



**FRANCHISE DISCLOSURE DOCUMENT  
JUST LOVE FRANCHISE GROUP, LLC**

**A Florida Limited Liability Company**

**761 Old Hickory Blvd.**

**Suite 300**

**Brentwood, Tennessee 37027**

**(866) 496-4836**

[www.justlovecoffee.franchise.com](http://www.justlovecoffee.franchise.com)

[alan@justlovecorp.com](mailto:alan@justlovecorp.com)

We offer a franchise to operate a Just Love Coffee & Cafe® shop that offers a menu featuring upscale coffee and tea beverages, waffles, wraps, baked goods, specialty sandwiches and desserts for breakfast, lunch and dinner.

The estimated initial investment to begin operation of a Just Love Coffee & Cafe shop ranges from \$482,500 to \$743,000. This includes an initial franchise fee of \$39,000, plus opening inventory that costs between \$4,300 and \$10,000 paid to the franchisor or its affiliates. If you enter into an Area Development Agreement with us, the total investment necessary to begin operation of at least three cafés ranges from \$1,419,500 to \$2,201,000, including initial fees of at least \$89,000 that you pay to us.

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 payments to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different format, contact Eric Wheeler at 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027, via e-mail at [eric.wheeler@justlovecorp.com](mailto:eric.wheeler@justlovecorp.com), or by phone at (629) 202-4855.

The terms of your contract (Franchise Agreement) will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. 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, N.W., Washington, D.C. 20580. You can also visit the FTC home page at [www.ftc.gov](http://www.ftc.gov). For additional information, call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: June 6, 2024

## 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   |
|--|---|
| <b>How much can I earn?</b>  | 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 J. |
| <b>How much will I need to invest?</b>   | 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.  |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit B includes financial statements. Review these statements carefully.  |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.  |
| <b>Will my business be the only Just Love Coffee &amp; Cafe business in my area?</b>     | Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.   |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.  |
| <b>What’s it like to be a Just Love Coffee &amp; Cafe franchisee?</b>                    | Item 20 or Exhibits J and K lists current and former franchisees. You can contact them to ask about their experiences.  |
| <b>What else should I know?</b>  | Those 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 L.

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

## Special Risks to Consider About *This Franchise*

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

1. **Out of State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Tennessee. Out of state arbitration and/or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Tennessee than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Please note, certain states may require other risks to be highlighted. Check the State Specific Addenda (if any) to see whether your state requires other risks to be highlighted.

**FOR THE STATE OF MICHIGAN**  
**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE**  
**SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS**  
**ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT**  
**BE ENFORCED AGAINST YOU:**

- (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 franchisee of rights and protection 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 of 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 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 service.

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

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## **EXHIBITS**

|           |   |
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| Exhibit A | State Specific Addenda and Exhibits                                     |
| Exhibit B | Financial Statements  |
| Exhibit C | Form of Franchise Agreement, including Limited Access Concept Addendum  |
| Exhibit D | Form of Area Development Agreement                                      |
| Exhibit E | Form of Conditional Assignment of Telephone Numbers and Listings        |
| Exhibit F | Form of General Release (Successor Franchise, Assignment/Transfer/Cure) |
| Exhibit G | Form of Electronic Funds Transfer Agreement                             |
| Exhibit H | Confidentiality, Non-Solicitation and Non-Competition Agreement         |
| Exhibit I | Table of Contents of Operating Manual                                   |
| Exhibit J | List of Just Love Coffee & Cafe Franchisees                             |
| Exhibit K | List of Just Love Coffee & Cafe Franchisees Who Have Left the System    |
| Exhibit L | List of State Agencies/Agents for Service of Process                    |
| Exhibit M | Forms of Franchise Compliance Certification                             |
| Exhibit N | State Effective Dates and Receipts                                      |

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER.



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

The Franchisor is Just Love Franchise Group, LLC, and is referred to as “we,” “us,” or “our.” We refer to a person or entity that acquires a Just Love Coffee & Cafe franchise (a “**Franchised Café**” or “**Café**”) from us as “you” or “your.”

Franchisor, Parent and Affiliates. We are a Florida limited liability company formed on February 9, 2018. Our principal business address is 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027 and was previously 2000 Mallory Lane, Suite 130-253, Franklin, Tennessee 37067. We do business under our company name and as “Just Love.” As of August 20, 2019, we became a wholly-owned subsidiary of Just Love Enterprises, LLC, a Delaware limited liability company formed on May 17, 2019 (“**Parent**”). The principal business address of Parent is 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027. We have no affiliates that offer franchises in any line of business. Our agents for service of process are listed on Exhibit L.

Predecessors. Our predecessor is Just Love Franchising, LLC (“**JLF**”), a Tennessee limited liability company formed on August 13, 2014. Its address is 129 MTCS Drive, Murfreesboro, Tennessee 37129. Its phone number is (615) 624-8169. On February 28, 2018, we acquired all of the intellectual property rights and franchising rights of JLF. JLF began franchising Just Love Coffee & Cafe shops in August 2014. JLF sold one franchise in Murfreesboro, TN in 2014. That franchise agreement was assigned to us in February 2018.

Just Love Enterprises, Inc. (“**JL IP**”) is a Tennessee corporation formed on January 7, 2014. Its address is 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027. JL IP’s phone number is 615-624-8169. JL IP owned the intellectual property assets used by JLF to franchise Just Love Coffee & Cafe shops. On February 9, 2018, JL IP assigned that intellectual property to us, and on May 18, 2019, we assigned our interests in the Just Love Coffee trademarks to Parent. JL IP does not sell any goods or services to our franchisees.

Just Love Roasting, LLC (“**JL Roaster**”) is a Tennessee limited liability company formed on January 30, 2015. Its address is 129 MTCS Drive, Murfreesboro, TN and its phone number is 615-624-8169. JL Roaster served as a coffee roaster and supplier to JLF. On February 28, 2018, JL Roaster became an affiliate under common control. JL Roaster sells coffee to the franchisees.

Except as described above, we do not have any parent, predecessors or affiliates who have offered franchises in this or any other lines of business.

Our Business. We are in the business of offering single unit and multi-unit franchise opportunities to own and operate Just Love Coffee & Cafe shops and selling or providing goods and services to their franchisees. We began offering franchises for Just Love Coffee & Cafe shops as of February 28, 2018. We do not offer franchises in other line of business. JL Roaster roasts coffee and sells that coffee and other supplies to our franchisees. Other than serving as a supplier to our franchisees and offering and selling franchises for Just Love Coffee & Cafe shops, we do not engage in any other business activities.

The Franchise. We franchise a distinctive business format system for the operation of a “**Just Love Coffee & Cafe**” shop. Just Love Coffee & Cafe shops offer breakfast, lunch and dinner service with different varieties of coffee, tea and a food menu featuring distinctive artisan waffles, breakfast entrees, wraps, sandwiches, salads, sides and desserts, for either on-site dining or take-out. Each Just Love Coffee & Cafe shop operates from a specified location that we designate (the “**Site**”). You may engage in off premises delivery and catering with our consent. Your Site may offer a drive-through window, which we

do not require and would be added at your option. Our Cafés do not serve alcoholic beverages. A typical Site for a new Just Love Coffee & Cafe shop ranges from approximately 1,500 square feet to 2,200 square feet with seating from 40 to 80 persons. Sites are typically located in a shopping center or strip mall with convenient parking, in enclosed malls or other enclosed facilities, and some may have a footprint that is modified to conform to the facility such as a common seating area. We are currently planning the development of prototype units for free standing drive through locations.

We may allow the operation of a Café in a non-traditional venue such as a shopping mall food court, sports arena, transportation center, educational institution dining or recreational facility, health care facility, or other type of venue where you do not control access to the Café by the general public or the hours of operation (each such location, a “**Host Facility**”, and each such Café, a “**Non-Traditional Café**”). If you intend to operate a Non-Traditional Café, then we require you to enter into the Limited Access Concept Addendum to the Franchise Agreement. A Non-Traditional Café may offer a different menu from a standard Café that we approve, share seating and beverage dispensing with other establishment counters, offer service hours to match the traffic in the host facility, have server uniforms that match uniforms worn by other food servers at the Host Facility, and have limited use of Mark-bearing signage and other System elements.

We also offer an Area Development Agreement for the exclusive right to develop a territory large enough for multiple Cafés (the “Development Area”) granted to a qualified enterprise and developer (a “Developer”). The Area Development Agreement does not grant a franchise to operate a Franchised Café but does prohibit us and our Affiliates from operating a Café or granting a license or franchise to anyone else to operate a Café within a defined area for a period of time set by the agreement. This restriction on our rights does not apply to Non-Traditional Cafés that we may locate within the Development Area. Under an Area Development Agreement, you must then meet a Performance Schedule by locating a café site, submitting the information necessary for us to consider the site, obtaining our approval for the site, and then signing our Franchise Agreement for the Café. Upon establishing each additional unit under the Area Development Agreement, a Developer may be required to sign a then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this FDD. Additionally, you must pay a development fee at signing, which will be credited toward the initial franchise fees for each Café you commit to open.

Our business was founded with a mission to help those who are trying to make the world a better place. We have developed a unique fundraising program that offers an easy, cost-effective, and fun way for local charities to raise needed funds through sales of artisan coffees on our website. The commitment to charitable donations and service is an important element of our Brand identity and your local marketing efforts.

To maintain and promote our brand and our company mission, we use, promote and license certain trademarks, service marks and other commercial symbols and other associated logos, designs, symbols and trade dress (collectively, the “**Marks**”) in the operation of Just Love Coffee & Cafe shops (including Just Love Coffee Roasters® and Just Love Coffee Cafe®) , which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional Marks for the operation of Just Love Coffee & Cafe shops.

We also use, promote and license in the operation of Just Love Coffee & Cafe shops certain information capable of being rendered into tangible form that we claim as our copyrights, including spreadsheets, forms, marketing materials, labels, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (collectively, the “**Copyrights**”).

Just Love Coffee & Cafe shops offer and sell only the products, services and merchandise we designate or approve (the “**Products and Services**”), in a distinctive and innovative environment. Our “**System**” is comprised of our distinctive business formats, methods, procedures, the Marks, the Copyrights, recipes, menus, designs, layouts, signs, product and service mix, policies, procedures, rules, methods and standards for operation, design, service, marketing (“**System Standards**”), which include plans and specifications for developing, equipping, renovating, supplying, updating and maintaining Cafés (“**Specifications**”), all of which we may improve, further develop or otherwise modify from time-to-time. Our Manual and our System Standards define the System and will address specifics of the layout of the Just Love Coffee & Cafe shops, number of personnel needed, types of Products or Services offered, amount of inventory carried and the like. The Copyrights include our compilation of the System and substantially all of our System Standards, Specifications, descriptions of Products and Services, policies, procedures, directives, instructions, lists of suppliers and other resources, in the Operating Manual (the “**Manual**”). A Non-Traditional Café will likely modify its design and operations from our Specifications but conform to System Standards as much as possible, with only such variations from our System Standards as we approve in advance.

To be eligible for a Just Love Coffee & Cafe franchise, the applicant must meet our financial qualifications, demonstrate a willingness to meet our brand values of community involvement and the love of coffee and tea beverages, and be willing to undertake the investment and effort to develop, own and operate a Just Love Coffee & Cafe shop. If we agree to grant to you a franchise for an individual Just Love Coffee & Cafe, you must sign and deliver to us our form of “**Franchise Agreement**” attached as Exhibit C to this Franchise Disclosure Document. Your principal owners will be required to complete and sign the Principal Owners Statement attached as Exhibit F to the Franchise Agreement and each of your owners will be required to sign and deliver to us a Principal Owners Guaranty under which they will guaranty the obligations of the franchisee. A form of the Principal Owner’s guaranty is attached as Exhibit F to the Franchise Agreement. Under the Franchise Agreement, you will be granted the right to develop and operate a single Just Love Coffee & Cafe during the term of our franchise, selling the Products and Services using our Marks, Copyrights and System, and only from a Site we approve.

Competition and Market. The market for the goods and services offered by Just Love Coffee & Cafe shops is well established and very competitive for coffee and tea drinkers, and diners who prefer fast casual dining in a coffee house environment that offers no alcoholic beverages. Just Love Coffee & Cafe shops compete with national and regional “chains” and independent local coffee shop businesses, well as restaurants and other retailers that sell coffee and tea. Your ground and whole bean coffee bean retailing will compete with independent and chain retail specialty, warehouse and supermarket stores that sell coffee and tea for preparation outside the store. The location you choose may experience seasonal fluctuations in traffic. Additional market development, including development by franchised and non-franchised competitors, should be expected.

Regulations. Various federal, state and local agencies and jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Just Love Coffee & Cafe, including (without limitation) those which (a) regulate zoning and land use; (b) establish general standards, specifications and requirements for the construction, design and maintenance of the premises; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; and availability of and requirements for accessibility for public accommodations, including restrooms; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; (f) control the operation of delivery vehicles; (g) regulate the proper use, storage and disposal of waste, grease, and other hazardous materials; and (h) nutrition labeling laws governing display of nutritional information and limiting the use of trans-fats in preparation of food prepared or served on-premises. We encourage you to investigate the

laws, regulations and other requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Founder: Rob Webb**

Rob Webb currently serves as our Founder. From our formation in February 2018 until January, 2023, he also served as CEO in Brentwood, Tennessee. He has served as JLF's CEO in Murfreesboro, Tennessee since its formation in August 2014. Mr. Webb has served as President of Webb's Refreshments, Inc. in Murfreesboro, Tennessee since January 2009. Mr. Webb continues to operate one shop location in Murfreesboro TN, which is referred to as a company owned and operated location.

### **Chief Executive Officer: Alan Thompson**

Mr. Thompson has served as our CEO in Nashville, Tennessee since January of 2023. Prior to that he served as President and Secretary in Nashville, Tennessee since our inception in February 2018. Mr. Thompson has served as JLF's Vice President and Secretary in Murfreesboro and Nashville, Tennessee since August 2014.

### **President: Robert A. Speck**

Robert A. Speck has served as our President since August 2023. Since January 2008, he has served as President and Chief Executive Officer of BCB Franchising, LLC, a franchisor of Blue Coast Burrito restaurant franchises in Brentwood, Tennessee.

### **Chief Operating Officer: Richard S. Wozniak**

Richard S. Wozniak has served as our Chief Operating Officer since August 2023. Since September 2009, he has served as the Chief Operating Officer of BCB Franchising, LLC, a franchisor of Blue Coast Burrito restaurant franchises in Brentwood, Tennessee.

### **Vice President of Franchise Development: Kevin Bauerle**

Mr. Bauerle has served as our Vice President of Franchise Development in Nashville, Tennessee since our inception in February 2018. Since May 2016, he has served as President of Franchise Opportunity Consultants, LLC in Nashville, Tennessee.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this disclosure document.

## **ITEM 4 BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

The initial franchise fee (the “**Franchise Fee**”) for an individual Just Love Coffee & Cafe shop franchise is \$39,000 for the first Café with additional locations owned by the same franchisee having a Franchise Fee of \$25,000 each, paid in a lump sum when you sign the Franchise Agreement, or paid 50% with the execution of an Area Development Agreement, with the other 50% paid at Franchise Agreement execution. Franchise Fees are not refundable. We may vary the Franchise Fee when business circumstances warrant. In 2022, the Franchise Fees paid to us ranged from \$25,000 to \$39,000.

When you sign an Area Development Agreement, you must commit to develop two or more cafés. Upon signing the Area Development Agreement, you must pay the \$39,000 initial franchise fee for the first, plus half (\$12,500) of the \$25,000 Franchise Fee for each additional café you commit to develop. You must sign the franchise agreement, pay the balance of the Franchise Fee and obtain our acceptance for your proposed café locations by the dates specified in the Area Development Agreement to obtain the reduced initial franchise fee for each Café.

You must spend at least \$5,000 on the Grand Opening advertising campaign (“**Grand Opening Program**”) for the Café. We may require that you deposit that amount with us at least 60 days before opening and allow us to pay the vendors directly or reimburse you for expended costs of the Grand Opening Program.

You must purchase opening coffee bean and beverage inventory from us. This purchase price for this order ranges from \$6,000 to \$8,000. You must purchase beverage production and kitchen equipment from Total Resa Restaurant Equipment.

Any fees we charge can be paid and collected via ACH payment.

**ITEM 6  
OTHER FEES**

| <b>ITEM 6: OTHER FEES</b>                 |  |   |  |
|---|--|---|--|
| <b>Type of fee<sup>1</sup></b>            | <b>Amount<sup>4</sup></b>  | <b>Date due<sup>3</sup></b>   | <b>Remarks</b>   |
| Royalty Fee                               | 6% of Gross Sales (2)  | Monthly by Electronic Funds Transfer (EFT) with our third-party service provider. | See Note 3. At our option, we can require your Royalty Fee to be paid on a monthly, weekly, or daily basis. We currently process the EFT transactions on a monthly basis.  |
| System Development Fee                    | Up to 3% of Gross Sales; currently: 2% of Gross Sales  | Payable at the same time and by the same method as the Royalty Fee                | We deposit this Fee in the System Development Fund controlled by us  |
| Additional On-Site Training or Assistance | \$500 per trainee and \$1,000 per trainer, plus reimbursement of trainer expenses (travel, lodging, meals, incidentals). We may change these fees in the Manual at any time. | 5 days after billing  | We charge this fee if we require or you request, and we agree to provide, On-Site training or Opening Training Team training in addition to our standard opening training program, or we provide additional Opening Training Team members. |

| <b>ITEM 6: OTHER FEES</b>            |   |   |   |
|--------------------------------------|---|---|---|
| <b>Type of fee<sup>1</sup></b>       | <b>Amount<sup>4</sup></b>   | <b>Date due<sup>3</sup></b>   | <b>Remarks</b>  |
| National Convention Registration Fee | Then-current registration fee; currently \$500 per person   | When we bill you before attending the national convention                               | You or your Manager must attend each national convention we hold that we designate as mandatory.  |
| Local Advertising                    | Minimum of \$1,000 or 2.5% of Gross Sales, per month, whichever is greater.   | Payable directly to advertising agencies, vendors or to us.                             | You must spend at least \$1,000 or 2.5% of Gross Sales, whichever is greater, per month on local advertising, including websites and content that we approve. We may require you to pay and use our local store marketing company if and when we implement the requirement. We may require you to pay these monies to us so that we may place and pay for the local advertising on your behalf. |
| Grand Opening Program                | \$5,000 minimum   | Payable directly to advertising agencies, vendors or to us up to 60 days before opening | You must spend at least \$5,000 on the Grand Opening Program based on a plan that we provide or otherwise approve. We may require you to pay these monies to us so that we may place and pay for the local advertising on your behalf.  |
| LAA Fees                             | Up to 2% of your Gross Sales  | Payable to a local advertising association.   | When there are two or more Just Love Coffee & Cafe in your Designated Primary Area (“DPA”), you may be required to contribute Local Advertising Fees of up to 2% of your Gross Sales to the cooperative or Local Advertising Association (the “LAA”). LAA fees are credited toward your Local Advertising spend obligation  |
| Collection Costs                     | Varies: Amount incurred by us to collect unpaid amounts from you that become past due                                 | On demand   | Includes attorneys’ fees and costs of collection, which may vary greatly.   |
| Interest Charges                     | The lesser of 18% per annum or the maximum legal rate allowable by applicable law                                     | Accrue 10 days after payment due date; payable on demand                                | Applies to past due amounts payable to us.  |
| Late Payment/ Administrative Fees    | \$50 per delinquent payment, or the maximum amount allowable by applicable law, whichever is less (\$30 in Minnesota) | As incurred.  | Applies to past due amounts payable to us. An Administrative Fee will be payable to us if you fail to pay the delinquent fees within the cure period provided in the related notice of delinquent fees we send to you.  |
| Audit Fees                           | Varies: Amount incurred by us to audit  | On demand   | Payable only if an audit shows that you understated your Gross Sales  |

| <b>ITEM 6: OTHER FEES</b>                       |  |  |  |
|---|--|--|--|
| <b>Type of fee<sup>1</sup></b>                  | <b>Amount<sup>4</sup></b>  | <b>Date due<sup>3</sup></b>                          | <b>Remarks</b>   |
|   | your Just Love Coffee & Cafe, estimated to range from \$500 to \$1,000   |  | by more than 2% in any month or year. These costs vary depending upon the circumstances of the audit.  |
| Costs and Attorneys' Fees                       | Varies: Our actual costs and attorneys' fees   | As incurred.   | Payable if your default under any agreement with us causes us to incur legal fees and costs.   |
| Indemnification                                 | Our actual costs; will vary according to loss  | On demand  | You must pay the costs of defense and resolution we incur, including settlements, judgments, attorneys' fees and defense costs for any claim arising from your ownership or operation of the Café. or other covered circumstances, if you are obligated to indemnify us.   |
| Business Management Fee                         | Greater of up to 10% of your Gross Sales or \$5,000 per month, plus expenses   | Paid along with the Royalty Fee on the Payment Date. | Payable if we or an affiliate manages your Just Love Coffee & Cafe on your behalf on a temporary basis if you fail to cure a material breach of the Franchise Agreement or become disabled or deceased.  |
| Training Reimbursement Fee                      | \$10,000. We may change this Fee in the Manual.  | On Demand  | If you hire an employee of another Just Love Coffee & Cafe to work in your Cafe, you must pay us this Fee to reimburse for training expenses incurred to train that employee in our System. We will pay the Fee over to the former employee's employer.  |
| Successor Fees and Costs                        | 50% of our then current standard Franchise Fee plus all out of pocket costs; the transferee (or transferor) must pay a \$10,000 fee to train the transferee.   | When you request that we approve the transfer        | Compensates us for considering the franchise application of and training the successor. We may inspect the Cafe and develop a list of required updates and improvements that the successor or you must complete as a condition to final approval of the transfer; you reimburse our costs of inspection, including travel, lodging and meals |
| Non-Compliance Fee for System Standard Breaches | Currently \$250 per violation. We may change the amount in the Manual. We may levy a Non-Compliance Surcharge of up to 4 times the standard fee if you fail to attend required training or a meeting as part of the cure obligation for the violation. | Due upon invoice                                     | Payable if you breach our System Standards or the Franchise Agreement. We also require you to sign a general release to cure your deficiencies or other breaches of the Franchise Agreement. See Exhibit F.  |

| ITEM 6: OTHER FEES       |  |  |   |
|--------------------------|--|--|---|
| Type of fee <sup>1</sup> | Amount <sup>4</sup>                              | Date due <sup>3</sup>                              | Remarks   |
| Late Reporting Fees      | \$100 per week that any report due to us is late | Due upon invoice                                   | If you are late in submitting to us any mandatory reports, financial or customer data or financial statements in the format we specify, we may automatically process these (and any other fees) via the Computer System.                        |
| Technology Fee           | Currently \$1,000                                | Paid via ACH on the 15 <sup>th</sup> of each month | Includes email, splash radio, Loyalty program, Website, e-cards, menu boards, and training system. We may change the Technology Fee once annually to reflect changes in the cost and scope of providing technology access, content and support. |
| Relocation Fee           | \$2,500  | Date of approval of relocation                     | If you request our approval to relocate your Cafe to another Site.  |
| Other Fees               | Varies: As approved                              | As incurred, as approved by Franchisees.           | We may implement additional fees for additional services if a majority of franchisees in good standing approve our proposal to add or modify any such fee. (7)  |

Notes:

1. Unless otherwise indicated, all fees in this table are imposed by and payable to us, our predecessor or our affiliate. Unless otherwise indicated, all fees in the chart apply the same to each franchise. In general, we expect to impose all fees described in this Item uniformly among all franchisees. We reserve the right to vary these fees if, in our sole discretion, we choose to do so as business circumstances warrant. All fees in this table are non-refundable, except as provided in Item 5. Fees may not be uniform among franchisees.

2. “**Gross Sales**” are defined in the Franchise Agreement as all revenue you derive from operating the Just Love Coffee & Cafe, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the sale of Products or Services and/or in any way associated with the System, and whether from cash, check, barter, digital payment methods, credit or debit card or credit transactions; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; (2) customer refunds, adjustments, credits and allowances authorized by us that are actually made by the business; (3) proceeds from the sale of the capital assets of the Business and any financing of the Business; and (4) amounts excluded from Gross Sales attributable to such promotions, deductions and allowances (e.g., coupons or buy-one-get-one-free offers) as we may specify in the confidential Operations Manual or other Manual concerning the operation of a Just Love® Business (collectively, the “**Manual**”) or in writing at any time. Gross Sales also includes revenue you receive from vending machines or other coin-operated machines or devices dispensing Products and Services and revenue from delivery service sales, retail, concessions, lottery ticket sales, catering, special functions, etc. and sales of products bearing Marks or associated with the System.



