful accounts for the years ended December 31:

	2025	2024 (Restated)
Balance, beginning of year	$—	$—
Provision for credit losses	453,500	—
Accounts written off	—	—
Balance, end of year	$453,500	$—

Note 5 — Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024 (Restated)
Vehicles	$115,158	$80,668
Computer equipment	21,980	18,817
Office equipment	3,000	—
Total property and equipment, at cost	140,138	99,485
Less: accumulated depreciation	(33,201)	(38,731)
Property and equipment, net	$106,937	$60,755

Depreciation expense for the years ended December 31, 2025 and 2024 was $26,904 and $22,169, respectively. During 2025, the Company acquired a 2025 Infiniti QX80 vehicle for $115,158, of which approximately $96,463 was financed through an auto loan. The 2019 Mercedes Benz (cost $80,668; accumulated depreciation of approximately $32,434) was disposed of during 2025 in connection with the satisfaction of the related auto loan.

Note 6 — Occupancy Arrangements

Occupancy rent and utilities expense was $124,961 and $64,202 for the years ended December 31, 2025 and 2024, respectively.

The Company maintains a virtual office and related administrative services arrangement with Office Edge in Miami, Florida. The agreement provides a business address, mailbox, receptionist courtesies, and access to related support services for a recurring monthly charge of $99, together with certain one-time setup charges and a refundable services retainer. Monthly recurring charges are billed in advance and the arrangement automatically renews annually unless terminated in accordance with the agreement. Management accounts for this arrangement as a service arrangement rather than a lease under ASC 842.

The Company also executed a sublease agreement dated December 17, 2025 for office and operations space in Bogotá, Colombia. The sublease describes approximately 543 square meters of office space together with eight parking spaces, with stated monthly rent of $12,064.34. However, the sublease expressly states that it is conditioned upon prior written consent of the master landlord and that, if such consent is not obtained, the sublease shall not become effective. Because the required consent had not been obtained as of December 31, 2025, the Company concluded that no enforceable lease arrangement existed at year-end. Amounts paid or incurred under this arrangement during 2025 were recorded within occupancy rent and utilities expense as incurred, based on the substance of the arrangement. Accordingly, no operating lease right-of-use asset or lease liability was recognized at December 31, 2025 or 2024.

Note 7 — Income Taxes

The Company is taxed as a C-Corporation under the Internal Revenue Code. The Company accounts for income taxes in accordance with ASC 740, Income Taxes.

Income tax expense (benefit) for the years ended December 31 consists of the following:

	2025	**2024 (Restated)**
Current federal	$—	$—
Current state	—	—
Deferred federal	—	—
Deferred state	—	—
Total income tax expense (benefit)	$—	$—

As of December 31, 2025, the Company has cumulative net operating loss (“NOL”) carryforwards for federal income tax purposes of approximately $2.1 million, which do not expire under post-2017 federal tax law but are limited to 80% of taxable income in any future year. State NOL carryforwards of similar aggregate amounts expire in varying periods through 2045, depending on the jurisdiction.

Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows:

(using blended federal/state rate of approximately 21%)	2025	2024 (Restated)
Net operating loss carryforwards	$441,000	$320,000
Allowance for doubtful accounts	95,235	—
Other	—	—
Total deferred tax assets	536,235	320,000
Less: valuation allowance	(536,235)	(320,000)
Net deferred tax asset	$—	$—

Deferred tax assets have been fully offset by a valuation allowance because, based on available evidence including the Company's history of operating losses, management has concluded that it is not more likely than not that the deferred tax assets will be realized. Accordingly, no net deferred tax asset or liability and no current or deferred income tax expense or benefit is recognized on the balance sheets or statements of income for either year presented. A reconciliation of the statutory federal tax rate to the effective tax rate is not presented because the Company is not a public business entity.

The Company follows the guidance in ASC 740-10 with respect to uncertain tax positions and has evaluated its tax positions taken for filings with the Internal Revenue Service and the State of Delaware. The Company has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions. Tax years 2022 through 2024 remain subject to examination by federal and state taxing authorities. There are no ongoing tax examinations.

Note 8 — Long-Term Debt

Long-term debt consists of the following at December 31:

	2025	2024 (Restated)
Auto loan — 2025 Infiniti QX80	$96,463	$—
Auto loan — 2019 Mercedes Benz	—	59,360
Total auto loans	96,463	59,360
Less: current portion	(11,999)	—
Long-term portion	$84,464	$59,360

In 2025, the Company financed the acquisition of a 2025 Infiniti QX80 with an installment loan having an approximate five-year term and fixed monthly payments of approximately $1,800, including principal and interest. The 2024 auto loan related to a 2019 Mercedes Benz, which was satisfied during 2025. As discussed in Note 2, the 2024 current and long-term portions of the auto loan have been restated to reflect the appropriate classification based on the payment pattern that occurred during 2025.

Aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2025 are as follows:

Year ending December 31,	**Principal Payments**
2026	$11,999
2027	12,732
2028	13,510
2029	14,335
2030	15,212
Thereafter	28,675
Total	$96,463

Note 9 — Line of Credit

The Company maintains corporate credit cards with several financial institutions. As of December 31, 2025 and 2024, outstanding balances on these accounts were $22,530 and $28,593, respectively. Interest is charged at variable rates based on the cardholder agreements. Outstanding balances are classified as current liabilities.

Note 10 — Deferred Revenue (Contract Liabilities)

Deferred revenue represents amounts billed or received from franchisees for which the related performance obligations have not yet been satisfied. The components at December 31 are as follows:

	2025	**2024 (Restated)**
Deferred franchise fees	$1,515,949	$1,361,556
Deferred development fees	168,000	148,000
Deferred licensing fees	18,796	10,666
Total deferred revenue	$1,702,745	$1,520,222

The Company expects to recognize the total deferred revenue balance at December 31, 2025 as follows:

Year of expected recognition	**Amount**
2026	$315,000
2027	199,000
2028	199,000
2029	199,000
2030	199,000
Thereafter	591,745
Total	$1,702,745

Note 11 — Refund Liability — FTC Rescission Program

Pursuant to the Stipulated Order with the Federal Trade Commission described in Note 15, the Company offered rescission to certain franchisees during the period ending April 30, 2025. As a result of one franchisee accepting rescission, the Company became obligated to refund a total of $80,000 in franchise fees, payable in installments of $1,000 per month over 80 months. As of December 31, 2025, the Company had paid $33,000 of the obligation, with $47,000 remaining payable in monthly installments through November 2029.

The refund liability balances at December 31 are as follows:

	2025	2024 (Restated)
Refund liability — current portion	$12,000	$33,000
Refund liability — long-term portion	35,000	47,000
Total refund liability	$47,000	$80,000

At December 31, 2024, the Company had accrued $80,000 for the estimated costs associated with rescission offers. During 2025, following completion of the rescission election period, the obligation was finalized and reclassified between current and long-term refund liability. The 2024 comparative presentation has been restated to reflect this current/long-term split, as described in Note 2. Rescission expense recognized for the years ended December 31, 2025 and 2024 was $47,000 and $80,000, respectively.

Note 12 — Stockholders' Equity

The Company is authorized to issue 1,000,000 shares of common stock with a par value of $0.01 per share. As of December 31, 2025 and 2024, 167,500 shares were issued and outstanding. The Company is wholly owned by Samir Shenouda.

During the years ended December 31, 2025 and 2024, the Company recorded owner withdrawals reflected in the statements of changes in stockholders' equity. Owner withdrawals, net of contributions, for 2025 and 2024 were $32,420 and $29,679, respectively.

As of December 31, 2025, the Company had an accumulated deficit of $1,183,410 and total stockholders' equity deficit of $1,226,644. See Note 18 regarding going concern considerations.

Note 13 — Related Party Transactions

The Company has identified the following related party transactions and balances:

Samir Shenouda — Sole Stockholder

Mr. Shenouda is the 100% owner of the Company. The Company had a balance due to owner of $1,505 at December 31, 2025 and 2024. During 2025 and 2024, the Company recorded owner withdrawals, net of contributions, of $32,420 and $29,679, respectively, as presented in the statements of changes in stockholders' equity.

Other Related Party Balance

The Company had a due from related party balance of $12,823 at December 31, 2025 and 2024. No interest is charged on this balance and no specific repayment terms have been established.

Note 14 — Revenue Disaggregation

The following table presents revenue disaggregated by major revenue stream for the years ended December 31:

Revenue stream	2025	2024 (Restated)
Franchise fees	$785,152	$653,633
Royalty income	117,260	51,885
Development fees	144,667	173,111
Licensing fees	15,833	13,128
Resale supplies	334,568	124,283
Ad fund income	45,028	19,321
Total revenue	$1,442,508	$1,035,360

Note 15 — Commitments and Contingencies

Federal Trade Commission Settlement

On October 17, 2024, the Company entered into a Stipulated Order in the matter of FTC v. Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda (Case No. 24-cv-23978-RAR, S.D. Fla.) resolving allegations of violations of the FTC Act. Under the Stipulated Order, the Company and the named individuals were subject to a monetary judgment of $1,258,575, of which $30,000 was paid; the remaining balance of approximately $1,228,575 is suspended subject to ongoing compliance with the conditions set forth in the order. As part of the Stipulated Order, the Company was required to offer rescission to certain franchisees and licensees during a defined period that expired on April 30, 2025. One franchisee accepted the rescission offer. As discussed in Note 11, the Company recorded a refund liability of $47,000 at December 31, 2025, representing the remaining unpaid portion of the related obligation, payable monthly through November 2029. Management believes the Company was in compliance with the Stipulated Order at the date the financial statements were available to be issued. However, because the suspended portion of the judgment could become payable in the event of noncompliance, it is reasonably possible that the Company's estimate of its ultimate exposure could change materially in the near term.

Litigation

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. As of December 31, 2025, one pending matter relates to the default of a franchisee, for which the Company has recorded a specific reserve within the allowance for doubtful accounts. In late March 2026, the Company was named in an additional legal proceeding that was subsequently dismissed by the plaintiff in April 2026. Information regarding this matter is described in Note 19.