3. We will designate the day (the “**Payment Day**”) the payments are due to us in the Manual or by written notice to you. The Payment Day may be daily if we collect fees daily. Otherwise, if weekly, the Payment Day will be Wednesday. We may use a third-party payment processor to collect Royalty Fees. If the Payment Day falls on a national holiday, the payment is due on the first weekday following the Payment Day. We currently require that you pay all payments due to us by the electronic funds transfer method we designate. The form agreement for payments via Electronic Funds Transfer (Automated Clearing House) is attached as Exhibit G. You agree to comply with the procedures we specify in our Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or in written form, as we direct, your Just Love Coffee & Cafe’s true and correct Gross Sales for the immediately preceding day, month, or week (whichever we specify).

4. All fixed dollar amounts may be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor. Each Adjustment will be made effective as of January 1 based on the January Index but the first adjustment will not be made until the second January following the Agreement Date.

5. Currently, there are no advertising or purchasing cooperatives that you must join. If a local advertising cooperative or local advertising association (“**LAA**”) is established, you will be required to contribute to it an amount determined by that local advertising cooperative up to 2% of your Gross Sales per Calendar Year. We expect that if a cooperative (LAA) is formed, there may be written governing documents to review, it will provide annual or periodic statements, will be operated by the cooperative or LAA or a hired advertising agency. We have the right to require the cooperative or LAA to be formed, changed or dissolved. We will permit you access to the payment and expenditure records of any cooperative or LAA to which you contribute. Our or our affiliates’ outlets, if any, will participate on an equal basis, and will contribute on an equal basis. We do not have a defined area for the cooperatives or LAA. They may vary based on industry standards for the media selected. If a local store marketing company is hired for the system, you will be required to participate. All payments are credited to your local store marketing obligation.

6. **Technology Fee.** We have a Technology Fee to support the cost and overhead of providing technology and related assistance to our System. We may require that you enter into a separate technology service or license agreement covering these services. We may change the Technology Fee once annually to reflect changes in the cost and scope of providing technology access, content and support. We may add and drop technology services in our discretion.

7. The term “**good standing**” means that a franchisee has paid all amounts then due under its franchise agreement to us and to our Affiliates, has not otherwise defaulted under its franchise agreement and failed to cure the default within the time permitted, and no event has occurred which would give us the right to terminate the franchise agreement without notice and opportunity to cure, or with notice, the passage of time or both.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

| <b>ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT - SINGLE CAFÉ</b> |                     |                          |                              |  |  |
|--|---------------------|--------------------------|------------------------------|--|--|
| <b>Type of expenditure<br/>(1)</b>                             | <b>Amount (Low)</b> | <b>Amount<br/>(High)</b> | <b>Method of<br/>payment</b> | <b>When due</b>                          | <b>To whom<br/>payment is to<br/>be made</b> |
| Franchise Fee (Note 1)   | \$39,000            | \$39,000                 | Wire Transfer                | Upon execution of Franchise Agreement    | Us   |
| Grand Opening Program (Note 2)                                 | \$5,000             | \$5,000                  | As arranged by you           | Before opening & as incurred             | Approved Supplier                            |
| Travel & Living Expenses for Training (Note 3)                 | \$4,000             | \$8,000                  | As arranged by you           | During pre-opening training; as incurred | Suppliers                                    |
| 1 to 2 Months' Rent Payment (Note 4)                           | \$3,500             | \$15,000                 | Check                        | Before opening                           | Landlord                                     |
| Leasehold Improvements (Note 4)                                | \$250,000           | \$400,000                | As arranged by you           | Before opening; varies by supplier       | Contractors                                  |
| Architectural and Engineering (Note 5)                         | \$16,000            | \$18,000                 | As Incurred                  | Before opening                           | Approved Supplier                            |
| Furniture, Fixtures, Equipment and Supplies (Note 6)           | \$110,000           | \$170,000                | As arranged by you           | Before opening                           | Approved Supplier                            |
| Digital Menu Boards  | \$6,000             | \$7,000                  | As Incurred                  | Before opening                           | Approved Supplier                            |
| Exterior Signage (Note 7)                                      | \$4,000             | \$10,000                 | As arranged by you           | Before opening; varies by supplier       | Approved Supplier                            |
| Point-of-Sale System (Note 8)                                  | \$3,000             | \$4,000                  | As arranged by you           | Before opening; as incurred              | Approved Supplier                            |
| Pre-Opening Inventory & Supplies (Note 9)                      | \$9,000             | \$15,000                 | As arranged by you           | Before opening; varies by supplier       | Approved Supplier (including us)             |
| Security Deposits (Utilities)                                  | \$1,000             | \$2,000                  | As arranged by you           | Before Opening                           | Utility Providers                            |
| Legal, Accounting & Licenses (Note 10)                         | \$1,000             | \$4,000                  | As Incurred                  | As arranged by you                       | Suppliers                                    |
| Insurance (Note 11)  | \$4,000             | \$6,000                  | As arranged by you           | As arranged by you                       | Insurance Companies                          |

| <b>ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT - SINGLE CAFÉ</b> |                     |                      |                          |                    |                                      |
|--|---------------------|----------------------|--------------------------|--------------------|--------------------------------------|
| <b>Type of expenditure (1)</b>                                 | <b>Amount (Low)</b> | <b>Amount (High)</b> | <b>Method of payment</b> | <b>When due</b>    | <b>To whom payment is to be made</b> |
| Employees' Salaries - 2 Months (Note 12)                       | \$7,000             | \$10,000             | As arranged by you       | As arranged by you | As arranged by you                   |
| Additional Funds (3 months, Note 13)                           | \$20,000            | \$30,000             | As Incurred              | As arranged by you | Suppliers; Employees, etc.           |
| <b>TOTAL</b>   | <b>\$482,500</b>    | <b>\$743,000</b>     |                          |                    |                                      |

| <b>ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT – 3 CAFÉ AREA DEVELOPMENT AGREEMENT</b> |                     |                      |                          |  |                                      |
|--|---------------------|----------------------|--------------------------|--|--------------------------------------|
| <b>Type of expenditure (1)</b>   | <b>Amount (Low)</b> | <b>Amount (High)</b> | <b>Method of payment</b> | <b>When due</b>                          | <b>To whom payment is to be made</b> |
| Franchise Fee (Note 1)   | \$89,000            | \$89,000             | Wire Transfer            | Upon execution of Franchise Agreement    | Us                                   |
| Grand Opening Program (Note 2)   | \$15,000            | \$15,000             | As arranged by you       | Before opening & as incurred             | Approved Supplier                    |
| Travel & Living Expenses for Training (Note 3)                                       | \$12,000            | \$24,000             | As arranged by you       | During pre-opening training; as incurred | Suppliers                            |
| 1 to 2 Months' Rent Payment (Note 4)   | \$10,500            | \$45,000             | Check                    | Before opening                           | Landlord                             |
| Leasehold Improvements (Note 4)  | \$750,000           | \$1,200,000          | As arranged by you       | Before opening; varies by supplier       | Contractors                          |
| Architectural and Engineering (Note 5)   | \$48,000            | \$54,000             | As Incurred              | Before opening                           | Approved Supplier                    |
| Furniture, Fixtures, Equipment and Supplies (Note 6)                                 | \$330,000           | \$510,000            | As arranged by you       | Before opening                           | Approved Supplier                    |
| Digital Menu Boards  | \$18,000            | \$21,000             | As Incurred              | Before opening                           | Approved Supplier                    |
| Exterior Signage (Note 7)  | \$12,000            | \$30,000             | As arranged by you       | Before opening; varies by supplier       | Approved Supplier                    |
| Point-of-Sale System (Note 8)  | \$9,000             | \$12,000             | As arranged by you       | Before opening; as incurred              | Approved Supplier                    |

| <b>ITEM 7: YOUR ESTIMATED INITIAL INVESTMENT – 3 CAFÉ AREA DEVELOPMENT AGREEMENT</b> |                     |                      |                          |                                    |                                      |
|--|---------------------|----------------------|--------------------------|------------------------------------|--------------------------------------|
| <b>Type of expenditure (1)</b>   | <b>Amount (Low)</b> | <b>Amount (High)</b> | <b>Method of payment</b> | <b>When due</b>                    | <b>To whom payment is to be made</b> |
| Pre-Opening Inventory & Supplies (Note 9)  | \$27,000            | \$45,000             | As arranged by you       | Before opening; varies by supplier | Approved Supplier (including us)     |
| Security Deposits (Utilities)  | \$3,000             | \$6,000              | As arranged by you       | Before Opening                     | Utility Providers                    |
| Legal, Accounting & Licenses (Note 10)   | \$3,000             | \$12,000             | As Incurred              | As arranged by you                 | Suppliers                            |
| Insurance (Note 11)  | \$12,000            | \$18,000             | As arranged by you       | As arranged by you                 | Insurance Companies                  |
| Employees' Salaries - 2 Months (Note 12)   | \$21,000            | \$30,000             | As arranged by you       | As arranged by you                 | As arranged by you                   |
| Additional Funds (3 months, Note 13)   | \$60,000            | \$90,000             | As Incurred              | As arranged by you                 | Suppliers; Employees, etc.           |
| <b>TOTAL</b>   | <b>\$1,419,500</b>  | <b>\$2,201,000</b>   |                          |                                    |                                      |

Explanatory Notes:

1. The total initial investment will depend on the number of Just Love Coffee & Cafés to be developed. The range of this estimate includes your estimated initial investment for one Just Love Coffee & Café. For the estimated range of costs, we relied on franchisees' information and our predecessor's experience in the coffee cafe business. You should carefully review these figures with your business advisor before making any decision to purchase a Just Love Coffee & Café franchise. These estimates are based on a location that does not have a drive through window that ranges from approximately 1,500 to 2,200 square feet. If you intend to operate your location with a drive-through window, your costs may be significantly higher. The additional costs to operate a location with a drive-through window may be higher by as much as \$75,000. If you intend to operate a Non-Traditional Café, then your costs may vary significantly. The Franchise Fee you pay when you sign the Franchise Agreement is non-refundable. We and our affiliates do not offer direct or indirect financing. Your costs will vary depending on the size of your Just Love Coffee & Cafe, your geographic area, economic and market conditions, competition, interest rates, wage rates, the rate of growth of your sales and other economic factors. This estimate does not include the salaries for you or your manager during training. Amounts disclosed in this Item 7 paid to third parties may be refundable, depending on your negotiations with those third parties. These figures are estimates, and we cannot guarantee that you will not have additional expenses or a longer startup phase.

2. You must spend a minimum of \$5,000 on the Grand Opening Program and related expenses for your Just Love Coffee & Café. See Item 6. See Note 13. Grand Opening Program costs may include your initial order of marketing materials, and the cost of any mandatory product sampling during Grand Opening. The Grand Opening Program expenditure and any associated marketing plan is mandatory. See Item 11.

3. Estimated costs of lodging, meals, and transportation. These costs will vary upon personal preference, number of trainees, and distance from the training site. These estimates do not include direct or indirect payroll costs. See Item 11.

4. Our business model assumes that you lease and remodel an existing building to be the Site of your Just Love Coffee Café, with the Site size ranging from low (1,500 sq. ft.) to high (2,200 sq. ft.). These estimates assume monthly lease payments of approximately \$3,500 to \$7,500 per month for the Site, based on a rental rate including triple net (“NNN”) lease charges of \$27 to \$45 per square foot (rounded to nearest hundred). These rates will likely be higher for drive through and end cap locations. The NNN lease commonly includes monthly shares of common area maintenance fees, insurance and real estate taxes for the center in which the site is located. We also assume that the landlord includes amortization of leasehold improvement costs in the rent as either work performed and paid for by the landlord directly or through a tenant improvement allowance (“TI”) which allows the tenant to contract for the work it wants and receive payment or reimbursement from the landlord. The low range estimate assumes leasehold improvements are necessary, and that a portion of the improvements are included in landlord work and/or TI under the lease. The low range assumes \$250,000 and the high range assumes up to \$400,000 in leasehold improvements are needed, which may include TI. Your initial investment will be higher by as much as \$75,000 or more if you add drive through service to your location, which we do not require and would be added at your option. We do not recommend and do not estimate the cost of purchasing a building or constructing a building. Just Love Coffee & Cafés are generally located on end-cap spaces, and generally require seating for 40 - 80 persons and access to 10 to 30 parking spaces, depending on zoning, number or seats, location, and square footage of the space. If your proposed location has insufficient parking you may need to lease additional parking spaces. The low range assumes one month of rent as the security deposit and free rent during the initial investment period. The high range assumes one-month advanced rental payment, one month rent as a security deposit and free rent during the initial investment period. If you choose to purchase the land and building for your Just Love Coffee & Café, your initial costs likely will be significantly higher than if you choose to lease the premises. Some of your costs for the lease, TI, construction or remodeling and other Site improvements may be financed through a bank or other financial institution. These estimates are based primarily upon our predecessor’s experience in Tennessee where Just Love Coffee & Cafés are currently located. Depending upon your area, your costs may vary. While we recommend you negotiate with the landlord to obtain 3 to 6 months of free rent, you must be prepared to pay rent prior to opening of the Just Love Coffee & Café. This estimate does not assume you pay more than 1 month rent prior to your opening date. It is your responsibility to ensure that all code compliance, accessibility and feasibility issues are resolved to the satisfaction of all interested parties.

5. You must use and pay our approved suppliers The Retail Strategy for site selection assistance and Positive Balance Financial Group, LLC, for accounting services; and choose from multiple approved suppliers for architectural, engineering, and real estate construction.

6. The equipment necessary for the operation includes coffee equipment, refrigeration, oven, waffle irons, freezer, ice maker, counters, shelving and like equipment, as well as small wares. It also includes the Identity Package, which will include custom bar(s), soffit design, interior pictures, colors and specified lighting to implement our standard trade dress. The operation of a drive-through window will require additional equipment to operate. We will assist with the initial drawings or suggestions for the layout, as well as provide our Standards and Specifications to our approved architect for engineered and/or stamped drawings, depending on code requirements in your area. You are responsible for all costs regarding working drawings, construction and architectural plans, as well as for obtaining all permits. Your initial investment costs may be lower if you lease café equipment than purchase it. Your initial investment costs may be higher if your location has a drive-through window. Equipment rental or financing rates and deposit amounts will vary based on credit rating and other factors. We or our affiliates currently do not lease equipment to you.

7. Required signage includes channel letters, monument and other signage available and must adhere to our design specifications. If your location has a drive-through window, additional signage will be required, and your signage costs will be higher.

8. This amount includes the current range of costs of hardware, peripheral equipment, software, installation and training. These costs may vary, depending upon the configuration utilized in your Just Love Coffee & Café and whether your location has a drive-through window. Installation and training by an approved vendor may be required. Participation in, and integration of your Computer System with our gift card and loyalty programs is required.

9. Initial Inventory and supplies include items such as coffee beans and supplies, food products, other beverage products, merchandise, cleaning items, employee uniforms, menus, paper goods and the like.

10. You will need to obtain licenses, bonds and other approvals needed to build-out or remodel the Site for your Just Love Coffee & Café. You should check with the local agency that issues building permits to determine what licenses and fees might be required for the specific site for your Just Love Coffee & Café.

11. Insurance premiums are dependent upon requirements of the state in which your franchise is located, the amount of your payroll and other factors. Your prepaid amount is also determined by your arrangements with your provider.

12. You will need to hire employees and pay salaries to staff your Just Love Coffee & Café. This assumes you employ one person during pre-opening period (2 months prior to opening), and several full-time and part time employees just before and after opening.

13. This amount includes miscellaneous operating expenses and Additional Training Fees, if any. These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Just Love Coffee & Café, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained and other economic factors affecting your market, the local market for the product and how closely you follow our methods and procedures. This estimate does not include the salaries for you or your Manager during training. We do not finance your initial investment costs. Fees paid to third parties disclosed in this Item 7 may be refundable, depending on your negotiations with those third parties. We do not know if those third parties will agree to any refunds or the terms for doing so. We relied on our experience, as well as information provided by our predecessor in determining the additional funds needed and other estimates in Item 7. These figures are estimates, and we cannot guarantee that you will not have additional expenses or a longer initial phase starting the business. This is an estimate of your initial start-up expenses for a single location for 3 months. These figures are not a prediction of net losses or net earnings from a Just Love Coffee & Café. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Unit. They do not estimate cash needs to cover interest or principal payments on lease or debt financing incurred by you or for your other expenses. We cannot guarantee that these amounts will be sufficient, or that you will not have additional expenses starting your Unit. Your costs will depend upon many factors, such as: how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the local wage rate and labor market; local operating costs: competition; local ordinances and building code requirements; and the sales level reached during the initial period. We recommend providing for additional cash reserves to cover your expenditures for supplies, local advertising, utilities, and other miscellaneous operating costs. More working capital may be required if sales are lower or costs are higher than you anticipate. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary greatly from one Just Love Coffee & Café to another, cannot be predicted by us for your Just Love Coffee & Café, and may extend beyond the first month of its operations. We urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular

operation. The franchise disclosure laws require us to include this estimate of all costs to operate your franchise during the “initial phase” of your business, which is defined as the period from signing the Franchise Agreement to one month after you open for business, or a longer period if “reasonable for the industry.” We are not aware of any established longer “reasonable period” for our industry, so our disclosures cover a three-month period (including one month after the Opening Date).

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Except as described below, you are not obligated to purchase or lease from us or our affiliates, our designees or suppliers approved by us, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to the operation of your Just Love Coffee & Cafe. The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a Just Love Coffee & Cafe in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our Specifications and System Standards.

Purchase Restrictions. You must develop and operate your Just Love Coffee & Cafe according to our System Standards. The System Standards may regulate all of your operating purchases and capital expenditures for your Just Love Coffee & Café. Our System Standards regulate the food and beverage products used in production and offered for sale, consumer disposables, dining room, take out, catering, kitchen and operating supplies, and fixtures, furnishings, equipment, services, signs, marketing materials, other inventory and merchandise to be used in establishing and operating the Just Love Coffee & Cafe.

Purchase from Us or our Affiliates. We may designate goods or services you must purchase from us or our affiliates to establish or operate your Just Love Coffee & Cafe. These goods currently include all coffee beans, which must be purchased from us. On an ongoing basis, we may require you to purchase from us or our affiliates any items, equipment, products or services we may designate. We are the only approved or designated supplier of coffee beans and other coffee inventory we indicate as being required to be purchased from us. The taste, flavor and character of coffee beans vary. We reserve the right to control this critical, fundamental aspect of our brand, namely, the sourcing of coffee beans and other ingredients in our beverage offerings, which distinguishes the Just Love Coffee brand from other brands of premium coffee beverages.

Approved Suppliers. In order to maintain the quality and uniformity of the goods and services sold by all Just Love Coffee & Café businesses and the reputation of the brand, we may designate which fixtures, furnishings, equipment, supplies, inventory and other goods and services needed to establish and operate your Just Love Coffee & Cafe from suppliers we approve. We will notify you in our Manual or other communications regarding our standards and specifications for approving and revoking approval of suppliers, including situations in which we may revoke approval. We include these requirements in our System Standards.

We or our affiliate may negotiate contracts with suppliers who serve as exclusive or Approved Suppliers to Just Love Coffee & Cafe businesses. We may require you to purchase or lease from us or our affiliates all of the goods and services we require you to use, and we or our affiliates may purchase such items from others and then require you to purchase them from us. We and our affiliates may receive revenues on the sale or lease of goods or services to you by us, our affiliates.

Some of our current Approved Suppliers include: Toast for the POS/Computer System, Prima Coffee for bar supplies, Mahlkonig for coffee grinders, Mazzer for coffee grinders, Chemex for coffee brewers, Brood for Nitro and Cold Brew, Escali for scales, Prima Coffee for bar supplies, Marco for coffee brewers, Golden Malted for waffle irons, PepsiCo for soda fountains, Total Resa for equipment and kitchen supplies, Marco for pour over brewers, La Marzocco for espresso machines, Sonos for audio equipment, Splash Radio for radio music, Total Resa for glassware and kitchen supplies, and blenders, Signs Unlimited for signage, Total Resa for espresso machines/grinders/coffee & tea equipment. No officer owns any interest in any approved supplier. Because we offer a premium coffee experience and specific flavor profile of our beverages, our Specifications identify certain equipment that produces finished products meeting our System Standards. Other equipment may qualify as a functional substitute for our specified equipment but may not produce the required flavor profile in the finished product. You must purchase from us your opening inventory of coffee beans and other supplies that will cost between \$6,000 and \$8,000. You must purchase the equipment specified above, which is available from Total Resa Restaurant Equipment. The coffee beans are commodities that may change in price with market fluctuations. The price of the equipment package may change if the manufacturers change their wholesale prices. These costs are estimates as of the Issuance Date.

Our only Approved Supplier for site selection assistance currently is The Retail Strategy, 3821 Juniper Trace, #205, Austin, Texas 78738; 512.494.4500. Unless, prior to signing the Franchise Agreement, you have entered a binding, written agreement to purchase or lease or you own a location for your site that we accept, you must engage The Retail Strategy to assist in selection of your Café location. Their fee is paid by us.

Our recommended supplier for architectural and engineering services and real estate and construction management currently is Lines, Inc., 7101 Sharondale Ct., Suite 400, Brentwood, Tennessee 37027; (615) 891-3098. You should engage Lines to assist in the planning and design of your Cafe location and directly pay its fee, which is currently between \$16,000 and \$18,000. Larger sites, prior occupancy and other potential variables could impact this price. We will be able to provide other recommendations for architectural and engineering services and construction management.

Product and Supplier Nominations. You may request our approval of (i) any item that is not listed as meeting our Specifications that would be a competent substitute for an item meeting our Specifications, (ii) the purchase of an item meeting our Specifications that but is not required to be purchased from an Approved Supplier, from a supplier that is not an Approved Supplier, or (iii) your nomination of an alternative supplier to be an Approved Supplier for an item we have designated to be sourced only from an Approved Supplier. You must first submit sufficient information, specifications and samples for our determination whether the item complies with Specifications, or the nominated supplier meets our Approved Supplier criteria. We do not charge a fee, but you must reimburse our expenses for reviewing supplier nominees and unapproved items for which you request approval. We may, in our sole discretion, choose not to review a nominated supplier or item any for any reason, including the projected cost of review. We may publish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of nominated items and suppliers you may submit. Under our current procedure, within 45 days after receiving the requested information about the nominated item or supplier, we will notify you as to whether the nominated item or supplier is approved. If we do not respond within 45 days, your nomination of that supplier or item will be deemed rejected.

Participation of a supplier as an Approved Supplier may be conditioned on requirements relating to product quality, timing and frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the nominated supplier. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share these criteria with you



by disclosing them in the Manual or communicating the criteria directly to you. We can revoke our approval of an Approved Supplier at any time upon immediate notice to the Supplier, you or all franchisees.

Percentage of Purchases. We estimate that the percentage of the goods and services that are restricted by Specifications or to be sourced only from Approved Suppliers can be summarized as follows:

| <u>Nature of Restriction</u>  | <u>% of Total Investment to Establish Café</u> | <u>% of Purchases to Operate</u> |
|---|--|----------------------------------|
| Required Purchases from Us or Our Affiliates                                  | 1% to 5%                                       | 5% to 15%                        |
| Required Purchases from Approved Suppliers (other than Us or Our Affiliates)  | 40% to 65%                                     | 15% to 25%                       |
| Required Purchases in Accordance with Our Specifications and System Standards | 70% to 95%                                     | 20% to 40%                       |

Computer Hardware and Software. We require you to have an integrated point of sale system and management information technology system for the operation of your Just Love Coffee & Cafe. We may require you to install and utilize specified computer hardware and applications software that we may designate for the Computer System.

Insurance. You must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. The insurance policy or policies must be written by a responsible carrier or carriers reasonably acceptable to us, name us (A.M. Best Insurance Companies with A+10 or higher rating) (or our designated affiliate) as an additional insured, and include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us from time to time), in accordance with our written standards and specifications, the following:

|   |  |
|---|--|
| Property and Casualty:  | \$75,000 business personal property<br>\$250,000 tenant improvements<br>\$500,000 business income/extra expense  |
| Professional Liability/Commercial General Liability;<br>with coverage for Products/Completed Operation<br>Personal/Advertising, Injury/Sexual Abuse/Molestation<br>Umbrella Liability | \$1,000,000 each occurrence<br>\$2,000,000 annual aggregate<br>\$100,000 each occurrence for sexual misconduct<br>\$300,000 aggregate for sexual misconduct<br>\$2,000,000 |
| Hired, Non-Owned and Owned Auto Policy  | \$1,000,000 per occurrence/\$2,000,000 aggregate   |

You must also obtain and maintain business interruption insurance and Workers' Compensation Insurance as required by the laws of your state. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance loss and claims history. Your landlord and lender may require additional coverages or higher limited. We recommend the Tucker Agency, LLC as the approved supplier for this service, 21 White Bridge Pike, Suite 201, Nashville, TN 37075, Will Tucker, 615-584-4051. You must name us as an additional insured on all liability policies and provide us with an insurance certificate before opening the Café and then annual before policy expiration showing that you have obtained the required insurance coverage and additional insured designations, as well as providing us with at least 30 days' prior written notice of cancellation, termination or non-renewal of any required insurance policy.

Your obligation to obtain and maintain the insurance policies that we require, in the coverage and limit amounts specified, will not be limited or offset in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement. If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance on your behalf and charge the cost of obtaining the insurance to you, plus a reasonable administrative fee.

Rebates. We have an arrangement with our prime distributor that provides a contribution of \$.35 per case of product delivered to our Cafés to defray the cost of our annual conventions and meetings. Other than that arrangement, we and our affiliates currently do not have any, but may initiate and execute in the future, rebate or sales commission programs or “Preferred Vendor” agreements with Approved Suppliers to Just Love Coffee & Cafe shops. We or our affiliates may negotiate with suppliers and manufacturers to receive rebates or commissions on certain items you must purchase to open and operate the Café. Our rebate programs may vary depending on the supplier and the nature of the product or service. Not every supplier will pay rebates to us. We help arrange purchase and leasing programs for the equipment, but do not guarantee your purchase or lease obligations.

Prospective suppliers and existing suppliers may provide us free samples of proposed products. Certain suppliers and manufacturers may pay us a rebate based on the amount of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. We reserve the right to use such rebate monies or remuneration in any way we choose. Also, our affiliates earn profits on the sale of goods and services to us, and to franchisees.

Rebates and commissions from suppliers compensate us or our affiliates for our or their efforts to establish and maintain relationships with suppliers and distributors. While we may seek to establish supply relationships based on lowest, lower price, or other considerations, such as strategic marketing, strength of supplier, competitive pressures, and the like may influence our decisions to use and negotiate with those suppliers. We require that you participate in any mandatory supply chain programs we may establish.

During the fiscal year ending December 31, 2023, we received rebates of \$131,269 from required or approved suppliers. In 2023, our affiliates sold inventory totaling \$1,169,170 to franchised Cafés, or 59.51% of our total revenues of \$1,965,950 for the fiscal year ending December 31, 2023.

Purchasing or Distribution Cooperatives. There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including prices), for the benefit of franchised and company/affiliate System Restaurants.

Material Benefits. We do not provide material benefits to you (for example renewing or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. However, if you do not use Approved Suppliers or follow our System Standards to operate your Café, we may terminate your Franchise Agreement.

**ITEM 9  
FRANCHISEE'S OBLIGATIONS**

| <b>ITEM 9: FRANCHISEE'S OBLIGATIONS</b>  |   |  |                             |
|--|---|--|-----------------------------|
| <b>These tables list 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.</b> |   |  |                             |
| <b>Obligation</b>  | <b>Section in Franchise Agreement</b>                         | <b>Disclosure document item</b>  |                             |
| a.   | Site selection and acquisition/lease                          | Franchise Agreement ("FA"): Sections 2.1 and 4 and Exhibit A to the FA;  | Items 7, 11 and 12          |
| b.   | Pre-opening purchase/leases to conform to disclosure purposes | FA: Sections 4, 5.3, 5.4, 11.7, 19.1 and 19.2  | Items 5, 6, 7, 8, 11 and 16 |
| c.   | Site development and other Grand Opening requirements         | FA: Sections 2.1, 4, 5, 7., 11.2, 11.4 11.7, 19.1, 19.2 and 19.3   | Items 6, 7 and 11           |
| d.   | Initial and ongoing training                                  | FA: Sections 3.4, 6.5, 6.6, 7 and 11.2   | Item 11                     |
| e.   | Opening   | FA: Sections 5.1, 5.2, 5.3, 5.9, 7, and 12   | Item 11                     |
| f.   | Fees  | FA: Sections 2.5, 3.1, 3.4, 3.5, 4.1, 4.2, 5.3, 6, 7.2, 11.1, 11.3, 11.7, 11.8, 12.1, 12.5, 12.6, 15.3, 17, 21.8 and Exhibit A and Exhibit B to the FA | Items 5, 6 and 7            |
| g.   | Compliance with standards and policies/Operating Manual       | FA: Sections 4, 5, 7.5, 9.1, 9.3, 12 and 13  | Item 11                     |
| h.   | Trademarks and proprietary information                        | FA: Sections 5.7, 8, 9, 11.1, 11.2, 12.8 and 17.4  | Items 13 and 14             |
| i.   | Restrictions on products/ services offered                    | FA: Sections 2.5, 5.4, 5.5, 5.6, 5.7, 5.8, 11.1, 11.2, 11.7, 11.10 and 12.5  | Items 11 and 16             |
| j.   | Warranty and customer service requirements                    | FA: Sections 5.7 and 11.17   | None                        |
| k.   | Territorial development and sales quotas                      | FA: Sections 2, 4.2 and Exhibit B to the FA  | Item 12                     |
| l.   | On-going product/service purchases                            | FA: Sections 5.4, 5.5, 6.10, 11 and 12   | Item 8                      |
| m.   | Maintenance, appearance and remodeling requirements           | FA: Sections 3.1, 3.2, 5.1, 5.2, 5.3, 5.9, 5.10, 11.2 and 11.4   | Items 11 and 17             |
| n.   | Insurance   | FA: Sections 5.6, 5.9, 11.2 and 19;  | Items 7 and 8               |
| o.   | Advertising   | FA: Sections 7.3, 8.2, 8.6, 9.1, 11.2 and 12   | Items 6, 7 and 11           |
| p.   | Indemnification   | FA: Sections 8.9, 18.4 and 20.6; Conditional Assignment of Telephone Numbers and Listings ("CATNL"): Section 3   | Item 6                      |
| q.   | Owner's participation/ management/staffing                    | FA: Sections 1.4, 5.6, 7, 11.1, 11.2, 11.12 and 11.13  | Items 11 and 15             |
| r.   | Records and reports   | FA: Sections 11.2, 11.6, 11.8 and 13   | Item 11                     |
| s.   | Inspections and audits  | FA: Section 14   | Items 6 and 11              |
| t.   | Transfer  | FA: Section 15   | Items 6 and 17              |
| u.   | Renewal   | FA: Section 3  | Items 6 and 17              |

**ITEM 9: FRANCHISEE’S OBLIGATIONS**

**These tables list 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 Franchise Agreement | Disclosure document item |
|------------|------------------------------|--------------------------------|--------------------------|
| v.         | Post-termination obligations | FA: Sections 9.3 and 17        | Item 17                  |
| w.         | Non-competition covenants    | FA: Sections 10 and 17.7       | Item 17                  |
| x.         | Dispute resolution           | FA: Sections 20.5-20.11        | Item 17                  |

**ITEM 9: FRANCHISEE’S OBLIGATIONS**

**These tables list your principal obligations under the Area Development 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 Area Development Agreement                | Disclosure document item |
|------------|---|--|--------------------------|
| a.         | Site selection and acquisition/lease                          | Area Development Agreement (“ADA”): Sections 6, 7, 8 | Items 7, 11 and 12       |
| b.         | Pre-opening purchase/leases to conform to disclosure purposes | N/A  | N/A                      |
| c.         | Site development and other Grand Opening requirements         | N/A  | N/A                      |
| d.         | Initial and ongoing training                                  | N/A  | N/A                      |
| e.         | Opening   | N/A  | N/A                      |
| f.         | Fees  | ADA: Section 5                                       | Items 5, 6 and 7         |
| g.         | Compliance with standards and policies/Operating Manual       | N/A  | N/A                      |
| h.         | Trademarks and proprietary information                        | N/A  | N/A                      |
| i.         | Restrictions on products/ services offered                    | N/A  | N/A                      |
| j.         | Warranty and customer service requirements                    | N/A  | N/A                      |
| k.         | Territorial development and sales quotas                      | ADA: Section 3                                       | Item 12                  |
| l.         | On-going product/service purchases                            | N/A  | N/A                      |
| m.         | Maintenance, appearance and remodeling requirements           | N/A  | N/A                      |
| n.         | Insurance   | N/A  | N/A                      |
| o.         | Advertising   | N/A  | N/A                      |
| p.         | Indemnification   | ADA: Section 17                                      | Item 6                   |
| q.         | Owner’s participation/ management/staffing                    | N/A  | N/A                      |
| r.         | Records and reports   | N/A  | N/A                      |
| s.         | Inspections and audits  | N/A  | N/A                      |
| t.         | Transfer  | ADA: Section 16                                      | Items 6 and 17           |
| u.         | Renewal   | N/A  | N/A                      |
| v.         | Post-termination obligations                                  | N/A  | N/A                      |
| w.         | Non-competition covenants                                     | ADA: Section 2                                       | Item 17                  |
| x.         | Dispute resolution  | ADA: Sections 17, 22, 23, 24                         | Item 17                  |

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or obligations.

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

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

Just Love Coffee & Cafe Program.

Grand Opening Obligations: Before you open your Just Love Coffee & Cafe, we will:

1. Provide you with site selection guidelines, and review and accept or reject the proposed Site for your Just Love Coffee & Cafe. The site must meet our criteria for the location of a Just Love Coffee & Cafe, which includes a "core customer base" determined by us based on a myriad of factors, including, but not limited to, demographic characteristics including the traffic patterns, parking, character of neighborhood, and competition from and proximity to other businesses. Our criteria, and our evaluation of them, may vary periodically and from location to location. We will approve or disapprove a proposed site within 30 days after we receive all written information that we require to assess the proposed site. Within twelve months of signing the Franchise Agreement, you must find an acceptable site and sign a lease for the location on terms acceptable to us, or we may terminate the Franchise Agreement. We will provide site selection counseling and assistance, and on-site evaluations, as we consider necessary and appropriate. (Franchise Agreement – Section 4.1)

2. Review and approve your Letter of Intent, lease, sublease and/or purchase agreement for the approved site for the Just Love Coffee & Cafe. We do not provide legal advice or serve as your real estate agent. (Franchise Agreement – Sections 4.3 and 6.10)

3. Provide you with prototype plans and specifications for your Franchised location. You must, at your expense, have the specific architectural and design plans and specifications, including requirements for dimensions, design, color scheme, image, interior layout, decor, fixtures, equipment, signs and furnishings, adapted for construction of the Just Love Coffee & Café by Lines, Inc., in accordance with our prototype plans and specifications. (Franchise Agreement – Section 4.3)

4. First approve your initial space plans in writing (which may be through an e-mail) and then approve your final architectural plans, construction plans and specifications through a Certificate of Approval. (Franchise Agreement – Section 4.3)

5. If you and we have not already agreed upon a location for your Just Love Coffee & Cafe before signing the Franchise Agreement, we will provide you with assistance in selecting a Site, assist you in coordinating with The Retail Strategy and evaluating their recommendations. In general, we expect that most franchisees will lease, and not own their Site. In general, we do not expect to own and lease a Site to you. We do not select your Site. We approve an area in which you select a Site and grant our approval of it. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other Just Love Coffee & Cafe businesses, the nature of other stores in proximity to the Site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed Site. If you have not done so prior to signing the Franchise Agreement, you must select a Site and submit it to us for approval within six months of signing the Franchise Agreement. We will approve or disapprove a Site you propose within 30 days after we receive

the materials we request regarding your preferred location. If we cannot agree on a Site, we can terminate the Franchise Agreement. (Franchise Agreement – Section 4.1 and 16.2(k)).

6. We provide you guidance on the number and types of employees, and how to train them to ensure your Just Love Coffee & Cafe complies with our System. We are not responsible for hiring your employees. We may impose fees if franchisees solicit another franchisee's employee(s). (See Item 6) We may choose to mediate or resolve disputes among franchisees on a voluntary and informal basis. (Franchise Agreement – Section 5).

7. Identify any other fixtures, equipment (including facsimile machines, telephones, and computer hardware and software), music (including a satellite radio subscription), and any miscellaneous office supplies, equipment or materials necessary for your Just Love Coffee & Cafe to begin operations, and the minimum standards and specifications that must be satisfied and the suppliers from which these items may be purchased or leased (including us and/or our affiliates). We provide this information in writing and through verbal instruction in Training. (Franchise Agreement – Section 5).

8. Loan you one copy of the Manual or at our discretion, make it accessible to you on-line via Internet, Intranet or electronic media. The Manual is confidential and remains our property during and after the term of the Franchise Agreement. (Franchise Agreement – Section 11.1).

9. Provide to you the initial training described in detail later in this Item. We are not responsible for hiring your employees or training them on daily or routine matters not related to the System. (Franchise Agreement – Section 7).

10. We will provide a schedule of all products, furniture, fixtures, supplies, equipment and services required for your Just Love Coffee & Cafe (Franchise Agreement – Section 5.1). We will provide a list of the designated and approved suppliers for the Products and Services required by us for use in your Just Love Coffee & Cafe (Franchise Agreement – Sections 5.4 and 5.5).

11. If you lease equipment we designate as being required to be purchased from us or our affiliates, we or our affiliate, will sell that equipment to a third party leasing company who will lease it to you. We currently do not require you to lease equipment from us or our affiliates. But, we do require you to purchase certain inventory items from us, like coffee. (Franchise Agreement – Sections 5.4 and 5.5)

12. Provide you with the recommended Grand Opening Program to assist you in introducing the Just Love Coffee & Café brand. We will review your suggested modifications, if applicable, to the Grand Opening Program and reserve the right to approve or reject such modifications. (Franchise Agreement – Section 5.12)

Except as set forth above, we have no obligation to provide assistance to you regarding conforming the Site to local ordinances and building codes and obtaining any required permits, constructing, remodeling or decorating the premises, hiring and training employees, providing for necessary equipment, signs, fixtures, opening inventory and supplies.

Time To Opening. We estimate that there will be an interval of approximately 6 to 12 months between the signing of the Franchise Agreement and the signing of your lease and/or the opening of your Just Love Coffee & Cafe, but the interval may vary based upon many factors that may include among them, your ability to get any bonds required by local law, the location and condition of the Site, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with local laws and regulations. The low range of time to opening assumes you are taking over an existing space

with minimum build-out or remodel needed. Unless we grant an extension, we require you to find and obtain our approval of a Site within 12 months after you sign the Franchise Agreement.

You may not open your Just Love Coffee & Cafe for business until: (1) we approve your Just Love Coffee & Cafe as developed according to our specifications and standards; (2) Grand Opening training of you and your personnel has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager of your Just Love Coffee & Cafe and you have demonstrated that the conditions of the Franchise Agreement have been met; (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have approved and received signed counterparts of all required documents pertaining to your acquisition of the Site. You cannot open your Just Love Coffee & Cafe until we are satisfied that you have completed all necessary steps to open. While we may terminate the Franchise Agreement if you fail to open in the time required, we may grant you extensions if your delay is due to your engaging in efforts to comply with laws and regulations, or if you are otherwise complying with our System Standards and you request and we approve an extension.

Post-Opening Obligations: During your operation of your Just Love Coffee & Cafe, we will:

1. Advise you from time to time regarding the operation of your Just Love Coffee & Cafe based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by Just Love Coffee & Café businesses; purchasing required equipment, inventory, materials and supplies; inventory sales; use of suppliers; approved products; employee training; and administrative, bookkeeping and accounting procedures. Our guidance will also include our designating the Products and Services you may offer to your customers. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Just Love Coffee & Cafe. (Franchise Agreement – Section 7.4).

2. Establish our financial reporting, bookkeeping and accounting policies via our System Standards. (Franchise Agreement – Sections 11, 13).

3. Loan you one copy of the Operations Manual (or make the Manual available on-line or via other electronic format), consisting of such materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating Just Love Coffee & Cafe businesses. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules called our “**System Standards**” that we prescribe from time to time for operation of Just Love Coffee & Cafe and information relating to your other obligations under the Franchise Agreement and related agreements. We, in our sole discretion, may make the Manual accessible to you on-line or via other forms of electronic format like, using the Internet or Intranet (instead of loaning one copy of it to you). If we do so, the most recent on-line (or electronic format) version of the Manual will control any disputes involving the Manual. The Manual may be modified, updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to it. Our System Standards may designate how you establish and maintain administrative, bookkeeping, accounting, and inventory control procedures. (Franchise Agreement – Section 11).

4. Issue, modify and supplement System Standards for your Just Love Coffee & Cafe. These may establish minimum or maximum prices to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital

in the Just Love Coffee & Cafe and/or incur higher operating costs. These modifications also will not alter your fundamental status and rights under the Agreement. (Franchise Agreement – Section 11). We will give you 90 days to comply with capital modifications we require. You are obligated to comply with all modifications to System Standards, other than capital modifications, within the time period we specify. In no event will we require you to spend in excess of 25% of your initial investment costs to open the Just Love Coffee & Cafe (your total initial investment described in Item 7) during the initial term of your Franchise Agreement in connection with Capital Modifications.

5. As may be permitted by law, inspect and observe, photograph and videotape the operations of your Just Love Coffee & Cafe, remove samples of any products, materials or supplies for testing and analysis, interview your Just Love Coffee & Cafe's customers and personnel, and inspect and copy any books, records and documents relating to the operation of your Just Love Coffee & Cafe from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement – Section 14.1).

6. Establish, maintain and administer a system-wide fund (the “**System Development Fund**”). You are obligated to contribute to the System Development Fund such amounts that we prescribe from time to time up to a limit set in the Franchise Agreement. Any Just Love Coffee & Cafe owned and operated by us and our affiliates are required to contribute to the System Development Fund on the same basis as franchised Cafés. (Franchise Agreement – Section 12.1-12.4).

7. Provide ongoing training which will assist you in training your employees. (Franchise Agreement – Section 7).

8. We will provide a schedule of all products, furniture, fixtures, supplies, equipment and services required for your Just Love Coffee & Cafe and supply items to you that we require you to purchase from us. (Franchise Agreement – Section 5.1). We will provide a list of the designated and approved suppliers for the Products and Services required by us for use in your Just Love Coffee & Cafe. (Franchise Agreement – Sections 5.4 and 5.5).

9. If you lease equipment we designate as being required to be purchased from us or our affiliates, we or our affiliate, will sell that equipment to a third-party leasing company who will lease it to you. (Franchise Agreement – Sections 5.4 and 5.5)

Except as set forth above, we have no obligation to provide you, after your Café opens, with any assistance with developing products and services the franchisee will offer its customers, hiring and training employees, improving and developing the franchised business, establishing prices for Products and Services, establishing and using administrative, bookkeeping, accounting and inventory control procedures, and resolving operating problems you may encounter. We will not direct or supervise the administration of your Café's human resources functions, including recruitment, selection, hiring, compensation, benefits, scheduling, discipline and termination of your employees. You are solely responsible for those decisions.

Site Approval. Unless, prior to signing the Franchise Agreement, you have entered a binding, written agreement to purchase or lease, or you already own a location for, your Site that we accept, you must use The Retail Strategy to locate sites and obtain our acceptance of the Site you select, and execute a lease, within twelve months after you sign the Franchise Agreement. We will accept or reject a Site proposed within 30 days of your providing the materials we request for considering a Site. We may extend the deadline to open it up to a total of 15 months (using up to three 30-day extensions) from the date you sign the Franchise Agreement, if you are complying with our System Standards for identifying, leasing, constructing and renovating the Site. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other Just



Love Coffee & Cafe businesses, the nature of other stores in proximity to the Site and other commercial and aesthetic characteristics. For example, some of our current guidelines for Sites include traffic patterns of consistent volume level, a sufficient number of parking spaces; proximity to commercial corridors; convenient access with easy left or right-hand ingress or egress; sufficient population within proximity to the Just Love Coffee & Cafe; and number and type of competitors in close proximity. Site visits by us are at our discretion.

If you lease the Site from a third party, or purchase the Site, we first must approve the lease, financing and/or purchase documents that you will sign. We require that they contain certain provisions that are designed to protect our rights. These required terms generally protecting our rights under the Franchise Agreement, our ability to possess the Site if you violate any of your obligations to us, and your right to occupy the Site and operate the Just Love Coffee & Cafe without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the Site to you or own or obtain financing for the Site, must agree to be bound by these provisions. The terms we require that you include in your lease also allow us to take possession of the Site if you violate the lease or any obligation to us under the Franchise Agreement or any other agreement with us. You still will be responsible for all lease obligations covering the time before we take over. If you and the landlord for the Site are or become related in ownership or control, and we eventually take over the Site, any lease will be amended to be the same length as the Franchise Agreement, to be consistent with commercially reasonable “triple-net” leases being signed in your metropolitan area and to reflect the Site’s fair market rental value in your metropolitan area.

**System Development Fund.** Franchisee contributions to the System Development Fund (“**System Development Fees**”) will generally be on a uniform basis, but we reserve the right to defer or reduce contributions of a franchisee and, upon 30 days’ prior written notice to you, to reduce or suspend contributions to and operations of the System Development Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. You are required to pay to the System Development Fund the System Development Fees in the amount of up to 3% of your Gross Sales (currently, 2% of your Gross Sales). Some of our initial franchisees may pay lower amounts and we may phase in their commencement or any increase of System Development Fees. We will direct all programs financed by the System Development Fund, with sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The System Development Fund may be used to pay administrative costs, the costs of franchise owner conferences, preparing audio and written advertising and marketing materials; menu development, developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund may, at our option, use an in-house advertising department or any local, national or regional advertising agency we choose. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at its cost. (Franchise Agreement – Section 12).

The System Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year

an amount greater or less than the aggregate contribution of all Just Love Coffee & Cafe businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the System Development Fund will be used to pay advertising costs before other assets of the System Development Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you, within 120 days following the end of the current calendar year, upon written request. The System Development Fund is not audited. We may use monies from the System Development Fund for the preparation of materials and costs intended to be used solely for franchise sales solicitations. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and the successor entity will have all of the rights, benefits, obligations and duties described in the Franchise Agreement. (Franchise Agreement – Section 12).

The System Development Fund is intended to maximize recognition of the Marks and patronage of Just Love Coffee & Cafe shops. Although we will endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Just Love Coffee & Cafe shops, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by Just Love Coffee & Cafe shops operating in that geographic area or that any Just Love Coffee & Cafe will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. We assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the System Development Fund. We currently do not have sufficient data to disclose what percentage of the System Development Fees may be used for direct franchise sales. (Franchise Agreement – Section 12).

We are not required to spend any specific or minimum amount in your franchise area or territory. We do not assure, and you cannot expect, that you will receive benefits from the System Development Fund that are proportionate to your System Development Fees.

During the fiscal year ending December 31, 2023, System Development Fees were used in the following manner:

|   |     |
|---|-----|
| Reimbursement Expense/Other<br>(we may reimburse franchisees for certain expenses we approve) | 0%  |
| Production  | 38% |
| Media Placement   | 0%  |
| Administrative Expense  | 56% |
| Other   | 6%  |

Your Local Advertising. You must spend monthly for approved local advertising and promotion of your Just Love Coffee & Cafe an amount not less than \$1,000 per calendar month. At our discretion, we may collect these monies from you and place the advertising on your behalf. We may, in our sole discretion, charge up to a 15% administrative placement fee for doing so. We may review your books and records relating to your expenditures for such advertising and promotion. (Franchise Agreement – Section 12.7).

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive

written disapproval within 30 days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have not approved. (Franchise Agreement – Section 12.5).