Other Commitments

The Company's principal occupancy arrangements at December 31, 2025 consisted of the Office Edge virtual office services agreement and the Bogotá sublease arrangement described in Note 6. Because no arrangement in effect at year-end met the definition of a lease under ASC 842, no operating lease right-of-use asset, lease liability, or future minimum lease payment commitment is presented.

Note 16 — Concentrations and Credit Risk

The Company maintains its cash balances primarily at one financial institution. Such balances may at times exceed the FDIC insured limits of $250,000 per depositor per insured bank; however, balances did not exceed insured limits at December 31, 2025 and 2024. The Company has not experienced losses in such accounts and management believes the credit risk on cash balances is minimal.

Concentration of credit risk on accounts receivable is monitored on a customer-by-customer basis. As of December 31, 2025, accounts receivable due from one franchisee approximated 25% of gross accounts receivable, for which a specific reserve has been recorded within the allowance for doubtful accounts. The default of any principal franchisee represents a risk that could have a near-term severe adverse effect on the Company's operations, financial position, and cash flows.

Note 17 — Vendor Rebate Arrangements

The Company purchases certain inventory items from vendors that provide volume-based rebates. These rebates are accounted for as a reduction of cost of revenue in accordance with ASC 705-20. Vendor rebate income recorded for the years ended December 31, 2025 and 2024 was $206,747 and $246,097, respectively.

Note 18 — Going Concern

In accordance with ASC 205-40, Presentation of Financial Statements — Going Concern, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

At December 31, 2025, the Company reported a net loss of $574,378, had an accumulated deficit of $1,183,410, total stockholders' equity deficit of $1,226,644, and cash and cash equivalents of $191,928. These conditions, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern. This conclusion is consistent with the going concern emphasis paragraph in the auditor's report.

Management's plans to address these conditions include continued recognition of deferred franchise revenue over the related contract terms, continued execution of new franchise and development agreements, ongoing financial support from the Company's sole stockholder, continued cost management initiatives, and ongoing compliance with the FTC Stipulated Order. Management believes these plans may provide additional liquidity and support operations. However, substantial doubt about the Company's ability to continue as a going concern is not alleviated. The financial statements have been prepared on a going concern basis and do not include any adjustments that might result from the outcome of this uncertainty.

Note 19 — Subsequent Events

In preparing these financial statements in accordance with ASC 855, Subsequent Events, the Company evaluated events and transactions for potential recognition or disclosure through April 22, 2026, the date the financial statements were available to be issued.

On February 24, 2026, the Company entered into a merchant cash advance arrangement of approximately $18,257 to support working capital needs. The advance is being repaid through daily remittances of a percentage of credit card receipts.

In late March 2026, the Company was named as a defendant in a legal proceeding in the United States District Court for the Eastern District of Michigan (Baraghith v. Qargo Coffee, Inc., et al., Case No. 2:26-cv-10851-SJM-KGA). On April 9, 2026, the plaintiff filed a Notice of Voluntary Dismissal and the matter was dismissed. The parties have indicated an intent to proceed to mediation. The Company is unable at this time to predict the ultimate outcome of any continuing dispute, and a range of reasonably possible loss cannot be estimated.

No other significant subsequent events were identified that would require recognition or disclosure in the accompanying financial statements.

Qargo Coffee, Inc.

Audited Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2024, and 2023

Qargo Coffee, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Management of

Qargo Coffee, Inc.

Opinion

I have audited the accompanying financial statements of Qargo Coffee, Inc. which comprise the balance sheets as of December 31, 2024, and 2023, and the related statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Qargo Coffee, Inc. as of December 31, 2024, and 2023, and the changes in member's equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Qargo Coffee, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

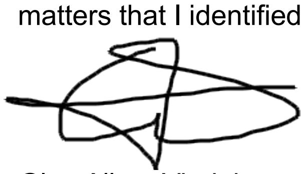
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Qargo Coffee, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Qargo Coffee, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Glen Allen, Virginia
April 9, 2025

QARGO COFFEE, INC.
Balance sheets

December 31,	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 26,678**	$ 78,108
Accounts receivable	**984,304**	1,089,864
Prepaid expense	**1,413**	0
Due from related party	**12,823**	249,586
Total current assets	**1,025,218**	1,417,558
Fixed assets:		
Property and equipment	**99,485**	90,029
Accumulated depreciation	**(38,731)**	(16,562)
	60,755	73,467
Total assets	**$ 1,085,972**	**$ 1,491,025**
Liabilities and stockholders' equity		
Current Liabilities		
Deferred revenue	**$ 1,520,222**	$ 1,616,577
Accounts payable	**13,714**	0
Provision for rescission	**80,000**	0
Franchisee prepaid supplies	**2,423**	0
Line of credits	**28,593**	0
Due to owners	**1,505**	0
Auto loan short term portion	**10,482**	9,157
Total current liabilities	**1,656,940**	1,625,734
Long term liabilities		
Auto loan	**48,878**	54,771
Total liabilites	**1,705,818**	1,680,505
Stockholders' equity:		
Common stock and paid-in capital (withdrawal) - shares authorized 1,000,000, outstanding 167,500 and 167,500	**(10,813)**	17,302
Retained earnings	**(609,032)**	(206,782)
Total stockholders' equity:	**(619,845)**	(189,480)
Total liabilities and Equity	**$ 1,085,972**	$ 1,491,025

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

QARGO COFFEE, INC.
Income Statements

Years Ended December 31,	2024	2023
Revenue		
Franchise fee	**$ 653,633**	$ 389,419
Licensing fees	**13,128**	77,191
Resale supplies	**124,283**	142,217
Royalty income	**51,885**	31,027
Ad fund income	**19,321**	13,275
Development fee	**173,111**	69,225
Total revenue	**1,035,360**	**722,353**
Cost of revenue		
Cost of coffee	**120,204**	157,593
Ad fund expense	**195,824**	67,720
Vendor rebate	**(246,097)**	0
Total cost of revenue	**69,931**	225,312
Gross margin	**965,429**	497,041
General and administrative	**406,390**	241,055
Occupancy rent	**64,202**	37,995
Bad debt	**80,000**	0
Debt forgiveness	**236,763**	0
Compensation of contractors	**165,122**	143,051
S&M expenses	**8,484**	20,392
Professional and legal fee	**385,165**	214,349
Operating expense	**1,346,126**	**656,842**
Operating income (loss)	**(380,696)**	(159,802)
Other income (loss), net	**(21,554)**	12,023
Income before income tax	**(402,250)**	(147,779)
Provision for income tax	**0**	0
Net income (loss)	**$ (402,250)**	$ (147,779)

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

QARGO COFFEE, INC.

Statement of Changes in Stockholders' Equity

Years Ended December 31	2024	2023
Common stock and paid-in capital (withdrawal)		
Balance, beginning of period	$ 17,302	$ (18,846)
Paid-in capital (withdrawal)	(28,115)	36,148
Balance, end of period	$ (10,813)	$ 17,302
Retained earnings		
Balance, beginning of period	$ (206,782)	$ (59,003)
Net income	(402,250)	(147,779)
Balance, end of period	$ (609,032)	$(206,782)

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

QARGO COFFEE, INC.

Statements of Cash Flows

Year Ended December 31,	**2024**	2023
Operations		
Net income	**$ (402,250)**	$ (147,779)
Adjustments to reconcile net income:		
Depreciation	**22,169**	15,655
Changes in operating assets and liabilities:		
Accounts receivable	**105,560**	(785,439)
Due from related party	**236,763**	(72,333)
Provision for rescission	**80,000**	0
Due to owners	**1,505**	0
Deferred revenue	**(95,770)**	980,664
Prepaid expense	**(1,413)**	0
Accounts payable	**13,714**	0
Franchisee prepaid supplies	**2,423**	0
Net cash provided by (used in) operations	**(37,299)**	**(9,232)**
Financing		
Auto loan	**(4,567.91)**	63,928
Line of credits	**28,593**	0
Member's contribution (withdrawal)	**(28,700)**	36,148
Net cash provided by (used in) financing	**(4,675)**	**100,076**
Investing		
Property and equipment	**(9,456)**	(85,286)
Construction in progress	**-**	**35,822**
Net cash used in investing activities	(9,456)	(49,464)
Net change in cash and cash equivalents	78,108	41,380
Cash and cash equivalents, January 1st	(51,430)	36,728
Cash and cash equivalents, December 31st	26,678	78,108

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

QARGO COFFEE, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2024, and 2023

Note 1 - Organization and Business

Qargo Coffee, Inc. is a premium coffee shop chain in the beverages industry since its inception in 2020. It has rapidly expanded its footprint to encompass premier locations nationwide, while boasting a portfolio of over 78 signed license agreements across key regions such as Florida, Georgia, Illinois, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Texas and Washington D.C. Our commitment to excellence and our statement of Italy's Finest Coffee & Pastries is anchored by three fundamental pillars:

People: We are firm believers that American coffee consumers deserve nothing short of exceptional quality and service. Through meticulously crafted experiences, inviting ambiances, premium offerings, and a dedicated team, we ensure each visitor feels not only valued but also empowered with every sip. We also understand that coffee isn't merely a beverage, but it's the vital energy that propels America forward. We endeavor to educate and provide unparalleled quality coffee and pastries, fostering a deep appreciation for the art of coffee consumption.

Product: We serve only the finest quality of Italian Coffee. Coffee in Italy is about ritual, precision, and pride. It’s known for their precise, medium to dark roasts that bring out smooth, rich, chocolatey notes. Italian Coffee's top-tier product is a testament to our unwavering dedication to providing our customers with nothing short of the finest, elevating the Qargo Coffee experience to unprecedented heights, setting a new standard of sophistication.

Planet: Central to our ethos is our commitment to ensuring that every cup served bears the hallmark of sustainability and environmental stewardship. This conscientious approach goes beyond corporate responsibility—it's a testament to our unwavering dedication to excellence and ethical practices, ensuring that each sip of Qargo Coffee embodies purpose, quality, and integrity.
Within our menu offerings, we create exclusive experiences tailored to each city, presenting customers with a selection of unique beverages and culinary delights found nowhere else. Elevating the coffee experience, we craft one-of-a-kind preparations that resonate deeply with our customers and coffee lovers alike.