Local Advertising Association (Cooperative). If a local advertising association is established, you will be required to contribute to it an amount determined by that local advertising association up to 2% of your Gross Sales per calendar year. We expect that if a cooperative is formed, there may be written governing documents to review, it will provide annual or periodic financial statements, will likely be operated by the cooperative or a hired advertising agency. We have the right to require the association to be formed, changed or dissolved. We will permit you access to the payment and expenditure records of any association to which you contribute. Our affiliates' outlets are not obligated to participate on an equal basis. We do not have a defined area for the cooperatives. We reserve the right to designate or approve how its area or membership is determined. We can designate or approve who is responsible for administrating the association. We can require that it be operated via written governing documents. They may vary based on industry standards for the media selected. Any contributions paid to a local advertising association will be deducted from your local advertising requirement. (Franchise Agreement - 12.6).

Advertising Councils. We may, at our discretion, form a Marketing Advisory Panel to be made up of approximately five Franchisees and representatives from the Home Office operations and marketing teams that advise us on advertising policies and marketing initiatives.

Grand Opening Program. We will provide a recommended Grand Opening Program to assist you in introducing the Just Love Coffee & Café brand to your local market during the period that is at least 30 days prior and 30 days following the opening date of your Just Love Coffee & Cafe (or such other period as we may prescribe in the Manual). The goal of the Grand Opening Program is to assist you in building strong sales and developing a loyal clientele, but there is no guarantee that it will do so. You must review the recommended Grand Opening Program, modify the program, and submit it to use for approval no later than 30 days before your Just Love Coffee & Café is scheduled to open. We will approve, reject, or further modify your proposed Grand Opening Program within 10 business days of receipt of your plan. If we do not approve the plan within that time period, your plan will be deemed to be disapproved, and you must follow up with us.

You must spend a minimum of \$5,000 (but may be required to spend additional monies as determined by us if we determine doing so is necessary) for a Grand Opening Program for your Just Love Coffee & Cafe. You may spend more than the minimum amount that we require. The Grand Opening Program and grand opening advertising will consist of a variety of advertising campaigns, meetings with potential customers, social media promotion, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the Just Love Coffee & Cafe. Other amounts that you spend on Grand Opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement.

Computer Systems and POS System. You must buy and install the computer hardware, software, printers, and communications equipment and services we designate or approve (collectively the “**Computer System**”). Your Computer System must allow you to access the internet at the speed we require from time to time. You will have sole responsibility for the acquisition, operation, maintenance, and upgrading of the Computer System. You must use the Computer System for on-line reporting of sales, keeping customer information, and reporting other information to us as required under the Franchise Agreement.

Our System Standards allow us to require you to contract with Approved Suppliers for reputation management and net promoter score responses, as well as to allow us or the reputation management providers to respond to all website inquiries or other inquiries for all franchisees.

The Franchisee will, at its sole expense, lease or purchase the computer hardware, software and computer peripherals required by us for your Just Love Coffee & Cafe that meet the specifications set forth in the Operations Manual (the “**Computers and Software**”). The cost of your Computer System may range from \$2,000 to \$3,000. You will, upon written notice from us, update the Computers and Software to the standards and specifications set forth in the Operations Manual or otherwise in writing by us. You must also enter into software license agreements with approved suppliers for the Software required by us for your Just Love Coffee & Cafe. You will be responsible for paying us, Approved Suppliers and/or vendors the licensing or other fees, costs and expenses incurred to acquire, install and implement the Computers and Software and any updates to the Computers and Software.

We will establish the standards and specifications of your office, telecommunications and computer equipment. We recommend that your Computer System include a laptop computer, point-of-sale terminals, printer, database, business management software and marketing software that meet our current specifications. The estimated cost of your Computer System is disclosed in Item 7 of this disclosure document. Your Computer System will perform accounting, recordkeeping, scheduling, Internet access and reporting functions for your Just Love Coffee & Cafe. Fax and telecommunications equipment, computer hardware and peripherals, maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors. We will have independent access to your Computer System: We will have remote access to the information and data collected and generated by your Computer System. We have the right to independently access all information you collect, compile, store or generate at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data. We currently require you to provide us continuous uninterrupted “24/7” access to your Computer System to monitor your social media, sales, receivables and other financial and operational data we designate. There is no contractual limitation on our right to access these records. There are no contractual limitations on our right to access or retrieve any information contained and/or utilized by your Computer System. (Franchise Agreement – Section 11.7)

Our current approved Computer System is provided by Toast. The current cost to purchase the system from Toast is approximately \$2,300 or \$3,000 if your location has a drive through. It includes the following hardware, 14 inch touchscreen monitor, cash drawer, receipt printer, credit card swipe, handheld mobile terminal, 2 each Epson U220B printers, Guest Facing display screen, Meraki Z3 Router, Ubiquiti indoor wireless access point, and a 16 port ethernet switch. The Computer System may vary if or as we update and approve comparable systems. Approximate cost of the software subscriptions and integrations is \$192.11 dollars per month or \$256 if your location has a drive through. This includes software, enterprise data management, handheld device software, API, and KDS. The Toast software and integrations helps you manage your operations and serves as the POS. The cost for installation, configuration, on-site training and go live support is approximately \$950. The software used by Toast is their proprietary property. No compatible equivalent components or programs have been approved by us to perform the same functions. We reserve the right to change our supplier of software services and electronic cash register systems. The Computer System’s hardware, software and configuration may also vary if or as we update and approve comparable systems.

Toast® and Quickbooks® provide software support through their 24-hour technical support help desks, and all software upgrades and patches, all database management, including updates and backups, and all recordkeeping services that are required by us. You are obligated to install the software upgrades and patches as provided by them. We also provide support in the form of advice with using and maintaining the system on an as-needed basis. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. There are no contractual limitations on the frequency or cost of this obligation.

We may also require you to purchase certain security services, including Payment Card Industry (“PCI”) compliance support services, and system administration and monitoring protection. Your additional costs for these security-related services will vary as requirements or suppliers change over time.

You will have a contractual obligation to upgrade or update your computer hardware and software programs for your Computer System during the term of the Franchise Agreement as required by us. So, you must update or upgrade the Computer System, as we require at any time during the term of the franchise. There is no contractual limitation on the frequency or cost of this obligation, although we estimate that expenditures for Computer System upgrades or updates will generally not exceed \$3,000 per year.

We do not have to reimburse you any Computer System costs. You must maintain your Computer System and keep it in good repair. We estimate that the cost of optional or required maintenance, updating, upgrading or support contract will be between \$500 and \$3,000 per year. While we provide an estimate of the annual cost of any maintenance, updating, upgrading, or support contracts, there is no contractual limit on the frequency or cost of your obligation to upgrade or update the Computer System.

You must, at your own expense, maintain, upgrade, or replace other systems and equipment which you use in connection with the operation of the Just Love Coffee & Cafe, including firewall systems, audio visual entertainment, security camera systems and WiFi/Bluetooth systems. There are no contractual limitations on the frequency or cost of your obligation to maintain, upgrade or replace these systems and equipment.

Internet Website. We have established and maintain an Internet website at the uniform resource locator (currently, [www.justlovecoffeefranchise.com](http://www.justlovecoffeefranchise.com) that provides information about the System and Just Love Coffee & Cafe shops (the “Website”). We may enhance our Website to include a series of interior pages that identify Just Love Coffee & Cafe shops by address and telephone number. We may (but are not required to) include at the Website an interior page containing additional information about your Just Love Coffee & Cafe. If we include your information on the Website, we have the right to require you to prepare all or a portion of the page, at your expense, using a template that we provide. All information is subject to our approval before posting. (Franchise Agreement- Section 12.8)

We will have sole discretion and control over the Website’s design and content. We have the sole right to approve any linking to, or other use of, the Website. We have no obligation to maintain the Website indefinitely but may discontinue it at any time without liability to you. Furthermore, as we have no control over the stability or maintenance of the Internet generally, we are not responsible for damage or loss caused by errors of the Internet. (Franchise Agreement- Section 12.8)

We also may establish and maintain one or more social media sites (e.g., [www.twitter.com](http://www.twitter.com); [www.facebook.com](http://www.facebook.com); [www.instagram.com](http://www.instagram.com); [www.pinterest.com](http://www.pinterest.com), or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associated with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You must adhere to the social media policies that we establish from time to time and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Manual and System Standards, including our take-down policies. You are responsible for ensuring that all of your managers, trainers, sales associates and owners comply with our social media policies. (Franchise Agreement- Section 12.8)

You and your employees will not be allowed to establish or operate any website for your Just Love Coffee & Cafe or establish or participate in any Just Love Coffee & Cafe related blog or other discussion forum without our prior written consent. (Franchise Agreement- Section 12.8)

Table of Contents of Operating Manual. The table of contents of our 162-page Manual as of the date of this disclosure document is attached as Exhibit I.

Training. After you sign the Franchise Agreement and pay the initial Franchise Fees, before the Just Love Coffee & Cafe opens, we will provide initial training for a maximum of 21 days (“**Initial Training**”) known as our “CoffeeU” training process. You and your store manager must, and up to 2 additional persons may, complete the Initial Training, which comprises the following:

Owner/Manager Training. As part of the Initial Training, at least 2 key personnel, who will have day to day responsibility in operations of the Café, must come to Nashville, Tennessee, or other designated training location, for hands on training for 9 days. These 2 key people must finish Expand Share before coming for training. Owners/managers must complete 10 hours of video conference training. Subjects include Welcome/Information Packet, Employees, Training Employees, Labor, Food Cost, Money, Safety, Sanitation/Maintenance, Toast, Customer Service/Just Love Culture. The video training can be scheduled before or after the 9-day hands on training.

Brand Standards and Concept Training. Another 4 days of informal training will take place after opening while the Opening Training Team is present at your Just Love Coffee & Cafe. We may substitute any of these training days at your Just Love Coffee & Cafe, our headquarters or with training at another Just Love Coffee & Cafe. We will also provide general sales training for up to 4 employees (“**Brand Standards and Concept Training**”). Brand Standards and Concept Training is designed to familiarize those Just Love Coffee & Cafe employees with our operating and sales culture and the Just Love Coffee & Cafe’s business. (Franchise Agreement- Section 7). Brand Standards and Concept Training generally takes place 1 to 3 weeks before you are scheduled to open.

Grand Opening/Opening Training Team. We also provide you with an “**Opening Training Team**” for a time that we may designate (up to 7 days) to assist you with the opening of your Just Love Coffee & Cafe. All employees must complete all Expand Share videos applicable to their respective jobs before the Just Love Coffee & Cafe can open. Currently, the Opening Training Team is provided for at least 5 days of Grand Opening with at least one trainer/Opening Training Team member. We may require additional Opening Training Team members or additional days, and if you request additional days or Opening Training Team members, we charge our then current additional opening expenses. This Opening Training Team serves the dual role of assisting you and providing additional training. We require you to, at your expense; provide on-site meals and beverages for the Opening Training Team plus all their travel and living expenses. We are not required to provide an Opening Training Team or other on-site training to you if you are a transferee of an existing Just Love Coffee & Cafe. You are responsible for additional Opening Training Team travel, lodging and meal expenses, plus out of pocket training expenses.

Additional or Other Mandatory Training. You and your employees also must participate in all other activities required to operate your Just Love Coffee & Cafe, including any subsequent mandatory training we designate for new Products or Services programs, equipment, or other activities. There are additional fees for the ongoing training that range from up to \$500 per trainee per day to up to \$1,000 per trainer per day. We also charge this additional training fee if we require or you request, and we agree to provide, additional On-Site training or Opening Training Team training, and if we provide additional Opening Training Team members. We offer additional mandatory training when needed and when we can schedule it approximately at least 2 to 3 times per year. You are responsible for all travel, living and compensation expenses that you and your employees incur in connection with any training we offer or

require. You must pay to us any training expenses we incur on your behalf and you are responsible for any training expenses you incur: these expenses may include published materials, or third-party training fees. Currently, there are no other additional training expenses. (Franchise Agreement- Section 7).

You and trainee employees must complete the Initial Training to our satisfaction. As of our most recent fiscal year end, we provided the following training:

Just Love Coffee & Cafe Program. The following chart summarizes our current Initial Training for Just Love Coffee & Cafe shops:

### **TRAINING PROGRAM**

#### **Owner Training**

| Subject                   | Hours of Classroom Training | Hours of On- The-Job Training | Location   |
|---------------------------|-----------------------------|-------------------------------|--|
| Orientation               | 2                           | 0                             | Home Office or other designated facility         |
| POS                       | 0                           | 5                             | Home Office or other designated facility         |
| OSR and Store Set-up      | 3                           | 0                             | Murfreesboro or Nashville stores                 |
| Marketing                 | 3                           | 4                             | Home Office or other designated facility         |
| Customer Service          | 2                           | 1                             | Home Office and Murfreesboro or Nashville stores |
| Services Meetings         | 3                           | 0                             | Home Office or other designated facility         |
| Scheduling & Hiring       | 2                           | 0                             | Home Office or other designated facility         |
| Admin/Office              | 4                           | 0                             | Home Office or other designated facility         |
| Food Ordering & Inventory | 3                           | 2                             | Murfreesboro or Nashville stores                 |
| Roasting/Coffee Ordering  | 0                           | 3                             | Murfreesboro or Nashville stores                 |
| <b>TOTAL</b>              | <b>22</b>                   | <b>15</b>                     |  |

#### **Initial Training**

| Subject             | Hours of Classroom Training | Hours of On- The-Job Training | Location         |
|---------------------|-----------------------------|-------------------------------|------------------|
| Coffee Training     | 0                           | 40                            | Nashville stores |
| Kitchen Training    | 0                           | 40                            | Nashville stores |
| Expand Share Videos | 5                           | 0                             | Nashville stores |
| <b>TOTAL</b>        | <b>5</b>                    | <b>80</b>                     |                  |

We are constantly in the process of evaluating and improving our training programs so they may change at any time.

All initial training or any additional or mandatory will be offered as often as we deem necessary, and will be held in Nashville, Tennessee or at another location designated by us.

We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. There currently are no fixed (i.e., monthly, or bi-monthly) training schedules. Training days may be up to 8 hours in length. Our initial training program will include classroom and on-the-job instruction on topics selected by us. The hours of classroom or on the job training overlap and the subjects are not distinctly separated during training.

In 2023, none of our franchisees received mandatory additional training.

In addition to our training program, we may establish and currently have System Standards which may require Just Love Coffee & Cafe shops and their owners to join the International Franchise Association, various coffee related organizations, and attend their training programs which we may designate as mandatory for franchisees.

#### Explanatory Notes to Training Chart

1. Our training is supervised by our Senior Director of Operations & Development, Jessi Harding. Other employees of ours or an affiliate may also assist in training. Instruction materials include our Confidential Manual. You may be provided additional training materials at our discretion. Our training schedule for each Owner and another key person includes 38 hours of classroom instruction and 73 hours of on-the-job training, to be conducted over a two-week period. The actual number of hours and the period for completion of training for each attendee may depend on several factors, such as the prior education, experience, and diligence of the attendee.

2. Jessi Harding has over twenty-five years of training and operations experience in the food and beverage industry and one year of experience with us.

3. Erica Scott will assist with training in franchise operation and development. Erica has over five years of operational and training experience training personnel in the food and beverage industry and one year of experience with us.

4. Initial Training is provided to an Owner, the Café's Manager and up to a total of two additional staff (a total of four persons) at no additional cost to you. You must pay the compensation, benefits, taxes, travel expenses and other expenses for all persons who attend training on your behalf. You and your Café's Manager must successfully complete the training program before you open your Just Love Coffee & Cafe.

5. After you and your Manager and up to two other persons have successfully completed the training program, we will arrange for a Trainer to assist you with opening your Just Love Coffee & Cafe. For up to seven days the Trainer assists Grand Opening initial training (during Grand Opening) implementing and training your employees in using the System at your Just Love Coffee & Cafe.

6. Generally, the opening of your Just Love Coffee & Cafe will take place within six to 12 months after you sign the Franchise Agreement. Factors which will affect your opening date include selecting and acquiring the location for your Just Love Coffee & Cafe, remodeling or constructing your business premises, obtaining the required licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain written approval from us to open your Just Love Coffee & Cafe.

7. You, your Manager and/or previously trained and experienced Managers must attend any periodic refresher training courses that we or our designees provide from time to time and pay the applicable



fees, or that may be obtained from hospitality industry providers. You also will have to pay us for training new Managers first hired after the Just Love Coffee & Cafe's opening. The employee training program must be conducted by trainers that we have approved who have also satisfactorily completed our training. When training is onsite, you must provide an alternative training facility acceptable to us if we believe that construction or other distractions prevent us from satisfactorily performing the training on premises. Currently, we charge \$500 per trainee and \$1,000 per trainer per day, plus the trainer's travel and living expenses, for additional or periodic training at or near the Café.

## **ITEM 12 TERRITORY**

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

### Just Love Coffee & Cafe Program.

Site. The franchise is granted for a specific location address that first must be approved by us (the "Site"). The Site will be located in a "**Primary Area.**"

Primary Area. As long as you are in compliance with the Franchise Agreement, we will not grant a franchise for, nor ourselves operate, a Just Love Coffee & Cafe from a fixed location within your Primary Area. Other than your right to operate a Just Love Coffee & Cafe at the Site we approve within the Primary Area, we do not grant you any territorial rights whatsoever. Unless otherwise negotiated with you when the parties sign the Franchise Agreement, your Primary Area will be a geographic area we determine to be within a 5-minute driving distance radius from the Site, which we determine in our sole discretion using mapping methods we designate. The shape of a 5-minute driving distance geographic area is irregular, does not contain a minimum number of persons or businesses, and may vary due to available information on road conditions, traffic congestion and other factors. In high density urban areas, we may determine a Primary Area by using walking distance, foot traffic patterns, mass transit access points, zip codes or other factors we deem relevant in our sole discretion.

Factors that influence our grant of a Primary Area if different from a geographic area we determine to be within a 5-minute driving distance radius from the Site, include the proximity of the Site to high population density, mass transit, shopping centers, business parks, industrial parks, transportation terminals, traffic counts, speed of traffic, consumer patterns, ease of access, visibility, and competition locations. The Primary Area does not include, and we reserve the right to operate, directly or through an affiliate or another franchisee, a Non-Traditional Café in a Host Facility. If your Café is a Non-Traditional Café, we require that you sign a Limited Access Concept Addendum when you sign the Franchise Agreement.

You may engage in off-Site delivery and catering to any address within the Primary Area. You may not engage in off-Site delivery or catering to any address outside the Primary Area without first obtaining our consent, which we may withhold in our sole discretion. You must conform to our System Standards for quality of off-site delivery and catering Products and Services. We may, in our sole discretion, limit off-Site delivery and catering of a Limited Access Concept Café located within a Host Facility to the recipients located in the Host Facility. We may prohibit a Café not located within a Host Facility from delivering Products and Services to a Host Facility customer during the hours of operation of the Limited Access Concept Café.

In a renewal (successor Franchise) or transfer situation, we may require you or the transferee to accept a different Primary Area based on the methodology we then use to set Primary Areas. You do not receive any rights of first refusal, options, rights to acquire additional franchises or territory or other

expansion rights or similar rights by signing the Franchise Agreement, and the grant of such rights is not related to your performance of your Franchise Agreement or satisfaction of any quota.

Other Just Love Coffee & Cafe Shops. We may establish other Just Love Coffee & Cafe shops (franchised or owned by us or an affiliate) anywhere outside of the Primary Area that may or may not compete with your Café. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell to any party anywhere (even within your Primary Area), Products and Services bearing the Marks or Copyrights without any compensation to you.

#### Area Development Agreement

The Area Development Agreement identifies the Development Area within which you must develop multiple Franchised locations under the Performance Schedule. The Development Area will be a geographic area described in Attachment A of the Area Development Agreement and chosen by a method of delineation that we determine is appropriate under the circumstances. During the term of the Area Development Agreement, neither we nor our Affiliates will operate or license any other person or entity to operate a Franchised Café within your Development Area, and we will not enter into another Area Development Agreement that overlaps its Development Area with yours. We will determine the Development Area and the Performance Schedule before you sign the Area Development Agreement, based on various market and economic factors such as an evaluation of the market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market. The continuation of your Area Development Agreement depends on your compliance with its Performance Schedule.

Alternative Channels of Distribution. We retain the right, in our sole discretion, to sell Products and Services, including coffee and other beverage products identified by the Marks and Copyrights through distribution channels other than Just Love Coffee & Cafe shops (including at sporting events, other special events, “races” and other competitions, internet, intranet, catalog sales, websites, e-mail or other forms of e-commerce) (“**Alternative Channels of Distribution**”). We may sell Just Love Coffee ground and whole bean coffee and other proprietary beverage products packaged for retail sale through grocery stores, mass market retailers, warehouse stores and other retail locations without compensation to you. You will not receive compensation for sales through Alternative Channels of Distribution in your Primary Area or to customers in your Primary Area unless we establish a compensation program for doing so in the Manual.

Options or Right of First Refusal. The Franchise Agreement does not grant you any options, right of first refusal or similar right to acquire additional franchises. We do not have to provide you any right of first refusal to operate an Off Premises Location if doing so would be part of Alternative Channels of Distribution.

Rights We Retain. Under the Franchise Agreement, we (and our affiliates) retain the right in our sole discretion to:

1. Establish and grant to our franchisees the right to establish Just Love Coffee & Cafe shops anywhere outside the Primary Area and Development Area, on such terms and conditions as we deem appropriate (even immediately outside the border of the Primary Area or the Development Area);
2. Operate, and grant franchises to others to operate businesses, whether inside or outside the Primary Area, specializing in the sale of products or provision of services, other than a Competitive Business (See Item 17), using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

3. Operate, and grant franchises to others to operate Just Love Coffee & Cafe shops, whether inside or outside the Primary Area that do not use the Marks or Copyrights;

4. Market and sell, inside and outside of the Primary Area, through Alternative Channels of Distribution goods and services competitive with goods and services offered by Just Love Coffee & Cafe shops under the Marks or under trade names, service marks, or trademarks other than Marks, without any compensation to you and in such amounts in such manner as we determine in our sole discretion; and

5. Engage in any act or exercise any right not expressly and exclusively provided to you under your agreement with us.

We are not required to pay you if we exercise any of the rights described above inside of your Primary Area. We do not restrict you from soliciting or accepting customers from outside of your Primary Area for on-premises sales at your Just Love Coffee & Cafe. You do not have the right to use Alternative Channels of Distribution to make sales where the Products or Services are provided at locations other than your Site.

You may not relocate your Just Love Coffee & Cafe without our previous written approval. We will grant approval in most instances if you are in full compliance with your Franchise Agreement, have paid all money owed to us and our affiliates and the proposed location meets our Site selection criteria and you comply with the lease requirements in the Franchise Agreement. If you obtain approval of the replacement Site and lease in accordance with our then current Site approval process, you must reopen the Just Love Coffee & Cafe at the replacement Site as soon as practicable, but in no event more than thirty (30) days after the closing of the original Site.

Other Franchises. Except as previously described in this Item 12, neither we nor any of our affiliates has established or presently intends to establish other franchises or company-owned outlets which sell similar products or services under a different tradename or trademark. However, we and our affiliates have retained the right to do so. We may be acquired by the owner of, or we may acquire, a franchise or company restaurant chain that offers products and services identified by another trademark or commercial symbol that are competitive with the Products and Services, which may have locations within the Primary Area or Development Area. No such transaction will violate your territorial rights and our territorial obligations. Any such chain and we may use or share common systems, technology, marketing, support systems, personnel and other infrastructure resources.

Territorial Disputes Among Franchisees. We have no contractual obligation to resolve disputes among franchisees. Our current policy is that we may exercise what we believe to be appropriate efforts to resolve any conflicts which arise in our System concerning our distribution activities, or involving territory, customers, or support. We may impose fees or fines to resolve territorial disputes if they involve breaches of our System Standards. If you have a conflict, you should contact our compliance department at alan@justlovecorp.com for independent review and decision. Conflict issues will be addressed on a case-by-case basis.

There are no restrictions on customers to whom you may sell, and all sales must be made at your Just Love Coffee & Cafe. You may not sell any goods or services from or to any location other than your Just Love Coffee & Cafe.