In addition to our unparalleled culinary offerings, we pride ourselves on providing an exceptional atmosphere through our distinctive architecture and design. Our spaces are meticulously crafted to offer more than just a place to grab coffee on the go—they serve as havens for work, relaxation, and socializing, where customers can truly savor every moment. Whether seeking a quiet corner to focus, a cozy spot to unwind with friends, or a welcoming environment to connect with loved ones, our establishments are designed to cater to every need and occasion.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

The Company recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (ASC 606). Our revenue recognition process is as follows:

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to performance obligations.
Step 5: Recognize revenue when (or as) the Company satisfies the performance obligation.

Invoices are put into the accounting system on the date the agreement is signed and executed. We Increase A/R and Deferred Revenue, because we believe the way the contracts are written monies are owed without conditions and therefore, we determine A/R from inception.

The invoices are split between Franchise Fees, Development Fees, and License Fees

1. Franchise Fees are recognized as follows:
    a. Franchise fees are recognized over 10 years. 75% recognized evenly over the first six months starting on date of signed agreement with the remaining 25% recognized evenly over 9.5 years.
    b. Additional store uses prior mentioned policy commencing on expected target date.
2. Development Fees are recognized as follows:
    1. We believe Development fees are brought in 6 months prior to the approximate target date of store opening. Built around location selection support.
    2. 100% of fee is recognized over 6 months starting on date of signed agreement.
    3. Additional store is recognized same as previously stated using 6 months after first store.
3. License fees use a similar pattern but over the life of the agreement which is shorter. We use the same 75/25% method as stated above.
    a. Franchise fees are recognized over 5 years. 75% recognized evenly over the first six months starting on date of signed agreement with the remaining 25% recognized evenly over 4.5 years.
    b. The additional store uses prior mentioned policy commencing on the expected target date.
4. We track deferred revenue separately for all revenue streams.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in bank deposit accounts. The carrying amount approximates fair value due to the nature of the instruments. As of December 31, 2024, and 2023, the Company’s cash balances did not exceed Federal Deposit Insurance Corporation limits of $250,000 per depositor per bank.

Fixed Assets

Fixed assets consist of a vehicle which is depreciated over a 5-year useful life and computer equipment depreciated over a 3-year useful life.

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 the 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 these estimates.

3. Income Taxes

The Company, with the consent of its stockholders, has been elected to be treated as an S Corporation. In lieu of income taxes at the business level, the members of an S Corporation are taxed based on their proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements. The Company follows the guidance in ASC 740-10 as it relates to uncertain tax positions as of December 31, 2024, and 2023 and has evaluated its tax positions taken for filings with the Internal Revenue Service and the state jurisdiction of Delaware where it operates. The Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

4. Related Parties

Due from (to) related party	**2024**	**2023**
WE Franchise Your Business, LLC	$0	$ 236,763
Other related party	12,823	12,823
	$12,823	$ 249,586

The owner of Qargo Coffee, Inc also owns WE Franchise Your Business LLC. The amount due from WE Franchise Your Business, LLC represents payments for marketing services including social media adverts and lead generation. The $236,763 in 2023 was written off as debt forgiveness in 2024.

5. Loan

Auto loan as of December 31, 2024, and 2023, was as follows:

	Loan Amount				**Interest Paid**	
	2024	**2023**	**Interest rate**	**Matures**	**2024**	**2023**
Auto Loan	$ 59,360	$ 63,928	13.59%	2/1/2029	$ 10,192	$ 8,121
Less: current maturities of long-term debt	10,482	9,157				
Long-term debt, net of current maturities	48,878	54,771				

Principal payments on Auto Loan are due as follows.

2025	$44,289
2026	32,290
2027	18,555
2028	2,833
2029	1,425

6. Leases

We have a short-term lease for our corporate office and facilities. Our leases have remaining lease terms of less than 1 year, some of which include options to extend the leases for up to 1 year, and some of which include options to terminate the leases within 1 year.

7. Line of credit

	2024				
	Line of Credit		Drawn portion		interest rate
American Express	$	10,000	$	19,283	27.74%
Amex Delta	$	4,500	$	4,249	24.99%
Citi Advantage		5,000		5,060	21.49%
Total	**$**	**19,500**	**$**	**28,593**	

8. Contingencies and Legal Matters

As of December 31, 2024, Qargo Coffee Inc. has disclosed the following legal matters that may have an impact on its financial position:

a. **Federal Trade Commission (FTC) Settlement:** In October 2024, the FTC filed a complaint against Qargo Coffee, Inc., Mark Bastorous, Bernadette Bastorous, and Samir Shenouda for alleged violations of the FTC Act. The parties reached a settlement, which includes a monetary judgment of $1,258,575, of which $30,000 has been paid, and the remainder is partially suspended subject to compliance with the settlement conditions. The Company has agreed to offer rescission to franchisees and licensees. As of April 7, 2025, one franchisee has accepted the rescission offer, and the Company expects no additional rescission in 2025. The rescission offers are set to expire by April 30, 2025.