We can solicit and accept orders for Alternative Channels of Distribution from within your territory (Primary Area).

**ITEM 13  
TRADEMARKS**

Trademarks. The Franchise Agreement grants you the right to use certain trademarks, service marks and other commercial symbols in operating a Just Love Coffee & Café. The primary trademarks we use are the “JUST LOVE®” and other names, logos, symbols, and associated designs and trade dress defined previously as the Marks. You must use and we require you to use the Marks in operating your Just Love Coffee & Cafe. You may not use any other marks or branding to identify your Café.

The Marks and registrations below were assigned to Parent effective as of May 18, 2019. We are granted a worldwide license of the Marks and System with the exclusive right to franchise the Marks and the System for 50 years. We are obligated to assure that all sublicensees comply with quality standards set by Parent. The trademark license agreement can be terminated by Parent only if we breach the agreement and fail to cure the breach within 60 days after receiving written notice of the breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization, or are the subject of an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws, and such involuntary case continues for more than 90 days after its initial filing without dismissal. At termination of the trademark license agreement, we are obligated to assign to Parent all license, franchise and sublicensing agreements which we have entered into for the use of the Marks and the System, which shall continue in full force and effect until the expiration of the terms then in effect. If such an assignment occurs, Parent will not assume any liabilities that pre-date the assignment, for which we will remain liable.

Trademark Registration. As indicated below, our predecessor registered the following Marks on the Principal Register of the United States Patent and Trademark Office (the “PTO”):

| MARK   | STATUS     | REGISTRATION NUMBER | REGISTRATION DATE | CLASS                  |
|--|------------|---------------------|-------------------|------------------------|
| JUST LOVE COFFEE & CAFE<br> | Registered | 5636578             | December 25, 2018 | IC 043 US 100, 101     |
|                             | Registered | 6754994             | June 7, 2022      | IC 035 US 100, 101,102 |
|                             | Common law | N/A                 | N/A               | N/A                    |

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending

infringements, cancellation or opposition proceedings or material litigation, involving the Marks. No affidavits or renewal applications have become due and are yet to be filed.

Use of the Marks. You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

Infringements. You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. While we may choose to do so, we are not required to protect your right to use the Marks, or protect you from claims of infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

We are not aware of infringing users of our Mark.

Changes to the Mark. If it becomes advisable at any time in Parent's or our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. If so, we will reimburse you for your reasonable direct expenses of changing the Just Love Coffee & Cafe's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademarks in any state.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents that are material to the franchise that are owned or licensed by us. Neither we nor our affiliates have any pending patent applications that are material to the franchise.

We claim copyright protection and proprietary rights in all copyrightable aspects of the System, including our Operations Manual, our website, correspondence and communications with you or other franchisees relating to the System, training, advertising and promotional materials and other written materials used in operating a Just Love Coffee & Cafe.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect that limit our right to use and/or authorize franchisees to use the copyrighted materials. There are no infringing uses

actually known to us which could materially affect use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when in the best interest of the System. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright.

The Operations Manual and other materials and information we may give you access to contains our confidential information that we treat as trade secrets. This information includes, but is not limited to, methods, formats, specifications, formulas, product and service offerings, standards, procedures, sales and marketing techniques, knowledge of and experience in developing and operating Just Love Coffee & Cafe shops, knowledge of specifications for and suppliers of certain fixtures, equipment, materials and supplies, and knowledge of the operating results and financial performance of Just Love Coffee & Cafe shops. You and your owners must not communicate or use our confidential information for the benefit of anyone else during the term of the Franchise Agreement. After the Franchise Agreement terminates or expires, you and your owners may no longer use the confidential information and must return it to us. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third-party beneficiary of that agreement with independent enforcement rights.

If you or your owners develop or learn of any new ideas, concepts, processes, techniques or improvements relating to the operation or promotion of your Just Love Coffee & Cafe, you must promptly notify us and disclose to us all necessary information about such ideas, concepts, processes, techniques or improvements, without compensation. These ideas, concepts, processes, techniques or improvements will be assigned to us as our property, to become part of the System. You and your owners must sign whatever documents we request to convey ownership to us and to assist us in securing intellectual property rights and protection in such ideas, concepts, processes, techniques, or improvements.

#### **ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must at all times faithfully, honestly and diligently perform your obligations under any Franchise Agreement, continuously exert your best efforts to promote and enhance Just Love Coffee & Cafe Businesses and not engage in any other business or activity that conflicts with your obligations to operate your Just Love Coffee & Cafe in compliance with the Franchise Agreement.

Either you, or one (1) of your principal owners (with ownership of at least 20% of your governance rights if you are a business organization (like a corporation, limited liability company or limited partnership)) (a “**Business Entity**”), or a person you authorize as a manager of your Just Love Coffee & Cafe must meet our qualifications and pass our training for Just Love Coffee & Cafe managers and participate personally in the direct (active) operation of your Just Love Coffee & Cafe (“**Business Manager**”).

Our current qualifications for Business Managers are: (i) have a sufficient amount of experience to demonstrate to us that he/she is capable of managing a Just Love Coffee & Cafe; (ii) have management responsibility and authority over the Just Love Coffee & Cafe on a day-to-day basis; (iii) be actively employed on a full-time basis to manage Just Love Coffee & Cafe operations; and (iv) satisfactorily complete our Initial Training program and any other training programs we require during the term of your Franchise Agreement.

We require your equity owners and employees to sign Confidentiality and Non-Solicitation and Non-Competition Agreements with you that lists us as a third-party entity. You will need to have these

prepared by your attorney and insure that they impose the same restrictions as are provided under the Franchise Agreement.

If you are a Business Entity, your equity owners must personally guarantee the Business Entity's obligations to pay and perform under the Franchise Agreement, maintain confidentiality, and comply with certain covenants regarding Competitive Business activity. The form of "**Principal Owner's Guaranty**" is attached as Exhibit G to the Franchise Agreement. We require you to complete and submit to us a "**Principal Owner's Statement**" in the form attached as Exhibit F to the Franchise Agreement, describes all of your owners and their interests in the Business Entity, when your sign and deliver the Franchise Agreement.

We have the right to modify System Standards to enhance and maintain the competitiveness of the Just Love Coffee & Café brand, improve the customer experience, enhance operating efficiencies and for other business reasons, including changes to accommodate regional or local variations. We may grant waivers, delays or further changes to these modifications, and any such modifications may obligate you to effect modifications, renovations or other changes to your Just Love Coffee & Cafe ("**Capital Modifications**") and/or incur higher operating costs; provided, however, that you will not be required to implement such modifications will not: occur within 12 months after the effective date of your Franchise Agreement. We will not require you to spend more than 25% of your total initial investment in your Café, as shown on your financial statements, during the initial term of your Franchise Agreement to comply with Capital Modifications. We will give you 30 days to comply with Capital Modifications. If a Capital Modification requires an expenditure of more than \$5,000, we will give you 60 days to comply. Capital Modifications are in addition to costs you incur to repair, replace, or refurbish your equipment and fixtures. In addition, Capital Modifications do not include expenditures you are required or choose to make to comply with applicable laws, governmental rules or regulations (e.g., ADA compliance).

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale and use all products, and perform all services, that we require from time to time for Just Love Coffee & Cafe shops. You may not offer for sale or use any products or perform any services that we have not authorized in the Manual or otherwise in writing. Our System Standards may regulate required or authorized products, product categories, services, and supplies. We have the right to change the types of required and/or authorized goods and services from time to time. Other than limits imposed by applicable laws, there are no limits on our right to do so.

We do not impose restrictions or limitations on your access to customers other than marketing, off premises delivery and catering outside your Primary Area. We prohibit or limit your use of Alternative Channels of Distribution. If we require you or you volunteer to participate in a limited time offer, you must comply with the time schedule, terms and conditions of the offer. We may designate maximum and minimum retail prices for Products and Services to the extent permitted by governing law.

The term "Ancillary Business Operations" means business activities that we periodically specify as being ancillary and optional to the main business of the Just Love Coffee & Cafe, those which we must approve, and those which independent contractors (rather than a Just Love Coffee & Cafe employee) may traditionally perform. Ancillary Business Operations include activities like live music, painting classes or art classes. We may specify in the Manual and periodically modify those business activities that will be Ancillary Business Operations. "Core Business Operations" means all business activities of or associated with the Just Love Coffee & Cafe that are not Ancillary Business Operations. Core Business Operations include activities like the Just Love Coffee & Cafe's retail sales and on-site sales and service of coffee and

tea, as well as related food items we designate or approve. Your Just Love Coffee & Cafe must offer or perform (as applicable) all Core Business Operations, as we periodically modify them.

You and your employees must perform all Core Business Operations at the Just Love Coffee & Cafe, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a “Contractor”), to perform any Core Business Operations. You must periodically at our request provide us information concerning your Just Love Coffee & Cafe’s Core Business Operations, Ancillary Business Operations and relationships with Contractors.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of the Franchise Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm’s-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (“**Other Mark**”) that you own or license from a third party (an “**Ancillary Trademark Licensor**”). As a condition to obtaining our approval:

1. You must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

2. You and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents we periodically specify to protect our rights in the System, Confidential Information and the Marks;

3. If a Contractor performs the Ancillary Business Operations, you and the contractor must have an arm’s-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

4. If a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from your Just Love Coffee & Cafe’s other operations, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Just Love Coffee & Cafe.

**ITEM 17**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**Franchise Agreement**

| <b>ITEM 17: THE FRANCHISE RELATIONSHIP</b>   |  |   |
|--|--|---|
| <b>This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.</b> |  |   |
| <b>Provisions</b>  | <b>Section in franchise or other agreement</b> | <b>Summary</b>  |
| (a) Length of the Franchise Term   | Franchise Agreement (“FA”): Section 2.3        | 10 years beginning on your “Opening Date.” Your Opening Date is the date you are approved to open your Just Love Coffee & Cafe for business. See Section 5.1 of the FA. |



**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions                                  | Section in franchise or other agreement | Summary  |
|---|---|--|
| (b) Renewal or extension of the term        | FA: Section 3                           | If you are in good standing, you can acquire three (3) successor franchises for additional ten (10) year terms on our then current terms and conditions.   |
| (c) Requirements for you to renew or extend | FA: Section 3                           | You must: maintain the Site or secure substitute Site; bring Just Love Coffee & Cafe into compliance with our then current specifications and standards; sign new Franchise Agreement and ancillary agreements, general releases and agreement not to sue; satisfactorily complete training and refresher programs; and sign a general release in the format attached as Exhibit F to this Disclosure Document. You will be asked to sign a contract (a successor Franchise Agreement) with material terms and conditions of your original contract, but the boundaries of the Primary Area will remain the same, and the monthly fee upon renewal will not be greater than the monthly fee that we then impose on similarly situated renewing franchisees. When renewing, you may be asked to sign a contract with materially different terms and conditions than when you signed your original contract.   |
| (d) Termination by you                      | FA: Sections 4.1 and 16.1               | If we breach the agreement and do not cure the breach after 60-days' notice from you, you may terminate 60 days after you provide us with written notice of termination. Also, you may terminate if you and we cannot agree on your initial Site within 12 months from the date you sign the Franchise Agreement.  |
| (e) Termination by us without cause         | FA: Section 16.3                        | We may terminate the FA by written notice to you without penalty and without payment of any refunds or damages to you, and you will follow the post-termination obligations under Section 17 at your expense, if we determine in our sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of the FA, (B) makes performance of the FA commercially impracticable, (C) effectively |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions  | Section in franchise or other agreement                      | Summary   |
|---|--|---|
|   |  | modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in the FA, or (E) determines that an employment or a joint employment relationship exists between we and you.   |
| (f) Termination by us with cause                        | FA: Section 16.2   | We can terminate only if you commit one of several violations.  |
| (g) "Cause" defined - defaults which can be cured       | FA: Sections 16.2  | You have 5 days to cure health, safety, environmental or sanitation law violations, 10 days to cure monetary defaults to us or approved suppliers, 30 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 USC §101 et seq.). If we allow you to cure a default, we can require you to sign our general release, in the form attached as Exhibit F.   |
| (h) "Cause" defined - non-curable defaults              | FA: Section 16.2   | Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to commence construction of Just Love Coffee & Cafe within 6 months of the Agreement Date or fail to open Just Love Coffee & Cafe within 12 months of the Agreement Date (unless an extension is granted), abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the Just Love Coffee & Cafe, loss of the Site, unauthorized use or disclosure of the Manual or Confidential Information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due; and your refusal to provide us, or failure to provide us continuous access to your Computer System data. |
| (j) Franchisee's obligations on termination/non-renewal | FA: Section 17; Lease Assignment; Conditional Assignment (1) | Obligations include: payment of outstanding amounts; complete de-identification; return of confidential information; for a sufficient period (up to 60 days) to allow us to determine if you are complying with post-termination obligations or allow us to exercise our right to purchase the Just Love Coffee & Cafe (but this right is limited with respect to real property if you have an SBA loan), you must refrain from selling, leasing,   |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions   | Section in franchise or other agreement | Summary   |
|--|---|---|
|  |   | encumbering or disposing of, gifting or making available to any third party, the furniture, fixtures, equipment, lease, real property, inventory or personal property (also see (r) below). You must comply with our assumption of your location's management or notification of members and transfer of membership procedures. You also consent to our obtaining injunctive relief to enforce post-termination rights. You also agree not to hire our or our franchisees' personnel for at least 6 months following termination or expiration. The termination of the Franchise Agreement will also terminate your right to Satellite Outlets.   |
| (k) Assignment of contract by Franchisor                         | FA: Section 15.1                        | No restriction on our right to assign.  |
| (l) "Transfer" by franchisee- defined                            | FA: Section 15.2                        | Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or the Just Love Coffee & Cafe.  |
| (m) Franchisor approval of transfer by franchisee                | FA: Section 15.2, 15.3 and 15.4         | We have the right to approve all transfers, even to a Business Entity controlled by you. But, if you have an SBA loan, we will not unreasonably refuse to approve the transfer.   |
| (n) Conditions for franchisor approval of transfer               | FA: Section 15.3                        | New franchisee qualifies, you pay us a transfer fee of 50% of our then current Franchise Fee plus all costs and all amounts due, transferee and its managerial employees agree to complete training and transferor or transferee pay us \$10,000 to train the transferee, transferee agrees to be bound by terms and conditions of Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases and agreement not to sue in the form provided in Exhibit F. The release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law (also see (r) below). Costs due on transfer include all franchise broker or business broker fees due by us, the transferor or the transferee to third parties. |
| (o) Franchisor's right of first refusal to acquire your business | FA: Section 15.8                        | We can match any offer for an ownership interest in you, your Franchise Agreement or your Just Love Coffee & Cafe provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to   |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions   | Section in franchise or other agreement | Summary  |
|--|---|--|
|  |   | prepare for closing and we receive all customary representations and warranties, as we specify. If you have an SBA loan, our right of first refusal is lifted so that (a) we will not purchase your real estate but can lease it for the remainder of the term and (b) you and we will mutually agree on fair market value (or mutually agree on an appraiser who will determine the market value).  |
| (p) Franchisor’s option to purchase franchisee’s business      | FA: Section 17.7                        | We have the option to buy the Just Love Coffee & Cafe, including leasehold rights to the Site, at fair market value after our termination, or your termination without cause, of the agreement (but not expiration).   |
| (q) Death or disability of franchisee                          | FA: Sections 15.5 and 15.6              | Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal.   |
| (r) Non-competition covenants during the term of the franchise | FA: Sections 10                         | No interest in a competitive business, no controlling ownership interest in, or performance of services for, a competitive business anywhere, no recruiting or hiring of any person who is our employee or an employee of any Just Love Coffee & Cafe. A “ <b>Competitive Business</b> ” means any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility (on a fixed or mobile basis), business, service, event, that features roasting or coffee products, that are the same or similar to the Products and Services offered by Just Love Coffee & Cafe shops (other than a Just Love Coffee & Cafe under a franchise agreement with us). A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. We may also prohibit you from hiring our or other franchisees’ personnel or obtain our or their permission to do so. If you violate these employee non-solicitation obligations, you will be responsible for payment to us or our designee liquidated damages in the amount of 4 times that person’s most previous annual compensation. These prohibitions apply to you, your owners, officers, directors and any of their immediate family members, fiancées, life partners or the like |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| <b>Provisions</b>  | <b>Section in franchise or other agreement</b> | <b>Summary</b>   |
|--|--|--|
| (s) Non-competition covenants after the franchise is terminated or expires | FA: Section 17.7                               | No interest in Competitive Businesses for 2 years at, or within 25 miles of, the Site or Primary Area, or at, within or within 25 miles of the Site or Primary Area any other Just Love Coffee & Cafe in operation or under construction (same restrictions apply after assignment).   |
| (t) Modification of agreement  | FA: Section 21.18                              | No modifications except by written agreement, but Manual and System Standards are subject to change.   |
| (u) Integration/merger clause  | FA: Section 20.18                              | Only the terms of the Franchise Agreement (including the Manual, System Standards, addenda and exhibits) are binding (subject to FTC Rule and federal law (and state law not inconsistent). Any other statements or promises not in the Franchise Agreement, the agreements which are exhibits to this disclosure document, or in this Disclosure Document should not be relied upon and may not be enforceable. Nothing in the Franchise Agreement or in any related agreements is intended to disclaim the representations we made in the Franchise Disclosure Document. |
| (v) Dispute resolution by arbitration or mediation                         | FA: Sections 14 and 21.1;                      | Except for disputes relating to (a) use of the Marks or Copyrights, and breaches of the restrictive covenants; (b) obligations upon termination or expiration, (c) violation of Confidentiality and non-competition provisions, all disputes and controversies are to be resolved by arbitration, governed by the Federal Arbitration Act and resolved according to the Code of Procedure of the National Arbitration Forum (subject to state law).  |
| (w) Choice of forum  | FA: Section 21.4;                              | Any legal action must be brought in Davidson County, Tennessee. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit A.  |
| (x) Choice of law  | FA: Section 21.12;                             | Tennessee law applies. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States at Exhibit A.   |

**Area Development Agreement**

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions  | Section in Area Development Agreement         | Summary  |
|---|---|--|
| (a) Length of the Franchise Term                  | Area Development Agreement (“ADA”): Section 4 | The ADA expires on the date negotiated by you and us, usually 5 years from its effective date.   |
| (b) Renewal or extension of the term              | None  | You may not renew the Area Development Agreement.  |
| (c) Requirements for you to renew or extend       | None  | You may not renew the Area Development Agreement.  |
| (d) Termination by you                            | None  | You may not terminate the Area Development Agreement.  |
| (e) Termination by us without cause               | ADA Section 14                                | We may terminate your Area Development Agreement after written notice to you if we determine that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the Parties directly or indirectly that we reasonably expect will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the Parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of the Area Development Agreement, (B) makes performance of the Area Development Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the Parties, (D) deprives any Party of its benefits of the bargain struck by the Parties, as originally set forth in the Area Development Agreement, or (E) determines that an employment or a joint employment relationship exists between us. |
| (f) Termination by us with cause                  | ADA: Sections 12 and 13                       | We may terminate your Area Development Agreement 30 days after we give you written notice of a curable default that you fail to cure or immediately upon written notice of an incurable default.   |
| (g) “Cause” defined - defaults which can be cured | ADA: Sections 12 and 13                       | A curable default consists of the breach of any of your obligations under any agreement with us or our Affiliates, other than an incurable default listed below. Requesting the appointment of a receiver or assigning your interest may also constitute a curable default. If you do not remedy a curable default within 30 days after notice, we may terminate your Area Development Agreement.  |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| <b>Provisions</b>  | <b>Section in Area Development Agreement</b> | <b>Summary</b>   |
|--|--|--|
| (h) "Cause" defined - non-curable defaults                                 | ADA: Sections 12 and 13                      | An incurable default will occur if you fail to comply with the performance schedule set forth in the Area Development Agreement or any incurable default occurs under any of your existing Franchise Agreements.   |
| (i) Franchisee's obligations on termination/non-renewal                    | ADA: Section 13                              | You must cease to select or develop any sites for a Franchised Café or hold yourself out as a Franchised Café developer. However, the termination of the Area Development Agreement will not affect your right to open and operate a Franchised Café under any effective Franchise Agreement.                              |
| (j) Assignment of contract by Franchisor                                   | ADA: Section 16(a)                           | We may transfer, assign or pledge our interest in the Area Development Agreement, in whole or in part, to any person.  |
| (k) "Transfer" by franchisee- defined                                      | ADA: Section 16(b)                           | Any transfer, assignment or pledge of the Area Development Agreement will constitute a transfer of the agreement.  |
| (l) Franchisor approval of transfer by franchisee                          | ADA: Section 16(b)                           | You may not transfer any interest in your Area Development Agreement without our express written consent.  |
| (m) Conditions for franchisor approval of transfer                         | ADA: Section 16(b)                           | You may not transfer any interest in your Area Development Agreement without our express written consent.  |
| (n) Franchisor's right of first refusal to acquire your business           | N/A  | N/A  |
| (o) Franchisor's option to purchase franchisee's business                  | N/A  | N/A  |
| (p) Death or disability of franchisee                                      | None   | Your death or permanent incapacity, in and of itself, will not affect your Area Development Agreement.   |
| (q) Non-competition covenants during the term of the franchise             | ADA: Section 2                               | You may not develop or operate any competing business within the Development Area or within a 25-mile radius of the Development Area.  |
| (r) Non-competition covenants after the franchise is terminated or expires | N/A  | N/A  |
| (s) Modification of agreement  | ADA: Section 27                              | You and we must agree in writing to any modifications to the Area Development Agreement.   |
| (t) Integration/merger clause  | ADA: Section 19                              | Only the terms of the Area Development Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Area Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express |

**ITEM 17: THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| Provisions   | Section in Area Development Agreement | Summary  |
|--|---------------------------------------|--|
|  |                                       | representations made in the Franchise Disclosure Document, its exhibits and amendments.  |
| (u) Dispute resolution by arbitration or mediation | N/A                                   | N/A  |
| (v) Choice of forum                                | ADA: Section 23                       | Any legal action must be brought in the judicial district where our headquarters is located, which is currently Davidson County, Tennessee. Your local law may supersede this provision. See Disclosure Document Addenda for Certain States (subject to applicable state law). |
| (w) Choice of law                                  | ADA: Section 22                       | Tennessee law will apply to the Area Development Agreement and all rights and duties under the Area Development Agreement. See Disclosure Document Addenda for Certain States (subject to applicable state law).   |

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**Historical Gross Sales**

The financial information in the table below is an historical financial performance representation taken from the Point of Sale system for each Just Love Coffee & Cafe and represents all locations open for the entire year in 2023. Of the 29 locations included in the table below, 11 locations (38%) met or exceeded the average amount of Gross Sales for the period presented and 14 locations (48%) met or exceeded the median Gross Sales for the period presented.

Of the 29 Just Love Coffee cafes included in this Item 19, one is a company owned store (Murfreesboro East) during the entire presentation period. All locations operate in substantially the same manner as the Just Love Coffee & Cafe Franchised Café offered in this Disclosure Document.



Financial Performance of All Just Love Coffee & Cafe Shops Open During the Period  
from  
January 1, 2023 through December 31, 2023

|                              | <b>Average Amount<br/>2023</b> |
|------------------------------|--------------------------------|
| Average Gross Sales          | \$ 614,229                     |
| Highest Gross Sales in Range | \$ 1,298,643                   |
| Lowest Gross Sales in Range  | \$ 256,805                     |
| Median Gross Sales           | \$ 555,670                     |

Notes

- (1) “**Average Gross Sales**” is defined as total Gross Sales (all revenue generated by the Café, not including any sales tax collected) less discounts taken at the point of sale, such as the value of promotional and complimentary products during the specified period. This term is the same as Gross Sales defined in Item 6.
- (2) We do not provide information in this financial performance representation regarding store level operating expenses, Royalty Fees and System Development Fund. The Financial Performance Representations (Earnings Claims) figures in this Item 19 do not reflect other operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Café. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.
- (3) The table above includes the performance of 29 locations during January 1, 2023 through December 31, 2023.

Many factors including location, market conditions, management, and other factors are unique to each Just Love Coffee & Cafe and may significantly impact the financial performance of Just Love Coffee & Cafe shops.

These results have not been audited by an independent auditor. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting contact Eric Wheeler at 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027, via e-mail at [eric.wheeler@justlovecorp.com](mailto:eric.wheeler@justlovecorp.com), or by phone at (629) 202-4855, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**Systemwide Outlet Summary For Years 2021 -2023**

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start<br>of the Year | Column 4<br>Outlets at the End<br>of<br>the Year | Column 5<br>Net Change |
|-------------------------|------------------|---|--|------------------------|
| Franchised              | 2021             | 17  | 22   | +5                     |
|                         | 2022             | 22  | 29   | +7                     |
|                         | 2023             | 29  | 44   | +15                    |
| Company-Owned           | 2021             | 1   | 1  | 0                      |
|                         | 2022             | 1   | 1  | 0                      |
|                         | 2023             | 1   | 1  | 0                      |
| Total Outlets           | 2021             | 18  | 23   | +5                     |
|                         | 2022             | 23  | 30   | +7                     |
|                         | 2023             | 30  | 45   | +15                    |

**Table No. 2**

| <b>Transfers of Outlets From Franchisees to New Owners<br/>(Other than the Franchisor)<br/>For Years 2021 to 2023</b> |                  |                                 |
|---|------------------|---------------------------------|
| Column 1<br>State   | Column 2<br>Year | Column 3<br>Number of Transfers |
| Tennessee   | 2021             | 4                               |
|   | 2022             | 2                               |
|   | 2023             | 4                               |
| Total   | 2021             | 4                               |
|   | 2022             | 2                               |
|   | 2023             | 4                               |

**Table No. 3**

| <b>Status of Franchised Outlets<br/>For Years 2021 to 2023</b> |                  |  |                               |                              |                              |  |  |  |
|--|------------------|--|-------------------------------|------------------------------|------------------------------|--|--|--|
| Column 1<br>State  | Column 2<br>Year | Column 3<br>Outlets<br>at Start<br>of Year | Column 4<br>Outlets<br>Opened | Column 5<br>Terminati<br>ons | Column 6<br>Non-<br>Renewals | Column 7<br>Reacquired<br>by<br>Franchisor | Column 8<br>Ceased<br>Operations<br>- Other<br>Reasons | Column 9<br>Outlets at<br>End of the<br>Year |
| Alabama  | 2021             | 2  | 1                             | 0                            | 0                            | 0  | 0  | 3  |
|  | 2022             | 3  | 0                             | 0                            | 0                            | 0  | 0  | 3  |
|  | 2023             | 3  | 0                             | 0                            | 0                            | 0  | 0  | 3  |
| Arizona  | 2021             | 0  | 0                             | 0                            | 0                            | 0  | 0  | 0  |

|                |      |   |   |   |   |   |   |    |
|----------------|------|---|---|---|---|---|---|----|
|                | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| Colorado       | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2  |
|                |      |   |   |   |   |   |   |    |
| Florida        | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2  |
|                | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2  |
|                | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2  |
|                |      |   |   |   |   |   |   |    |
| Georgia        | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3  |
|                | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3  |
|                | 2023 | 3 | 0 | 0 | 0 | 0 | 0 | 3  |
|                |      |   |   |   |   |   |   |    |
| Indiana        | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| Kentucky       | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2  |
|                |      |   |   |   |   |   |   |    |
| Michigan       | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| Mississippi    | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| Missouri       | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 1 | 0 | 2 | 0 | 0 | 0 | 2  |
|                |      |   |   |   |   |   |   |    |
| Nebraska       | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| New Jersey     | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1  |
|                | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1  |
|                |      |   |   |   |   |   |   |    |
| North Carolina | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0  |
|                | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2  |
|                |      |   |   |   |   |   |   |    |
| Tennessee      | 2021 | 7 | 1 | 0 | 0 | 0 | 0 | 8  |
|                | 2022 | 8 | 2 | 0 | 0 | 0 | 0 | 10 |

|              |             |           |           |          |          |          |          |           |
|--------------|-------------|-----------|-----------|----------|----------|----------|----------|-----------|
|              | 2023        | 10        | 5         | 0        | 0        | 0        | 0        | 15        |
|              |             |           |           |          |          |          |          |           |
| Texas        | 2021        | 2         | 0         | 0        | 0        | 0        | 0        | 2         |
|              | 2022        | 2         | 0         | 0        | 0        | 0        | 0        | 2         |
|              | 2023        | 2         | 2         | 0        | 0        | 0        | 0        | 4         |
|              |             |           |           |          |          |          |          |           |
| Wisconsin    | 2021        | 0         | 1         | 0        | 0        | 0        | 0        | 1         |
|              | 2022        | 2         | 1         | 0        | 0        | 0        | 0        | 2         |
|              | 2023        | 2         | 1         | 0        | 0        | 0        | 0        | 3         |
| <b>Total</b> | <b>2021</b> | <b>17</b> | <b>6</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>23</b> |
|              | <b>2022</b> | <b>23</b> | <b>6</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>29</b> |
|              | <b>2023</b> | <b>29</b> | <b>15</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>44</b> |

**Table No. 4**

| <b>Status of Company-Owned Outlets<br/>For Years 2021 to 2023</b> |                  |  |                               |  |                               |   |  |
|---|------------------|--|-------------------------------|--|-------------------------------|---|--|
| Column 1<br>State   | Column 2<br>Year | Column 3<br>Outlets at<br>Start of<br>Year | Column 4<br>Outlets<br>Opened | Column 5<br>Outlets<br>Reacquired<br>from<br>Franchisees | Column 6<br>Outlets<br>Closed | Column 7<br>Outlets<br>Sold to<br>Franchisees | Column 8<br>Outlets at<br>End of the<br>Year |
| Tennessee   | 2021             | 1  | 0                             | 0  | 0                             | 0   | 1  |
|   | 2022             | 1  | 0                             | 0  | 0                             | 0   | 1  |
|   | 2023             | 1  | 0                             | 0  | 0                             | 0   | 1  |
| <b>Total</b>  | <b>2021</b>      | <b>1</b>                                   | <b>0</b>                      | <b>0</b>   | <b>0</b>                      | <b>0</b>                                      | <b>1</b>                                     |
|   | <b>2022</b>      | <b>1</b>                                   | <b>0</b>                      | <b>0</b>   | <b>0</b>                      | <b>0</b>                                      | <b>1</b>                                     |
|   | <b>2023</b>      | <b>1</b>                                   | <b>0</b>                      | <b>0</b>   | <b>0</b>                      | <b>0</b>                                      | <b>1</b>                                     |

**Table No. 5**

| Column 1<br>State | Column 2<br>Agreements Signed But<br>Outlet Not Opened | Column 3<br>Projected New Outlets<br>in the Next Fiscal Year | Column 4<br>Projected New<br>Company-owned<br>Outlets in the Current<br>Fiscal Year |
|-------------------|--|--|---|
| Alabama           | 2  | 1  | 0   |
| Arizona           | 3  | 0  | 0   |
| Colorado          | 3  | 1  | 0   |
| Georgia           | 4  | 2  | 0   |
| Indiana           | 1  | 0  | 0   |
| Kentucky          | 2  | 1  | 0   |
| Michigan          | 1  | 1  | 0   |
| Minnesota         | 2  | 2  | 0   |
| Mississippi       | 1  | 0  | 0   |
| Nebraska          | 1  | 1  | 0   |
| New Jersey        | 1  | 0  | 0   |

|                |           |           |          |
|----------------|-----------|-----------|----------|
| North Carolina | 2         | 2         | 0        |
| Ohio           | 1         | 1         | 0        |
| South Carolina | 1         | 1         | 0        |
| Tennessee      | 8         | 6         | 0        |
| Texas          | 3         | 2         | 0        |
| Utah           | 2         | 2         | 0        |
| <b>Total</b>   | <b>38</b> | <b>23</b> | <b>0</b> |

Exhibit K lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Just Love Coffee & Cafe who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

Exhibit J includes a list of each Just Love Coffee & Cafe who has signed a Franchise Agreement but has not yet opened for business.

Exhibit J contains the names of all current Just Love Coffee & Cafe franchisees and their address and telephone numbers as of the date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers while you are part of and when you leave the System.

During the past 3 years, each of the former franchisees listed in Exhibit K have signed confidentiality clauses.

In some instances, current and former franchisees sign or will be asked to sign provisions restricting their ability to speak openly about their experience with the Just Love Coffee & Café 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.

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

We have not created, sponsored or endorsed a trademark-specific franchisee organization associated with the franchise system being offered. No independent franchisee organization incorporated or otherwise created under state law has asked to be included or renewed a prior year's request for inclusion in this disclosure document.

## **ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends December 31. Our audited financial statements as of and for the fiscal years ended December 31, 2023, 2022, and 2021 (2021 are included with 2020 and 2019) are attached as Exhibit B to this disclosure document. We also include our unaudited financial statements as of April 30, 2024.

**ITEM 22**  
**CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclosure Document. These include:

|           |  |
|-----------|--|
| Exhibit A | State Specific Addenda and Exhibits  |
| Exhibit C | Form of Franchise Agreement and Limited Access Concept Addendum                    |
| Exhibit D | Form of Area Development Agreement   |
| Exhibit E | Form of Conditional Assignment of Telephone Numbers and Listings                   |
| Exhibit F | Form of General Release (Successor Franchise, Assignment/Transfer/Cure of Default) |
| Exhibit G | Form of Electronic Funds Transfer Agreement  |
| Exhibit H | Confidentiality, Non-Solicitation and Non-Competition Agreement                    |
| Exhibit M | Forms of Franchise Compliance Certification  |
| Exhibit N | Receipts   |

**ITEM 23**  
**RECEIPTS**

You will find two copies of a detachable receipt in Exhibit N at the very end of this disclosure document.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT**

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**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**FLORIDA DISCLOSURE DOCUMENT**

**Total Investment**

We do not know the amount of the total required investment in a Just Love Coffee Café Restaurant over the term of the franchise. We do not request, obtain or receive this information from franchisees. We refer you to Item 7 for the known initial investment. Additional capital investments in the Just Love Coffee Café Restaurant will be necessary over the term of the franchise to maintain the Just Love Coffee Café Restaurant according to the System.



**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**ILLINOIS DISCLOSURE DOCUMENT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement(s).
2. 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.
3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. 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.
6. Items 5 and 7 of the Disclosure Document are amended to disclose that the payment of the Initial Franchise Fees under the Franchise Agreement and the Development Fees under the Multiple Unit Development Agreement are deferred until the opening of Business and its commencement of business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO  
THE INDIANA FRANCHISE DISCLOSURE LAW  
AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of this Disclosure Document, the Franchise Agreement, the other agreements or Tennessee law if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Section 16 of the Franchise Agreement in the State of Indiana to the extent that may be inconsistent with such prohibition.
3. Notwithstanding the Franchise Agreement, you recognize that in the event of any use of the System not in accord with that Agreement, we shall be entitled to seek injunctive and other relief.
4. No release language set forth in the Disclosure Document or Franchise Agreement, including but limited to Item 17 or Section 21 of the Agreement, respectively, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. Section 23.13 of the Franchise Agreement is amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.
6. Any provision in the Disclosure Document or Franchise Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.
7. Section 21.15 (Jury Trial Waiver) of the Franchise Agreement is deleted from all Agreements entered into in Indiana.

**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**MINNESOTA DISCLOSURE DOCUMENT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Minnesota:

Minnesota statute §80C14 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of jurisdiction. Minnesota statute §80C14 provides: It shall be deemed unfair and inequitable for any person to:

- (A) Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to you at least ninety (90) days in advance of termination or cancellation, and the recipient of a notice fails to correct the reasons stated for cancellation or termination within sixty (60) days within receipt of the notice, except that the notice shall be effective immediately upon receipt where the alleged grounds are:
  - (i) Voluntary abandonment of the franchise relationship by you;
  - (ii) The conviction of you of an offense directly related to the business conducted pursuant to the franchise; or
  - (iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with our trade name, Trademark, service mark, logotype or other commercial symbol after you have received written notice to cure of at least twenty-four (24) hours in advance thereof;
  
- (B) Terminate or cancel a franchise except for good cause. “Good cause” shall be failure by you substantially to comply with reasonable requirements imposed upon him by the franchise including, but not limited to:
  - (i) Your bankruptcy or insolvency;
  - (ii) Assignment for the benefit of creditors or similar disposition of the assets of the franchise business;
  - (iii) Voluntary abandonment of the franchise business;
  - (iv) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or
  - (v) Any act by you, or your conduct, which materially impairs the goodwill associated with our trademark, trade name, service mark, logotype or other commercial symbol.
  
- (C) Unless the failure to renew the franchise is for good cause as defined in clause (B), we may not fail to renew a franchise unless (i) you have been given written notice of the intention not to renew at least 180 days in advance thereof and (ii) has been given an opportunity to operate the franchise over a sufficient period of time to enable you to recover the fair market value of the franchise as a going concern measured from the date of the failure to renew. We may not refuse

to renew a franchise if the refusal is for the purpose of converting your business premises to an operation that will be owned by us for our account.

We may not unreasonably withhold consent to an assignment, transfer, or sale of the franchise where the assignee meets the present qualifications and standards required of other franchisees.

Item 5 is modified as follows: The Minnesota Department of Commerce has required as a condition of registration for us to post a Minnesota Surety Bond in the principal amount of \$39,000 as financial assurance for our performance. The surety bond secures our obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the offering.

Item 13 is modified as follows: The Minnesota Department of Commerce requires that we indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that your use of the trademark infringes trademark rights of the third party. We do not indemnify against the consequences of your use of our trademark except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim within ten (10) days and tender the defense of the claim to us. If we accept the tender of defense, we have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 is amended to provide that you shall not be required to assent to a general release and that liquidated damages are generally not permitted under Minnesota law.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. 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.

Insufficient fund checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

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.

**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**MICHIGAN DISCLOSURE DOCUMENT**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

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

- c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - d. Your or your proposed transferee's failure to pay any sums owing to us or to cure any default in the franchise agreement existing at the time of the proposed transfer.
8. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Subdivision 3.
9. A provision which permits us to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual service.

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

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.**

**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**NORTH DAKOTA DISCLOSURE DOCUMENT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:

The following provisions apply to all franchises offered and sold in the State of North Dakota, and supersede contrary disclosures in this Disclosure Document and contrary provisions in the Franchise Agreement:

1. After an examination of the financial statements of the Franchisor, the State of North Dakota Securities Department requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. Items 5 and 7 of the Disclosure Document are amended to disclose that the payment of the Initial Franchise Fees under the Franchise Agreement and the Development Fees under the Multiple Unit Development Agreement are deferred until the opening of Business and its commencement of business.

2. Item 17(c) of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that no release shall be required to be signed by you as a condition of the renewal of the Franchise Agreement.

3. Item 17(x) of the Disclosure Document, Section 21.12 of the Franchise Agreement are amended to delete the selection of Tennessee law to govern the agreement or the relationship between the parties.

4. Item 17(w) of the Disclosure Document and the Franchise Agreement are amended to provide that the venue of any litigation arising out of the franchise relationship between you and us will be within the state of North Dakota.

5. Item 17 of the Disclosure Document and the Franchise Agreement are amended to delete the requirement that you consent to pay termination fees or liquidated damages, as such provisions are not enforceable in North Dakota. We may pursue its claims for damages available under North Dakota law arising from your breach and our termination of the Franchise Agreement.

6. Item 17 of the Disclosure Document and Sections 12.8(f) and 21.10 of the Franchise Agreement are amended to delete your consent to waive exemplary and punitive damages as such provisions are not enforceable pursuant to Section 51-19-09 of the North Dakota Franchise Investment law.

7. Any requirement for Franchisee to execute a general release in connection with Franchisor's granting of a renewal of the Franchise Agreement in Section 3.3 is hereby deleted.

8. Sections 12.8(f), 21.10 and 21.15 of the Franchise Agreement and this Disclosure Document are amended to provide that you shall not be required to waive trial by jury or consent to a waiver of exemplary or punitive damages as such provisions are not enforceable pursuant to Section 51-19-09 of the North Dakota Franchise Investment law.

9. Covenants not to compete, described in Items 17(r) and (s), and set forth in Sections 10 and 17.7 of the Franchise Agreement, are subject to North Dakota Century Code Annotated Section 9-08-06, and thus such covenants may not be enforceable under North Dakota law.

10. The State of North Dakota requires that arbitration and mediation be conducted at a location that is not remote from your place of business, contrary to Section 21.4 of the Franchise Agreement. However, courts interpreting similar requirements in other states have ruled that the Federal Arbitration Act, 9 U.S.C. Section 1, *et seq.*, preempts such requirements. The Franchise Agreement states that the Federal Arbitration Act governs dispute resolution.

11. Section 21.11 of the Franchise Agreement is amended to delete the one-year limitation on claims to be filed for arbitration. All such claims will be subject to the applicable statute of limitations under North Dakota law.

12. 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.



**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**SOUTH DAKOTA DISCLOSURE DOCUMENT**

Any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Any provision in a Franchise Agreement that states the parties waive their right to claim punitive, exemplary, incidental, indirect, special, or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under South Dakota law.

After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment of initial franchise fees and development fees until your Business opens and you have commenced business.

**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**VIRGINIA DISCLOSURE DOCUMENT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Virginia:

1. Item 5 is modified as follows: The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. The following is added to Item 17(h):

(a) Any provision in any of the contracts that you sign with the Franchisor which provides for termination of the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 *et. seq.*).

(b) Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia 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 and/or the Development Agreement do not constitute reasonable cause, as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

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.

**ADDENDUM TO THE JUST LOVE FRANCHISE GROUP, LLC**  
**WISCONSIN DISCLOSURE DOCUMENT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Wisconsin.

**1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.**

2. The following applies to Franchise Agreements in the State of Wisconsin:

- (a) The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
- (b) The Act’s requires that we must provide franchisee at least ninety (90) days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. This notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that franchisee has sixty (60) days in which to cure any claimed deficiency. If the deficiency is cured within sixty (60) days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, franchisee will have ten (10) days to cure the deficiency.

**JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
FLORIDA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. This Agreement contains covenants not to compete. Both you and we acknowledge and understand that (a) these provisions may or may not be enforceable under applicable Florida law, and (b) if any such provision is determined by a court or agency having valid jurisdiction to be unenforceable under applicable Florida law, then there shall automatically be added to this Agreement a provision as similar in terms to such unenforceable provision as may be possible and legal, valid and enforceable.

2. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Florida.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“**US**”:  
JUST LOVE FRANCHISE GROUP, LLC

“**YOU**”:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**ILLINOIS ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Illinois law governs the Franchise Agreement.
2. 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.
3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. Notwithstanding Section 6.1 and Schedule A of the Franchise Agreement, payment of the Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
5. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. No statement, questionnaire, or 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 have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

“YOU”:

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**INDIANA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The laws of the State of Indiana supersede any provisions of this Franchise Agreement, the other agreements or Tennessee law if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise Agreement without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede the provisions of Section 16.2 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Notwithstanding the Franchise Agreement, you recognize that in the event of any use of the Franchised System not in accord with that Agreement, we shall be entitled to seek injunctive and other relief.

4. No release language set forth in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Section 23.13 of the Franchise Agreement, is amended to provide that each such agreement (as applicable) will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

7. Section 21.15 (Jury Trial Waiver) of the Franchise Agreement is deleted from all Agreements entered into in Indiana.

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**MINNESOTA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. **Termination.** Section 16 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 3, 4, and 5, which require, except in certain specified cases, that you be given ninety (90) days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

2. **Jurisdiction.** The following is added to Section 21.13:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Franchise Agreement or Franchise Disclosure Document can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or Franchisee’s rights to any procedure, forum or remedies provided for by the laws of Minnesota.

3. **Limitation of Claims.** Any limitations on claims is amended to conform to Minnesota Statutes, Section 80C.12, subdivision 1(g).

4. **Waiver of Jury Trial.** Section 21.15 is deleted in its entirety.

5. **Marks and Copyright Indemnification.** The following language is added as the first sentence to Section 8.9 of the Franchise Agreement:

During the Term of this Agreement, we will protect your right to use the Marks as long as you are using the Marks in accordance with our System Standards and in compliance with this Agreement.

6. **Releases.** Notwithstanding anything to the contrary in the Franchise Agreement, no release language in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

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. **No Other Amendment.** All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Minnesota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

“YOU”:

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**MICHIGAN ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE FRANCHISE AGREEMENT, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- a. The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
- b. The fact that the proposed transferee is our competitor or subfranchisor.
- c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- d. Your or your proposed transferee's failure to pay any sums owing to us or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

10. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Michigan.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

**“US”:**  
JUST LOVE FRANCHISE GROUP, LLC

**“YOU”:**

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**NORTH DAKOTA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Section 3.3 is hereby modified as follows:

**3.3 Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for Just Love Coffee Cafés; except that the Royalties (defined in Section 6.2) and System Development Fee (defined in Section 6.3) will not change from this Agreement. Failure by you or your owners to sign such agreements and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

2. Section 21.14 and any provision of the Franchise Agreement which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is deleted from the Franchise Agreement. However, the Franchise Agreement provides for arbitration outside North Dakota to be governed by the Federal Arbitration Act.

3. Section 21.10 and any provision requiring you to consent to liquidated damages or termination penalties is hereby deleted.

4. Section 21.15 of the Franchise Agreement is hereby deleted.

5. After an examination of the financial statements of the Franchisor, the State of North Dakota Securities Department requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. Notwithstanding Section 6.1 and Schedule A of the Franchise Agreement, the Initial Franchise Fee shall be payable when you open the Business, and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement.

6. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and we can suspend providing services to you and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

7. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements, or Tennessee law if such provisions are in conflict with North Dakota law.

8. The (i) covenant not to compete in Section 17.4, and (ii) one-year limitation period in Section 21.11, of the Franchise Agreement are not enforceable in North Dakota.

9. Notwithstanding anything to the contrary in the Franchise Agreement, no release language in the Franchise Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota. 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.

10. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of North Dakota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**SOUTH DAKOTA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Notwithstanding anything in Section 16 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Franchise Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 21.13 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

“The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Tennessee.”

3. Section 21.14 of the Franchise Agreement is amended by adding the following sentence at the end of the Section:

“Any provision which designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.”

4. Section 21.15 of the Franchise Agreement is hereby deleted.

5. The following provision shall be added to the end of Section 21.19 of the Franchise Agreement:

“Pursuant to SDCL 37-5B, any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.”

6. Any provision of the Franchise Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

7. After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment Initial Franchise Fees as provided below.

8. Notwithstanding Section 6.1 and Schedule A of the Franchise Agreement, the Initial Franchise Fee shall be payable when you open the Business and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement.

9. Notwithstanding Section 6.1 and Exhibit A of the Franchise Agreement, the Initial Franchise Fee shall be payable when you open the Business and we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement.

10. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and we can suspend providing services to you and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

11. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Development Unit developed under an Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and we can suspend providing services to you and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Development Units, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

12. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of South Dakota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**VIRGINIA ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the “Virginia 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 Act or the laws of Virginia, that provision may not be enforceable.

2. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

3. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under an Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and then we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

4. 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. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Virginia.

*(Signatures Appear on Following Page)*

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

**“US”:**  
JUST LOVE FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**“YOU”:**

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**WISCONSIN ADDENDUM**

**THIS ADDENDUM** (this “**Addendum**”) is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“**we**”, “**our**” or “**us**”), as franchisor, and \_\_\_\_\_ (“**you**”), as franchisee, to amend and supplement that certain Franchise Agreement that we and you have executed, and is dated as of the same date (the “**Franchise Agreement**”). The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “**Act**”), shall apply to and govern the provisions of the Franchise Agreement.

2. The Act requires us to provide franchisee at least ninety (90) days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. This notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have sixty (60) days in which to cure any claimed deficiency. If the deficiency is cured within sixty (60) days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have ten (10) days to cure the deficiency.

3. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Wisconsin.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Franchise Agreement.

“**US**”:  
JUST LOVE FRANCHISE GROUP, LLC

“**YOU**”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

“YOU”:

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC  
AREA DEVELOPMENT AGREEMENT  
ILLINOIS ADDENDUM**

This Addendum to the Area Development Agreement by and **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”), as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Illinois law governs the Area Development Agreement and Franchise Agreement.
2. Section 23 of the Area Development Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, shall be commenced and maintained in the state courts of Illinois or the United States District Court for Illinois with the specific venue, in either court system, determined by appropriate jurisdiction and venue requirements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**MINNESOTA ADDENDUM**

This “Addendum” is made and entered into by and **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. The following language is added to the end of Section 23 of the Area Development Agreement:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Area Development Agreement or Franchise Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of Minnesota.”