The Company has recognized a provision for the costs associated with the rescission offers. Based on current information, the expected future cost of rescissions and associated refunds have been estimated at $80,000 for which $12,500 was paid in early 2025.

b. **Loss Contingencies:** As of April 7, 2025, no additional threatened or pending litigation or claims have been identified that meet the criteria for recognition under ASC 450, "Contingencies." Specifically, there are no pending or threatened litigations that could result in a loss to the Company of $1,000 or more, nor are there any other contractually assumed obligations that would require provision recognition under US GAAP.

The Company is not aware of any other unasserted claims or assessments against it, nor has it been engaged in any legal consultations that would require the recognition of a provision for loss contingencies as of the Examination Date.

Management's Assessment of Loss Contingencies: Management has assessed the nature of the legal matters described above and has determined that the potential liability related to the FTC settlement should be disclosed in the financial statements. Based on the information available, no further provisions have been recognized at this time, except for the estimate related to rescissions.

9. Accounts receivable

Accounts receivable represents royalties and fees receivable derived from royalties and fees owed by the franchisees not yet remitted. The Company reviewed all outstanding accounts and wrote off $236,763 as allowance for bad debt as of December 31, 2024. No allowance was necessary as of December 31, 2023.

Accounts receivable	**2024**	**2023**
Accounts receivable	$1,064,304	$1,089,864
Allowance for bad debt	(80,000)	0
	$984,304	$1,089,864

10. Property and equipment

	2024	**2023**
Computer Equipment	$18,817	$9,361
2019 Mercedez Benz	80,668	80,668
	99,485	90,029
Accumulated depreciation	(38,731)	(16,562)
	$60,755	$73,467
Depreciation for the year	22,169	15,655

11. Subsequent Events

In preparing these financial statements in accordance with Accounting Standards Codification No. 855 – Subsequent Events, the Company has evaluated events and transactions for potential recognition or disclosure April 9, 2025, the date the financial statements were available to be issued. The Company has no knowledge of significant subsequent events as of this date that would require adjustment to or disclosure in the financial statements.

EXHIBIT E

LIST OF CURRENT AND TERMINATED FRANCHISEES

List of Current Open Franchisees as of December 31, 2025

Franchise Name	Address	City	State	Zip Code	Telephone #
W Investment Group LLC	3670 Woodward Ave.	Detroit	MI	48201	(313) 306-2638
Mahwish Khan	2223 N. Westshore Blvd. Space #FC209	Tampa	FL	33607	(630) 247-5429
Kali Amir Shelton (WLK Coffee Enterprises LLC)	1600 K St. NW	Washington	DC	20006	(202) 400-2515
Yadir Lozano	4700 S McColl Rd Ste 110	Edinburg	TX	78539	(956) 348-2015
Mitesh Patel	12015 Culebra Rd.	San Antonio	TX	78253	(726) 230-5150
Mahwish Khan	755 E Boughton Rd	Bolingbrook	IL	60440	(224) 228-4475
Kapsule Investments LLC	924 Central Ave	St. Petersburg	FL	33705	(727) 800-5375
Rakesh Patel	422 Polaris Pkwy	Westerville	OH	43082	(614) 392-0265
Ahmed Baraghtih & Wafaa Haider	22022 Michigan Ave	Dearborn	MI	48124	(313) 395-2498
Mahwish Khan	225 N Weber Rd	Bolingbrook	IL	60490	(224) 228-4474

List of Current Franchisees Who Have Signed a Franchise Agreement But Have Not Yet Opened as of December 31, 2025

Franchise Name	Address	City or County	State	Telephone #
W Investment Group LLC*	TBD	Michigan	MI	(313) 306-2638
The91 Qargo 01 LLC*	TBD	New Jersey	NJ	(856) 264-7460
Kapsule Investments LLC*	TBD	St. Petersburg	FL	(727) 800-5375
Jathin Yalamanchili*	TBD	Texas	TX	(706) 442-5139
Fayaz Suleman	TBD	North Carolina	NC	(636) 293-2917