2. Section 15(b) of the Area Development Agreement (relating to waiver or a jury trial) is hereby deleted.

3. Notwithstanding anything to the contrary in the Area Development Agreement, no release language in the Area Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Nothing in the Area Development Agreement shall in any way abrogate or reduce any of your rights as provided for in the Minnesota Statutes, Chapter 80C. Minnesota statutes §80C.14, subdivisions 3, 4 and 5 require that you be given at least 90 days written notice in advance of termination (with 60 days to cure) and 180 days written notice for non-renewal of the Area Development Agreement, except that the notice shall be effective immediately for certain grounds.

All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of Minnesota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**MICHIGAN ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

- (A) THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE AREA DEVELOPMENT AGREEMENT, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.
- (B) A prohibition on the right of a franchisee to join an association of franchisees.
- (C) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (D) 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.
- (E) 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 franchised 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 of 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.
- (F) 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.
- (G) 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.
- (H) 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.
- (I) 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 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.
- (J) 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 service.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**NORTH DAKOTA ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Any provision of the Area Development Agreement which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside of North Dakota is deleted from the Area Development Agreement.

2. The laws of the State of North Dakota supersede any provisions of the Area Development Agreement, the other agreements between the parties, or Delaware law if such provisions are in conflict with North Dakota law.

3. After an examination of the financial statements of the Franchisor, the State of North Dakota Securities Department requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment of Initial Franchise Fees as provided below.

4. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

5. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under a Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

6. The covenant not to compete in Section 2(d) of the Area Development Agreement is generally considered to be unenforceable under North Dakota law.

7. In Section 15(a), the waivers of punitive and exemplary damages are not enforceable under North Dakota law.

8. No release language in the Area Development Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

9. All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of North Dakota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC  
AREA DEVELOPMENT AGREEMENT  
SOUTH DAKOTA ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Notwithstanding anything in Section 13 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Area Development Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 22 of the Area Development Agreement is amended by adding the following sentence at the end of the Section:

“The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Delaware.”

3. Section 23 of the Area Development Agreement is amended by adding the following sentence at the end of the Section:

“Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.”

4. The following provision shall be added to the end of Section 19 of the Area Development Agreement:

“Pursuant to SDCL 37-5B, any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.”

5. Any provision of the Area Development Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides the parties waive their right to a jury trial may not be enforceable under South Dakota law.

6. After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment of fees as provided below.

7. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

8. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under an Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

9. All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of South Dakota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

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**Just Love Franchise Group, LLC**  
**Balance Sheet**  
As of April 30, 2024

|                                  | Total           |
|----------------------------------|-----------------|
| <b>ASSETS</b>                    |                 |
| <b>Current Assets</b>            |                 |
| Bank Accounts                    | 41,827.85       |
| Total Bank Accounts              | \$ 41,827.85    |
| <b>Accounts Receivable</b>       |                 |
| 1100 Accounts Receivable         | 3,000.00        |
| Total Accounts Receivable        | \$ 3,000.00     |
| <b>Other Current Assets</b>      |                 |
| Total Other Current Assets       | \$ 946,750.40   |
| Total Current Assets             | \$ 907,922.55   |
| <b>Fixed Assets</b>              |                 |
| 1300 Furniture and Equipment     | 40,422.81       |
| 1400 Accumulated Depreciation    | -15,288.00      |
| Total Fixed Assets               | \$ 25,134.81    |
| <b>Other Assets</b>              |                 |
| 1252 Contract Asset              | 1,472,679.69    |
| 1269 Right to Use Assets- Lease  | 225,527.93      |
| Contract Asset- GC S 1258        | 85,736.50       |
| Total Other Assets               | \$ 1,783,944.12 |
| <b>TOTAL ASSETS</b>              | \$ 2,717,001.48 |
| <b>LIABILITIES AND EQUITY</b>    |                 |
| <b>Liabilities</b>               |                 |
| <b>Current Liabilities</b>       |                 |
| <b>Accounts Payable</b>          |                 |
| 2000 Accounts Payable            | 324,310.26      |
| Total Accounts Payable           | \$ 324,310.26   |
| <b>Credit Cards</b>              |                 |
| 2012 Credit Card                 | 9,006.44        |
| Total Credit Cards               | \$ 9,006.44     |
| <b>Other Current Liabilities</b> |                 |
| Total 2060 Gift Card Payable     | \$ 471,627.62   |
| Total Other Current Liabilities  | \$ 2,259,431.81 |
| Total Current Liabilities        | \$ 2,592,748.51 |
| <b>Long-Term Liabilities</b>     |                 |
| Total Long-Term Liabilities      | \$ 5,374,641.23 |
| Total Liabilities                | \$ 7,967,389.74 |
| <b>Equity</b>                    |                 |
| 2500 Retained Earnings           | -4,676,006.37   |
| 2900 Opening Balance Equity      | 1,121.00        |



|   |            |                     |
|---|------------|---------------------|
| <b>2920 Member's Equity - Rob Webb</b>                      |            | -488,724.11         |
| <b>2921 Member's Contribution</b>                           |            | -23,850.00          |
| <b>2922 Member's Draw</b>                                   |            | -20,000.00          |
| <b>Total 2920 Member's Equity - Rob Webb</b>                | <b>-\$</b> | <b>532,574.11</b>   |
| <b>Total 2940 Members Equity- Just Love Enterprises LLC</b> | <b>\$</b>  | <b>458,475.68</b>   |
| <b>2951 Advances- JL- Webb</b>                              |            | -23,850.00          |
| <b>FOC - Members Equity</b>                                 |            |                     |
| <b>Total 2930 Member's Equity - Bergauer=FOC</b>            | <b>\$</b>  | <b>242,000.00</b>   |
| <b>Total FOC - Members Equity</b>                           | <b>\$</b>  | <b>19,082.00</b>    |
| <b>Net Income</b>   |            | -496,636.46         |
| <b>Total Equity</b>   | <b>-\$</b> | <b>5,250,388.26</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                         | <b>\$</b>  | <b>2,717,001.48</b> |

**FOR MANAGEMENT USE ONLY**

• **Financial Statements**

•  
• **Just Love Franchise  
Group, LLC**

•  
•  
• December 31, 2023 and 2022



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To the Member  
Just Love Franchise Group, LLC  
Franklin, Tennessee

## **Independent Auditor's Report**

### ***Opinion***

We have audited the financial statements of Just Love Franchise Group, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, changes in member's deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in the *Liquidity and Management's Plan* footnote to the financial statements, the Company has experienced net losses and negative cash flows from operations since the period of inception. Management's plans in regard to this matter are described on page 9. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

*GBQ Partners LLC*

Cincinnati, Ohio  
June 6, 2024

# JUST LOVE FRANCHISE GROUP, LLC

## Balance Sheets

December 31, 2023 and 2022

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current Assets</b>  |                     |                     |
| Cash   | \$ 34,884           | \$ 87,569           |
| Accounts receivable:   |                     |                     |
| Royalties receivable   | 98,069              | 73,903              |
| System development fees receivable   | 27,565              | 16,369              |
| Related party receivables  | 431,962             | 45,735              |
| Other receivables  | 4,856               | 9,118               |
| Contract assets, current portion   | 126,678             | 99,741              |
| Note receivable  | -                   | 25,000              |
| Deferred gift card fees  | 149,385             | 27,136              |
| Prepaid expenses and other current assets                                      | 73,808              | 60,746              |
| Total current assets   | <u>947,207</u>      | <u>445,317</u>      |
| <b>Noncurrent Assets</b>   |                     |                     |
| Contract assets, net of current portion  | 1,435,630           | 1,446,338           |
| Operating lease assets, net  | 264,004             | 378,166             |
| Property, plant and equipment, net   | 21,314              | 29,236              |
| Total noncurrent assets  | <u>1,720,948</u>    | <u>1,853,740</u>    |
| <b>TOTAL ASSETS</b>  | <u>\$ 2,668,155</u> | <u>\$ 2,299,057</u> |
| <b>LIABILITIES AND MEMBER'S DEFICIT</b>  |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Line of credit   | \$ 2,095,000        | \$ 1,600,000        |
| Current portion of related party notes payable                                 | 76,372              | -                   |
| Current portion of long-term debt  | 192,051             | 185,452             |
| Accounts payable and accrued expenses  | 359,886             | 256,188             |
| Due to related parties   | 151,435             | 40,000              |
| Gift card liability  | 580,076             | 284,251             |
| Contract liabilities, current portion  | 191,490             | 138,320             |
| Current portion of operating lease liability                                   | 143,812             | 132,648             |
| Total current liabilities  | <u>3,790,122</u>    | <u>2,636,859</u>    |
| <b>Noncurrent Liabilities</b>  |                     |                     |
| Contract liabilities, net of current portion                                   | 2,153,993           | 2,192,026           |
| Operating lease liability, net of current portion                              | 184,057             | 327,869             |
| Line of credit - related party   | 384,362             | 384,362             |
| Notes payable - related party  | 620,489             | -                   |
| Long-term debt - net of current portion<br>and unamortized deferred loan costs | 371,116             | 562,551             |
| Total noncurrent liabilities   | <u>3,714,017</u>    | <u>3,466,808</u>    |
| Total liabilities  | <u>7,504,139</u>    | <u>6,103,667</u>    |
| <b>Member's Deficit</b>  |                     |                     |
| Member's deficit   | (4,347,292)         | (3,315,918)         |
| Less: Member advances  | (488,692)           | (488,692)           |
| Total member's deficit   | <u>(4,835,984)</u>  | <u>(3,804,610)</u>  |
| <b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>                                  | <u>\$ 2,668,155</u> | <u>\$ 2,299,057</u> |

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

# JUST LOVE FRANCHISE GROUP, LLC

## Statements of Operations

### For the Years Ended December 31, 2023 and 2022

|   | 2023                         | 2022                         |
|---|------------------------------|------------------------------|
| <b>Revenues</b>   |                              |                              |
| Initial franchise fees                                  | \$ 343,328                   | \$ 177,259                   |
| Royalty fees  | 1,118,106                    | 826,837                      |
| System development fees                                 | 281,764                      | 178,795                      |
| Other revenues  | 197,754                      | 46,283                       |
| Total revenues  | <u>1,940,952</u>             | <u>1,229,174</u>             |
| <b>Selling, General and Administrative Expenses</b>     | <u>2,734,305</u>             | <u>2,448,052</u>             |
| <b>Loss from Operations</b>                             | <b>(793,353)</b>             | <b>(1,218,878)</b>           |
| <b>Other Income (Expenses)</b>                          |                              |                              |
| Gain on forgiveness of Paycheck Protection Program loan | -                            | 153,830                      |
| Other income  | -                            | 600                          |
| Interest expense  | <u>(238,021)</u>             | <u>(111,564)</u>             |
| Total other (expense) income, net                       | <u>(238,021)</u>             | <u>42,866</u>                |
| <b>Net Loss</b>   | <b><u>\$ (1,031,374)</u></b> | <b><u>\$ (1,176,012)</u></b> |

*The accompanying notes are an integral part of the financial statements.*

# JUST LOVE FRANCHISE GROUP, LLC

## Statements of Changes in Member's Deficit

### For the Years Ended December 31, 2023 and 2022

|                                    | Member's<br>Deficit          | Member<br>Advances         | Total<br>Member's<br>Deficit |
|------------------------------------|------------------------------|----------------------------|------------------------------|
| Balance - December 31, 2021        | \$ (2,364,806)               | \$ (488,692)               | \$ (2,853,498)               |
| Contributions                      | 275,000                      | -                          | 275,000                      |
| Distributions                      | (50,100)                     | -                          | (50,100)                     |
| Net loss                           | (1,176,012)                  | -                          | (1,176,012)                  |
| Balance - December 31, 2022        | <u>(3,315,918)</u>           | <u>(488,692)</u>           | <u>(3,804,610)</u>           |
| Net loss                           | <u>(1,031,374)</u>           | -                          | <u>(1,031,374)</u>           |
| <b>Balance - December 31, 2023</b> | <b><u>\$ (4,347,292)</u></b> | <b><u>\$ (488,692)</u></b> | <b><u>\$ (4,835,984)</u></b> |

*The accompanying notes are an integral part of the financial statements.*



# JUST LOVE FRANCHISE GROUP, LLC

## Statements of Cash Flows December 31, 2023 and 2022

|   | 2023               | 2022             |
|---|--------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                                       |                    |                  |
| Net loss  | \$ (1,031,374)     | \$ (1,176,012)   |
| Adjustments to reconcile net loss to net cash flows used in operating activities: |                    |                  |
| Depreciation expense  | 7,922              | 7,896            |
| Bad debt expense  | 25,000             | -                |
| Non-cash lease expense  | 114,162            | 108,372          |
| Gain of forgiveness of Paycheck Protection Program Loan                           | -                  | (153,830)        |
| Changes in operating assets and liabilities:                                      |                    |                  |
| Royalties and system development receivables                                      | (35,362)           | (18,169)         |
| Related party receivable  | (386,227)          | (41,329)         |
| Other receivables   | 4,262              | (9,118)          |
| Contract assets   | (16,229)           | (560,906)        |
| Deferred gift card fees   | (122,249)          | -                |
| Prepaid expenses and other current assets   | (13,062)           | (17,896)         |
| Accounts payable and accrued expenses   | 103,698            | 192,656          |
| Due to related parties  | 111,435            | (22,843)         |
| Gift card liability   | 295,825            | 77,454           |
| Contract liabilities  | 15,137             | 782,441          |
| Operating lease liability   | (132,648)          | (105,796)        |
| Net cash used in operating activities   | <u>(1,059,710)</u> | <u>(937,080)</u> |
| <b>Cash Flows from Investing Activities</b>                                       |                    |                  |
| Purchase of fixed assets  | -                  | (9,865)          |
| Net cash used in investing activities   | <u>-</u>           | <u>(9,865)</u>   |
| <b>Cash Flows from Financing Activities</b>                                       |                    |                  |
| Principal payments on long-term debt  | (184,836)          | (179,955)        |
| Proceeds from line of credit  | 495,000            | 871,826          |
| Net repayment of line of credit - related party                                   | -                  | (18,552)         |
| Proceeds from related party notes payable   | 696,861            | -                |
| Member distributions  | -                  | (50,100)         |
| Member contributions  | -                  | 275,000          |
| Net cash provided by financing activities   | <u>1,007,025</u>   | <u>898,219</u>   |
| <b>Net Decrease in Cash</b>   | <b>(52,685)</b>    | <b>(48,726)</b>  |
| <b>Cash - Beginning of Year</b>   | <b>87,569</b>      | <b>136,295</b>   |
| <b>Cash - End of Year</b>   | <b>\$ 34,884</b>   | <b>\$ 87,569</b> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                           |                    |                  |
| Cash paid for interest  | \$ 238,021         | \$ 111,564       |

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

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

December 31, 2023 and 2022



### Nature and Scope of Business

Just Love Franchise Group, LLC (the "Company") was organized as a limited liability company in Florida on February 9, 2018. The Company is a wholly-owned subsidiary of Just Love Enterprises, LLC (herein referred to as "Parent"). The Company was established to develop and franchise Just Love Cafes (the "Cafes") throughout the United States. The Cafes offer a variety of upscale coffee and tea, as well as a waffle-based menu.

There were 46 and 30 Cafes operating as of December 31, 2023 and 2022, respectively. Under the terms of these Cafes' franchise agreements, the Cafés pay monthly royalty fees and system development fees, as described below.

### Liquidity and Management's Plan

During the years ended December 31, 2023 and 2022, the Company had a net loss of \$1,031,374 and \$1,176,012, respectively, and negative cash flows from operations of approximately \$1,059,710 and \$937,080, respectively. Through December 31, 2023 and 2022, the Company has principally financed its operations through the use of draws on their line of credit, related party notes payable and cash flows from new franchise agreements and ongoing royalty payments.

The Company currently has 46 and 30 open stores as of December 31, 2023 and 2022, respectively, and expects to open approximately 16 stores during 2024, of which 4 have opened subsequent to year end through the date of this report. Additionally, the Company has approximately 44 other executed franchise agreements in the development or construction phase. The Company has also executed three franchise agreements in 2024 (see *Subsequent Events* footnote) and expects to execute approximately 24 total new franchise agreements during 2024. Additionally, the Company executed an amended line of credit agreement subsequent to year end, which provided the Company an additional \$500,000 of availability on their line of credit (see *Subsequent Events* footnote). The Company expects to improve its results of operations during the year ended December 31, 2024 through the sale of additional franchises and opening of new stores generating recurring royalty and system development fees. The debt is personally guaranteed by owners of the Parent company. To the extent the Company's available cash is insufficient to satisfy its long-term requirements (at least one year from report date), the Company will rely on funding from its Parent company and two members of the Company's Parent company.

### Summary of Significant Accounting Policies

#### Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Accounts Receivable

Royalties and system development fees receivable are due from franchisees for monthly royalty and system development fees. The Company does not require collateral for its receivables. Receivables related to royalties amounted to \$98,069, \$73,903, and \$59,573 as of December 31, 2023, 2022 and 2021, respectively. Receivables related to system development fees receivable amounted to \$27,565, \$16,369, and \$12,530 as of December 31, 2023, 2022, and 2021, respectively. The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. Based on its assessment, management determined that the risk of credit loss was not material; therefore, there was no valuation allowance recorded as of December 31, 2023 and 2022.

##### Related Party Receivables

Related party receivables are primarily made up of amounts due from related party entities for reimbursement of expenses paid for the related party. The carrying amount of related party receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. Based on its assessment, management determined that the risk of credit loss was not material; therefore, there was no valuation allowance recorded as of December 31, 2023 and 2022.

##### Note Receivable

The Company advanced \$25,000 to a franchisee owner in the form of a non-interest-bearing note receivable in order to facilitate the franchisee's ability to complete construction and build out its first location. The note receivable matured upon the earlier of (1) the opening of the franchisee's second location or 12 months after the opening date of the first location, at which any outstanding principal is due. The franchise owner opened their first location on December 4, 2020; however, in December 2021, the Company extended the due date of the loan to June 4, 2022. If the note is not paid at maturity, it was to bear interest at 2% per annum until paid in full. There were no payments received on the note receivable during 2023 and 2022. As of December 31, 2023, the \$25,000 note receivable was fully written off against the related deferred revenue, as such there is no impact to the statements of operations.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

December 31, 2023 and 2022



### Summary of Significant Accounting Policies (continued)

#### Leases

Pursuant to GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded within the accompanying balance sheets.

Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities within the Company's accompanying balance sheets. The Company has no finance leases in the accompanying balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. If the Company leases do not provide an implicit rate, the Company elected the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also includes any lease payments made less any lease incentives paid or payable to the lessee. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

The Company has a lease agreement with lease and non-lease components; however, the Company has elected the practical expedient to account for the lease and non-lease component as a single lease.

#### Property and Equipment

Property and equipment relate to the Company's website and computers which is stated at cost. Depreciation is provided based on the straight-line method over the estimated useful life of the asset, which is five years.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Impairment or Disposal of Long-Lived Assets

The Company assesses the recoverability of the recorded value of their long-lived assets, such as property and equipment, whenever events or changes in business circumstances indicate the carrying amount of the asset may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets. If the assessment indicated that the undiscounted operating cash flows do not exceed the net book value of the long-lived assets, the difference between the net book value of the long-lived asset and the fair value of such assets is recorded as a charge against income in the consolidated statements of operations. The Company determined no impairments had occurred during the years ended December 31, 2023 and 2022.

##### Paycheck Protection Program Loan Accounting Policy

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a for-profit business entity that receives forgivable debt from a government entity. Accordingly, management has elected to recognize forgivable debt received from a government entity as debt until debt extinguishment occurs when the Company is legally released from being the obligor. Upon legal release as obligor, the Company recognized the forgiven amount as income in the statements of operations. The Company received loan forgiveness in full of \$153,830, which is recorded on the accompany statements of operations for the year ended December 31, 2022.

##### COVID-19 Government Assistance Accounting Policies

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a for-profit business entity that receives assistance not in the form of an income tax credit from a government entity. As it relates to certain payroll-related tax credits (Employee Retention Credits), management has elected to account for such credits as a gain contingency. Accordingly, credits will be recognized within the financial statements once realized and cash is received. The Company has filed for Employee Retention Credits totaling \$59,000, which has not been received and is unrecognized as of December 31, 2023.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Revenue Recognition

Revenue consists of initial franchise fees, royalty fees, and system development fees. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a franchisee.

##### Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606). The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

##### Initial Franchise Fees, Contract Assets, and Contract Liabilities

The Company typically receives a nonrefundable initial franchise fee ranging from \$25,000 to \$39,000 for any new franchise location. The franchise fee is based on the number of Cafes included in the franchise agreement. In exchange for the initial franchise fee, the Company provides its franchisees with management expertise, training, pre-opening assistance, and restaurant operating assistance.

The initial franchise fees are included in contract liabilities upon receipt as they are not considered distinct performance obligations under ASC 606. Revenue from the initial franchise fees is recognized beginning when the performance obligation commences and continuing over the life of the franchise agreements. The Company typically grants franchise rights to franchisees for a term of 10 years. The Company considers the opening of the franchises to be when the performance obligation commences.

The Company has agreements with certain related parties and third-party providers to facilitate the sale of franchises. The terms of these agreements require that the Company pay commissions to these providers for each franchise that is sold. Under ASC 606, these commissions are recorded as contract assets and recognized beginning when the performance obligation commences through the life of the franchise agreement which is the same term over which the revenue is recognized.

The Company has recorded both the current portion and the long-term portion of contract assets and contract liabilities. The current portions consist of the Company's estimate of commission expense and initial franchise fee revenue, which is expected to be recognized within one year of the balance sheet date based on the Cafes that are expected to commence operations.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Revenue Recognition (continued)

##### Initial Franchise Fees, Contract Assets, and Contract Liabilities (continued)

A summary of significant changes to the deferred revenue and deferred expense balances are shown below:

|  | Contract Liabilities | Contract Assets     |
|--|----------------------|---------------------|
| <b>Balance, December 31, 2021</b>  | <b>\$ 1,547,905</b>  | <b>\$ 985,173</b>   |
| Initial franchise fees received  | 969,700              | -                   |
| Revenue recognition from initial franchise fees                          | (57,759)             | -                   |
| Franchise fees refunded  | (10,000)             | -                   |
| Revenue recognition from franchise agreement terminations due to default | (119,500)            | -                   |
| Incremental direct costs incurred  | -                    | 674,354             |
| Expense recognition from direct costs                                    | -                    | (40,283)            |
| Expense recognition from franchise agreement                             | -                    | (73,165)            |
| <b>Balance, December 31, 2022</b>  | <b>2,330,346</b>     | <b>1,546,079</b>    |
| Initial franchise fees received  | <b>402,965</b>       | -                   |
| Revenue recognition from initial franchise fees                          | <b>(99,653)</b>      | -                   |
| Franchise fees refunded  | <b>(19,500)</b>      | -                   |
| Revenue recognition from franchise agreement terminations due to default | <b>(268,675)</b>     | -                   |
| Incremental direct costs incurred  | -                    | <b>292,280</b>      |
| Expense recognition from direct costs                                    | -                    | <b>(73,620)</b>     |
| Expense recognition from franchise agreement terminations                | -                    | <b>(202,431)</b>    |
| <b>Balance, December 31, 2023</b>  | <b>\$ 2,345,483</b>  | <b>\$ 1,562,308</b> |

As of December 31, 2023 and 2022 contract liabilities were \$989,063 and \$588,227, respectively, related to stores in operation. The following table illustrates the estimated revenue from franchise stores opened as of December 31, 2023 to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2023:

|            |                     |
|------------|---------------------|
| 2024       | \$ 191,490          |
| 2025       | 206,994             |
| 2026       | 246,787             |
| 2027       | 254,224             |
| 2028       | 254,224             |
| Thereafter | 1,191,764           |
|            | <b>\$ 2,345,483</b> |

*See Independent Auditor's Report.*



# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Revenue Recognition (continued)

###### Royalty and System Development Fees

Franchisees are required to remit to the Company 5% - 6% of their revenues, as defined, as royalty fees and up to 1-3% of their revenues as system development fees. The Company recognizes these sales-based fees as the underlying franchisee sales occur.