Franchise Name	Address	City or County	State	Telephone #
Mahwish Khan*	TBD	Illinois	IL	(224) 228-4475
Beshoy Henin & Gan Mina*	TBD	Essex County	MA	(781) 484-8206 (617) 230-2828
Princeton Pikes Roastery LLC	TBD	New Jersey	NJ	(814) 218-9061
Ahmed Baraghith	TBD	Michigan	MI	(313) 395-2498
Fuad Yahya	TBD	Dearborn	MI	(313) 808- 6700
Aye Pour Corp*	TBD	Burlington County	NJ	(856) 904-1032
Sapreet Singh	TBD	St. Louis	MO	(919) 272-7861
Raja Mittal*	TBD	Las Vegas	NV	(702) 545-5777
ABS88 LLC	TBD	Las Vegas	NV	(702) 845-1418
Rajnish Rai*	TBD	Reno	NV	(775) 240-4721
Mihir Patel*	TBD	Mecklenburg County	NC	(540) 798-0196
Morning Boost Lavish Cafes Corp	TBD	New York	NY	(347) 665-6423
SRI Muktinath Inc*	TBD	McKinney	TX	(469) 509-8912
Bishoy Malak	TBD	New Jersey	NJ	(774) 444-3300
Kushal Bastakoti*	TBD	Dallas	TX	(469) 509-8909
The Daily Rise LLC	TBD	Pittsfield	MA	(508) 840-1045 (508) 904-1751
Mahwish Khan*	TBD	Florida	FL	(630) 247-5429
Ahmed Fraige	TBD	Dearborn	MI	(313) 228-3902
Royal Crown Enterprise LLC*	TBD	Houston	TX	(832) 339-2937
PT Coffee LLC*	TBD	Las Vegas	NV	(702) 480-9333
Joseph Sweets LLC	TBD	TBD	NJ	(862) 202-0813
Klapsway Texas LLC*	TBD	Houston	TX	(331) 330-3678
Kali Amir Shelton* (WLK Coffee Enterprises LLC)	TBD	Washington	DC	(202) 400-2515
Yadir Lozano*	TBD	Hidalgo County	TX	(956) 348-2015
Navjot Gill	TBD	Las Vegas	NV	(702) 515-9611

*These franchisees are Area Developers and have committed to developing multiple units.

List of Former Franchisees

Franchise Name	City	State	Telephone #
Narayan Duwal	Denver	CO	(720) 383-8530
John Long	Orlando	FL	(407) 868-6467
Andrew Cichewicz	West Palm Beach	FL	(561) 596-0695
George Maximos	Tallahassee	FL	(850) 368-2024
Ahmad Alnadi	Sarasota	FL	(941) 284-2612
David Mizrahi	Denton	FL	(480) 209-4015
Navnil Mishra	El Paso	TX	(916) 710-3881
Big Star Holdings LLC	Frisco	TX	(469) 403-3084

EXHIBIT F
FRANCHISE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES, EACH A REGULATED STATE: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, CALIFORNIA. See https://dfpi.ca.gov/whats-new-in-2023-for-franchisors.

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Qargo Coffee, Inc. (“we”, “us”), and you are preparing to enter into a franchise agreement for the right to operate a Qargo Coffee franchise (each, a “Business”). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay us the appropriate franchisee fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Y/N ____________

2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Y/N ____________

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Y/N ____________

4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Y/N ____________

5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?

Y/N ____________

6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Y/N ____________

7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

Y/N ____________

8. Do you understand all disputes or claims you may have, arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

Y/N ____________

9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?

Y/N ____________

10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Y/N ____________

11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?

Y/N ____________

12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Y/N ____________

13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Multi-Unit Development Addendum, provided you have not materially breached that agreement and failed to timely cure that breach)?

Y/N ____________

14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?

Y/N ____________

15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Y/N ____________

16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Y/N ____________

17. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Y/N ____________

18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Addendum concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Y/N ____________

19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

Y/N ____________

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO SPECIFIC QUESTION NUMBER).

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

FRANCHISEE APPLICANT(S):
(add signature lines as necessary)

By:

Name:
Title:
Date:

EXHIBIT G
MULTI-STATE ADDENDA

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The state of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Pursuant to Section 36b-63(c)(23) of the Act, if the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states.

As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective, or an offering circular is on file in the following states:
____

2. A proposed registration or filing is or will be shortly on file in the following states:
____

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

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

5. The proposed registration of these franchises has not been withdrawn in any state.

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.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

The following is added to Item 17(f):

- The conditions under which you can be terminated and your rights on non- renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

- 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.

- Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois law is void.

- 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 waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of a franchisor, franchise seller or other person acting on behalf of a franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following are added to the cover pages:

- **Litigation**. You should review the litigation history of the franchisor and its management. You should conduct your own research about the franchisor and our management team. Be sure to review the litigation disclosure (Item 3) in the FDD and do an internet search of the franchisor and its officers. In addition, before buying this franchise, you should contact existing and terminated franchisees to discuss their experience with the franchisor. Contact information for the franchisees is provided in an exhibit to the FDD.

- **Significant Expansion**. During the last 2 years, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.

The following is added to Item 17:

- The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

- 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.

- Franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, 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 agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

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

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

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.

NEW YORK STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

a. No such party 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.

b. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years 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.

d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer": "However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non- waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied."

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law**": "The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York."

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment, or supplies necessary to begin substantial operation of the business within 45-days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. 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.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. 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.

10. 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 attorney's fees.

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 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.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows: Item 17, summary columns for (v) and (w) are amended to add the following:

- Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- 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.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

- Under 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.

- Under 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 the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

- Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

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.

The following statements are added to Item 17 and are effective for all agreements signed on or after July 1, 2026:

- Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

- Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT
AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ ___________________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and ________________________, a _________________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement(s) to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Waivers Void. Notwithstanding any provision of the Agreement(s) to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

4. Franchise Questionnaires and Acknowledgements. 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.

5. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ____________________________	By: __________________________________
Name:___________________________	Name:_________________________________
Title:__________________________	Title:________________________________
Date:___________________________	Date:_________________________________

INDIANA ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ ____________________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and ________________________, a _________________("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement(s) which would have any of the following effects is hereby deleted:

> (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
>
> (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
>
> (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
>
> (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
>
> (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.
>
> (6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).
>
> (7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. 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.

4. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ______________________	By: ______________________
Name:______________________	Name:______________________
Title:______________________	Title:______________________
Date:______________________	Date:______________________

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ ____________________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and _________________, a _________________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement(s) to the contrary, as a condition of the sale of a franchise, Franchisor shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Franchisor or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Statute of Limitations. Any provision of the Agreement(s) which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement(s) to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. 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.

Agreed to by:

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ____________________	By: ____________________
Name:____________________	Name:____________________
Title:____________________	Title:____________________
Date:____________________	Date:____________________

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT
AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ ____________________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and _________________, a _________________ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement(s) is amended to comply with the following:

- Minnesota Statutes, 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 agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. 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.

4. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	Date: ______________________

NEW YORK
RIDER TO QARGO COFFEE, INC. FRANCHISE AGREEMENT

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK ("Rider") is entered into by and between Qargo Coffee, Inc., a Delaware Corporation, with its principal office at 701 Brickell Avenue, Suite 1550, Miami, FL 33131 ("we," "us" or "our") and ______________________________________("you" or "your"), whose principal business address is ____.

WHEREAS, we and you have entered into a certain Franchise Agreement dated ________________ _______ which grants you the right to operate a Qargo Coffee franchise (the "Franchise Agreement");

WHEREAS, you are domiciled in New York and the Qargo franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 22.1 and 22.2 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force.

2. Article 17 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment.

3. Section 22.1 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ______________________________	By: ______________________________
Name:______________________________	Name:______________________________
Title:______________________________	Title:______________________________
Date:______________________________	Date:______________________________

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ _____________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and, ______________________ a _______________________________("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s).

2. Amendments. The Agreement(s) (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement(s) (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. 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.

4. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By: ______________________________	By: ______________________________
Name:_____________________________	Name:_____________________________
Title:_____________________________	Title:_____________________________
Date:_____________________________	Date:_____________________________

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement and/or Area Development Agreement dated ________ _____________ (the "Agreement(s)"), between Qargo Coffee, Inc., a Delaware corporation ("Franchisor") and, _______________________ a _________________________("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s).

2. Jurisdiction and Venue. Any provision of the Agreement(s) restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. 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.

4. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____________________________________
Name:___________________________________
Title:____________________________________
Date:____________________________________

FRANCHISOR:
QARGO COFFEE, INC.

By: _____________________________________
Name:___________________________________
Title:____________________________________
Date:____________________________________

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

The State of South Carolina has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment, or supplies necessary to begin substantial operation of the business within 45-days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA

In the State of South Dakota, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____________.

FRANCHISEE:	FRANCHISOR: **QARGO COFFEE, INC.**
By:_____________________________________	By:_____________________________________
Name:___________________________________	Name:___________________________________
Title:____________________________________	Title:____________________________________

PRINCIPALS:

____
Name:___________________________________

____
Name:___________________________________

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT AND RELATED AGREEMENTS

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.

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 executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, 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.

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.

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.
The undersigned does hereby acknowledge receipt of this addendum.

Dated this ________________________.

______________________________ ______________________________

FRANCHISOR FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT H
OPERATIONS MANUAL TABLE OF CONTENTS

Manual Section	Number of Pages
Section A - Introduction	33
Section B - Establishing the Business	62
Section C - Personnel	78
Section D - Administrative Procedures	18
Section E - Daily Procedures	47
Section F - Marketing	19
Total Number of Pages	**257**

EXHIBIT I
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:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Qargo Coffee, Inc. offers you a franchise, Qargo Coffee, Inc. must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Qargo Coffee, Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit C.

The franchisor offering the franchise: Qargo Coffee, Inc., 701 Brickell Avenue, Suite 1550, Miami, FL 33131 and (786) 913-9991.

The following names of each franchise seller who each work from 701 Brickell Avenue, Suite 1550, Miami, FL 33131 and can be reached at (786) 913-9991:

Mark Bastorous	Daniela Valencia
Bernadette Bastorous	Juan Pablo Paniagua
Michelle Young	Santiago Guerrero

See Exhibit C for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated April 29, 2026, that included the following exhibits:

A. Franchise Agreement
B. Area Development Agreement
C. List of State Administrators and Agents for Service of Process
D. Financial Statements
E. List of Current and Terminated Franchisees
F. Franchisee Disclosure Questionnaire
G. Multi-State Addenda
H. Operations Manual Table of Contents

Name:____ Date: ______________________________

Signature:_______________________________________ Date Received: ______________
(If other than date signed)

You should return one copy of the signed receipt either by signing, dating, and mailing it to Qargo Coffee, Inc., 701 Brickell Avenue, Suite 1550, Miami, FL 33131 or by scanning and emailing a copy of the signed receipt to: info@qargocoffee.com.

You may keep one copy for your records.

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