The system development fees may be used at the Company's discretion but are restricted to pay for costs of preparing and producing various advertising and marketing materials for the franchisees' facilities. Total system development revenue totaled \$281,764 and \$178,795 for the years ended December 31, 2023 and 2022, respectively. The Company incurred approximately \$780,669 and \$796,336 of expenses related to the system development activities for the years ended December 31, 2023 and 2022, respectively, and is included in selling, general and administrative expenses in the accompanying statements of operations. The Company advanced approximately \$498,000 and \$618,000, during December 31, 2023 and 2022, respectively, to the system development fund which it expects to recoup through future system development fees. The Company has not recorded an asset related to these advances due to the uncertain nature of their recoverability.

###### Other Revenue

Other revenues consist of gift card breakage income and rebates revenue received by the Company from vendors that supply food and supplies to franchisees. Rebate revenue amounts are recognized as revenue based on recovery (i.e., cash received) method.

###### Payment Terms

The Company's revenues do not include material amounts of variable consideration. The time between invoicing and when payment is due is not significant. The Company's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

##### Gift Cards

Gift card liability represents the liability for gift cards that have been sold, but not yet redeemed, and are recorded at the expected redemption value. The Company acts as a clearinghouse for its franchisees' gift card transactions. On a regular basis, franchisees are billed or paid for the amount of the gift card sales over or under gift card redemptions at the respective franchisees' store for the period.

*See Independent Auditor's Report.*



# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### Gift Cards (continued)

The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as deferred gift card fees when the costs are incurred. The liability and deferred gift card fees recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card proceeds, net of costs, is remitted to the franchisee. On a continuing basis, management analyzes the outstanding gift card liability. Gift card breakage is recognized as other revenues based on historical customer usage patterns, in accordance with escheatment laws, with an offset to a gift card reserve account. The reserve account is reviewed regularly and adjusted into earnings as appropriate. As of December 31, 2023 and 2022, the Company recognized \$66,484 and \$0, respectively, of gift card breakage which is included in other revenues on the accompanying statements of operations.

##### Advertising Expenses

The Company expenses all advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2023 and 2022 were \$241,358, and \$300,000, respectively, and are included in selling, general, and administrative expenses in the accompanying statements of operations.

##### Income Taxes

The Company is organized as a limited liability company and is taxed as a partnership under the provisions of the Internal Revenue Code; therefore, the Company is not subject to federal and state income taxes. Each member reports their distributive share of the income, gains, losses, deductions and credits of the Company on their federal and state income tax returns. As a result, no federal income tax is imposed on or recorded by the Company.

The Company accounts for uncertainty in income taxes in its financial statements as required under ASC 740, *Income Taxes*. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. As of December 31, 2023 and 2022, management determined there were no material uncertain positions taken by the Company in its tax returns that qualify for either recognition or disclosure in the financial statements.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Summary of Significant Accounting Policies (continued)

##### New Accounting Pronouncements

Effective January 1, 2023, the Company adopted the provisions and disclosure requirements described in ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326). ASC 326 sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related allowances. The adoption of ASC 326 did not have a material effect to the accompanying financial statements.

##### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company, from time to time, may have amounts on deposit in excess of the insured limits. As of December 31, 2023 and 2022, the Company did not have balances in excess of these insured amounts.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements December 31, 2023 and 2022

### Notes Payable

Notes payable consisted of the following as of December 31:

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| Promissory note agreement entered into in February 2021 with a commercial lender in the amount of \$925,000, which was used to pay off the previous promissory note. The note bears interest at 3.5% per annum, matures in March 2026, and requires monthly principal and interest payments of \$16,846 beginning in March 2021. The promissory note is subject to a minimum debt service coverage measured annually beginning. | \$ 419,775        | \$ 603,272        |
| Economic Injury Disaster Loan funded by the U.S. Small Business Administration ("SBA"). The note bears interest at a rate of 3.75% per annum, matures in June 2050, and requires monthly interest and principal payments of \$731 beginning in December 2022 and through maturity.  | <b>150,000</b>    | 150,000           |
| Total long-term debt  | <b>569,775</b>    | 753,272           |
| Less current portion  | <b>(192,051)</b>  | (185,452)         |
| Less unamortized deferred loan costs  | <b>(6,608)</b>    | (5,269)           |
| <b>Long-term debt, net of current portion and deferred loan costs</b>   | <b>\$ 371,116</b> | <b>\$ 562,551</b> |

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Notes Payable (continued)

Future maturities of long-term debt are as follows as of December 31:

|            |            |
|------------|------------|
| 2024       | \$ 192,051 |
| 2025       | 200,941    |
| 2026       | 40,901     |
| 2027       | 3,968      |
| 2028       | 4,119      |
| Thereafter | 127,795    |
|            | \$ 569,775 |

#### Lines of Credit

##### Related Party Line of Credit

The Company entered into a line of credit arrangement in connection with a contribution agreement between the Parent and a member of the Parent. Proceeds from the related party line of credit are used for the operations of the Company. The related party line of credit bears interest at 5.75% per annum and has no maturity date and therefore is presented as a current liability in the accompanying balance sheets. The Company paid approximately \$22,000 of interest expense during the years ended December 31, 2023 and 2022. The Company paid approximately \$0 and \$18,552 of principal payments to the related party during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the Company owed \$384,362 related to this related party line of credit.

##### Line of Credit

The Company entered into a line of credit agreement with a commercial lender that allowed for borrowings of up to \$1,600,000. The line of credit bore interest at the greater of prime rate plus 0.5% or 3.25% (7.50% at December 31, 2022) and was to mature in February 2023. In January 2023, the Company entered into an amended agreement with the commercial lender, which allows for borrowings up to \$2,100,000. The line of credit bears interest at the greater of prime rate plus 0.5% or 7.0% (9% at December 31, 2023) and matured in January 2024. As of December 31, 2023 and 2022, the line of credit has an outstanding balance of \$2,095,000 and \$1,600,000, respectively. See *Subsequent Events* footnote.

The line of credit is cross collateralized with the promissory note agreement in the *Notes Payable* footnote above. The debt with the commercial lender is subject to a minimum combined global debt service coverage ratio/minimum combined liquidity, as defined, which is measured on the last day of each quarter. The combined coverage ratio is measured based on the Company and Guarantors liquidity, as defined in the agreement. The Company was in compliance with these covenants for the years ended December 31, 2023 and 2022.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements December 31, 2023 and 2022



### Related Party Transactions

#### Related Party Notes Payable

- During 2023, the Company borrowed \$696,861 from its Parent company. There is no formal agreement in place, though the Company is expected to repay the debt in interest only payments until July 2024, and then monthly principal and interest payments of \$17,292 for 48 months. Interest is being incurred at 8.50% and maturity is September 2028. Future maturities of related party notes payable are as follows as of December 31:

|      |    |         |
|------|----|---------|
| 2024 | \$ | 76,372  |
| 2025 |    | 159,494 |
| 2026 |    | 173,592 |
| 2027 |    | 188,936 |
| 2028 |    | 98,467  |
|      |    | 696,861 |
|      | \$ | 696,861 |

#### Due to and Due from Related Parties

Amounts due to related parties consists of the following transactions:

- As of December 31, 2023 and 2022 there is \$151,435 and \$40,000 due to entities under common ownership, respectively. As of December 31, 2023 and 2022 there is \$4,920 and \$45,735 due from entities under common ownership, respectively. Amounts were non-interest bearing and had no formal repayment terms.
- As of December 31, 2023 and 2022 there is \$136,615 and \$131,720, respectively is due to Franchise Opportunity Consultants ("FOC"), an entity owned by certain members of the Parent, in connection with royalty and commissions agreements described below.
- \$65,267 as of December 31, 2023 is due from a member of the Parent company who received an advance from the Company. Amounts were non-interest bearing and had no formal repayment terms.
- Approximately \$361,775 as of December 31, 2023 is due from the Parent company. Amounts were non-interest bearing and had no formal repayment terms, and relate to allocation of expenses.
- The Company has a related party line of credit with a related party through common ownership. See *Related Party Line of Credit* note above.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Related Party Transactions (continued)

##### Royalty Fees

The Company entered into an agreement with FOC to pay a fee of 10% of royalty fees received by the Company in exchange for management services. During the years ended December 31, 2023 and 2022, the Company incurred expense of \$109,927 and \$83,324, respectively, pursuant to this agreement and is included in selling, general, and administrative expenses in the accompanying statements of operations.

##### Commissions

The Company has entered into an agreement with FOC to provide for commissions in exchange for the sale of new franchise agreements. During the years ended December 31, 2023 and 2022, the Company incurred commission related charges of approximately \$119,000 and \$339,000, respectively, pursuant to this agreement. In accordance with ASC 606, these fees are capitalized as contract assets when paid and recognized to expense over the same period as the initial franchise fee revenue is recognized as a component of selling, general, and administrative expenses as described above.

##### Franchise locations

A member of the Parent owns two franchise locations. Pursuant to the related party franchise agreements, no initial franchise fees were due for these Cafes. One of these locations is not subject to pay royalty fees but is subject to pay system development fees. The other location is subject to pay both royalty and system development fees. The Company recognized royalty and system development fees from these franchise locations totaling approximately \$57,000 and \$50,000, and represented a receivable of \$1,243 and \$1,104 of system development fees receivable and \$4,188 and \$3,220 of royalties receivable for the years ended December 31, 2023 and 2022, respectively.

##### Reimbursements

FOC reimburses the Company for use of its office space on a monthly basis. For the years ended December 31, 2023 and 2022, reimbursements received amounted to \$18,000 for each year.

#### Leases

The Company has one operating lease for the office space for its corporate operations. The Company's lease has a remaining lease term of 2.2 years. The lease term is generally the minimum of the cancelable period or the lease term including renewal options which are reasonably certain of being exercised.

The Company is also generally obligated to pay certain real estate taxes, insurance and common area maintenance (CAM) charges, and various other expenses related to properties. These charges are expensed as incurred. As of December 31, 2023 and 2022, the Company's only lease is classified as an operating lease.

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements December 31, 2023 and 2022

### Leases (continued)

The maturity of the operating lease liability as of December 31, 2023 was as follows:

|                                | Operating Lease   |
|--------------------------------|-------------------|
| 2024                           | \$ 147,240        |
| 2025                           | 148,420           |
| 2026                           | 37,109            |
| Total undiscounted cash flows  | 332,769           |
| Less: present value discount   | (4,900)           |
| <b>Total lease liabilities</b> | <b>\$ 327,869</b> |

Components of operating lease costs are included in selling, general and administrative expenses for the years ended December 31, 2023 and 2022:

|                            | 2023              | 2022              |
|----------------------------|-------------------|-------------------|
| Operating lease expense    | \$ 141,114        | \$ 141,114        |
| Sublease income            | (21,600)          | (21,600)          |
| Other lease expense        | 4,422             | 2,620             |
| <b>Total lease expense</b> | <b>\$ 123,936</b> | <b>\$ 122,134</b> |

The following summarizes additional information related to leases for the years ended December 31, 2023 and 2022:

|  | 2023       | 2022       |
|--|------------|------------|
| Cash paid for amounts included in the measurement of lease liabilities   |            |            |
| Operating cash flows from operating leases                               | \$ 138,000 | \$ 112,800 |
| Operating lease asset obtained in exchange for operating lease liability | -          | 566,313    |
| Weighted-average remaining lease term in years for operating leases      | 2.20       | 3.20       |
| Weighted-average discount rate for operating leases                      | 1.37%      | 1.37%      |

*See Independent Auditor's Report.*

# JUST LOVE FRANCHISE GROUP, LLC

## Notes to Financial Statements

### December 31, 2023 and 2022

#### Commitments and Contingencies

##### Litigation

From time to time, the Company is subject to lawsuits and other charges from franchisees and employees, which are typical within the industry. In the opinion of management, any open matters will not have a material effect upon the financial position of the Company.

##### Guarantee

The Company has provided a guarantee on a loan between a financial institution and its Parent (see *Related Party* footnote). The loan guarantee was \$696,861 as of December 31, 2023. The Company's maximum exposure to loss under these guarantees represents the aggregate amount of principal and interest outstanding on the loans guaranteed. The guaranteed amount was loaned to the Company by the Parent, as noted in the *Related Party* footnote, as such, the amount is recorded as a liability on the Company's in notes payable – related party and current portion of related party notes payable on the accompanying balance sheets.

#### Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available to be issued.

##### Notes Payable and Line of Credit

Subsequent to year end, the Company entered a promissory note with a commercial lender for \$1,300,000, resulting from a term out of the line of credit. This note is payable in equal monthly principal and interest installments of \$19,849 which includes interest at 7.25%, and matures May 21, 2031.

In conjunction with the above, the Company entered into an amended line of credit agreement with the commercial lender which allows for borrowings of up to \$1,300,000. The line of credit bears interest at the greater of prime rate plus 0.5% or 8.5% and matures August 2025.

##### Area Development and Franchise Agreements

Subsequent to year-end, the Company has entered into three franchise agreements with an initial term of 10 years and franchise fees ranging from \$25,000 to \$39,000.

##### Franchise store openings

Subsequent to year-end, four franchised cafés opened.

*See Independent Auditor's Report.*



# **JUST LOVE FRANCHISE GROUP, LLC**

## **FINANCIAL STATEMENTS**

***As of and for the Years Ended December 31, 2021,  
2020, and 2019***

***And Report of Independent Auditor***

**JUST LOVE FRANCHISE GROUP, LLC**

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## Report of Independent Auditor

To the Member  
Just Love Franchise Group, LLC  
Franklin, Tennessee

### Opinion

We have audited the accompanying financial statements of Just Love Franchise Group, LLC (the “Company”) which comprise the balance sheets as of December 31, 2021, 2020, and 2019, and the related statements of operations, changes in member’s deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020, and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Emphasis of Matter

As discussed in Note 3 to the financial statements, the Company has experienced net losses and negative cash flow from operations since the period from Inception. Management’s plans in regard to this matter is described in Note 3. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

A handwritten signature in black ink that reads "Cherry Behart LLP". The signature is written in a cursive, flowing style.

Tampa, Florida  
April 19, 2022

**JUST LOVE FRANCHISE GROUP, LLC**  
**BALANCE SHEETS**

DECEMBER 31, 2021, 2020, AND 2019

|  | <u>2021</u>                | <u>2020</u>              | <u>2019</u>              |
|--|----------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>  |                            |                          |                          |
| Current Assets:  |                            |                          |                          |
| Cash   | \$ 136,295                 | \$ 31,039                | \$ 194,924               |
| Accounts Receivable:   |                            |                          |                          |
| Royalties receivable   | 59,573                     | 32,604                   | 19,159                   |
| System development fees receivable   | 12,530                     | 7,073                    | 4,518                    |
| Related party  | 4,406                      | -                        | -                        |
| Contract assets - current  | 70,769                     | 40,683                   | 37,178                   |
| Prepaid expenses and other current assets  | 49,319                     | 27,569                   | 22,962                   |
| Total Current Assets   | <u>332,892</u>             | <u>138,968</u>           | <u>278,741</u>           |
| Contract assets, net of current portion  | 935,071                    | 504,108                  | 537,345                  |
| Note receivable  | 25,000                     | 25,000                   | -                        |
| Property, plant, and equipment, net  | 27,267                     | 28,654                   | -                        |
| <b>Total Assets</b>  | <u><u>\$ 1,320,230</u></u> | <u><u>\$ 696,730</u></u> | <u><u>\$ 816,086</u></u> |
| <b>LIABILITIES AND MEMBER'S DEFICIT</b>  |                            |                          |                          |
| Current Liabilities:   |                            |                          |                          |
| Line of credit   | \$ 728,174                 | \$ -                     | \$ -                     |
| Line of credit, related party  | 402,914                    | 483,496                  | 160,000                  |
| Accounts payable and accrued expenses  | 63,532                     | 109,580                  | 42,672                   |
| Due to related parties   | 62,843                     | 85,454                   | -                        |
| Advances from Parent   | -                          | -                        | 48,326                   |
| Gift card liability  | 206,797                    | 113,024                  | 62,041                   |
| Contract liabilities - current   | 104,850                    | 57,898                   | 56,381                   |
| Current portion of long-term debt  | 180,338                    | 102,127                  | 47,533                   |
| Total Current Liabilities  | <u>1,749,448</u>           | <u>951,579</u>           | <u>416,953</u>           |
| Deferred rent liability  | 79,775                     | 29,635                   | -                        |
| Contract liabilities - long-term   | 1,443,055                  | 714,917                  | 784,863                  |
| Long-term debt - long-term, net of unamortized<br>deferred loan costs of \$3,997 | 901,450                    | 311,092                  | 150,491                  |
| Total Liabilities  | <u>4,173,728</u>           | <u>2,007,223</u>         | <u>1,352,307</u>         |
| Commitments and contingencies (Notes 7 and 8)                                    | -                          | -                        | -                        |
| Member's Deficit:  |                            |                          |                          |
| Member advances  | (488,692)                  | (453,692)                | (267,153)                |
| Member's deficit   | (2,364,806)                | (856,801)                | (269,068)                |
| Total Member's Deficit   | <u>(2,853,498)</u>         | <u>(1,310,493)</u>       | <u>(536,221)</u>         |
| <b>Total Liabilities and Member's Deficit</b>                                    | <u><u>\$ 1,320,230</u></u> | <u><u>\$ 696,730</u></u> | <u><u>\$ 816,086</u></u> |

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

**JUST LOVE FRANCHISE GROUP, LLC**  
**STATEMENTS OF OPERATIONS**

*YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019*

|  | <u>2021</u>           | <u>2020</u>           | <u>2019</u>         |
|--|-----------------------|-----------------------|---------------------|
| Revenues:  |                       |                       |                     |
| Initial franchise fees                                     | \$ 199,011            | \$ 139,429            | \$ 29,356           |
| Royalty fees   | 630,505               | 272,076               | 188,814             |
| System development fees                                    | 132,486               | 54,246                | 44,173              |
| Other revenue  | 19,487                | -                     | -                   |
|  | <u>981,489</u>        | <u>465,751</u>        | <u>262,343</u>      |
| Selling, general, and administrative expenses              | <u>2,205,339</u>      | <u>1,793,941</u>      | <u>1,103,505</u>    |
| Loss from Operations                                       | <u>(1,223,850)</u>    | <u>(1,328,190)</u>    | <u>(841,162)</u>    |
| Other Income (Expenses):                                   |                       |                       |                     |
| Other income   | 4,600                 | -                     | -                   |
| Gain on forgiveness of Paycheck Protection<br>Program loan | 100,180               | -                     | -                   |
| Interest expense   | <u>(71,050)</u>       | <u>(32,543)</u>       | <u>(14,670)</u>     |
| Total Other Income, Net                                    | <u>33,730</u>         | <u>(32,543)</u>       | <u>(14,670)</u>     |
| Net Loss   | <u>\$ (1,190,120)</u> | <u>\$ (1,360,733)</u> | <u>\$ (855,832)</u> |

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

**JUST LOVE FRANCHISE GROUP, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S DEFICIT**

*YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019*

|   | <u>Member's<br/>Deficit</u> | <u>Member<br/>Advances</u> | <u>Total Member's<br/>Deficit</u> |
|---|-----------------------------|----------------------------|-----------------------------------|
| <b>Balance, January 1, 2019</b>   | \$ (342,236)                | \$ (100,475)               | \$ (442,711)                      |
| Cumulative adjustment for adoption of new<br>accounting pronouncement (ASC 606)<br>(Note 1) | 184,000                     | -                          | 184,000                           |
| Contributions   | 745,000                     | -                          | 745,000                           |
| Member advances   | -                           | (166,678)                  | (166,678)                         |
| Net loss  | <u>(855,832)</u>            | <u>-</u>                   | <u>(855,832)</u>                  |
| <b>Balance, December 31, 2019</b>   | (269,068)                   | (267,153)                  | (536,221)                         |
| Contributions   | 698,000                     | -                          | 698,000                           |
| Reclassification of contract liabilities as<br>member contributions (Note 7)                | 75,000                      | -                          | 75,000                            |
| Member advances   | -                           | (186,539)                  | (186,539)                         |
| Net loss  | <u>(1,360,733)</u>          | <u>-</u>                   | <u>(1,360,733)</u>                |
| <b>Balance, December 31, 2020</b>   | (856,801)                   | (453,692)                  | (1,310,493)                       |
| Contributions   | 5,250                       | -                          | 5,250                             |
| Distributions   | (323,135)                   | -                          | (323,135)                         |
| Member advances   | -                           | (35,000)                   | (35,000)                          |
| Net loss  | <u>(1,190,120)</u>          | <u>-</u>                   | <u>(1,190,120)</u>                |
| <b>Balance, December 31, 2021</b>   | <u>\$ (2,364,806)</u>       | <u>\$ (488,692)</u>        | <u>\$ (2,853,498)</u>             |

**JUST LOVE FRANCHISE GROUP, LLC**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

|  | <b>2021</b>       | <b>2020</b>        | <b>2019</b>       |
|--|-------------------|--------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                   |                   |                    |                   |
| Net loss   | \$ (1,190,120)    | \$ (1,360,733)     | \$ (855,832)      |
| Adjustments to reconcile net loss to net cash flows from operating activities: |                   |                    |                   |
| Depreciation expense   | 2,479             | -                  | -                 |
| Amortization of deferred loan costs  | 1,126             | -                  | -                 |
| Gain of forgiveness of Paycheck Protection Program loan                        | (100,180)         | -                  | -                 |
| Change in operating assets and liabilities:                                    |                   |                    |                   |
| Royalties and system development fees receivable                               | (32,426)          | (16,000)           | (15,624)          |
| Contract assets  | (461,049)         | 29,732             | (390,523)         |
| Prepaid expenses and other current assets                                      | (21,750)          | (4,607)            | (22,962)          |
| Accounts payable   | (46,048)          | 66,908             | 9,237             |
| Gift card liability  | 93,773            | 50,983             | 62,041            |
| Contract liabilities   | 775,090           | 6,571              | 561,244           |
| Deferred rent liability  | 50,140            | 29,635             | -                 |
| Net cash flows from operating activities                                       | <u>(928,965)</u>  | <u>(1,197,511)</u> | <u>(652,419)</u>  |
| <b>Cash flows from investing activities:</b>                                   |                   |                    |                   |
| Purchase of fixed assets   | (1,092)           | (28,654)           | -                 |
| Issuance of note receivable  | -                 | (25,000)           | -                 |
| Net cash flows from investing activities                                       | <u>(1,092)</u>    | <u>(53,654)</u>    | <u>-</u>          |
| <b>Cash flows from financing activities:</b>                                   |                   |                    |                   |
| Proceeds from long-term debt   | 1,078,830         | 250,180            | -                 |
| Principal payment on long-term debt  | (388,945)         | (34,985)           | (43,451)          |
| Proceeds from line of credit   | 730,453           | -                  | -                 |
| Proceeds from line of credit, related party                                    | -                 | 323,496            | 160,000           |
| Payment of deferred loan costs   | (5,123)           | -                  | -                 |
| (Payments to) advances from Parent   | -                 | (48,326)           | 48,326            |
| Member distributions   | (323,135)         | -                  | -                 |
| Member advances  | (35,000)          | (186,539)          | (123,026)         |
| Advances from related parties  | (27,017)          | 85,454             | -                 |
| Member contributions   | 5,250             | 698,000            | 745,000           |
| Net cash flows from financing activities                                       | <u>1,035,313</u>  | <u>1,087,280</u>   | <u>786,849</u>    |
| Net change in cash   | 105,256           | (163,885)          | 134,430           |
| Cash, beginning of period  | 31,039            | 194,924            | 60,494            |
| Cash, end of period  | <u>\$ 136,295</u> | <u>\$ 31,039</u>   | <u>\$ 194,924</u> |

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



**JUST LOVE FRANCHISE GROUP, LLC**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**

*YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019*

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|   | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|-------------|
| <b>Supplemental disclosure of cash flow information:</b>                        |             |             |             |
| Cash paid for interest  | \$ 71,050   | \$ 32,543   | \$ 14,670   |
| <b>Supplemental disclosure of noncash flow information:</b>                     |             |             |             |
| Cumulative adjustment for adoption of new<br>accounting pronouncement (ASC 606) | \$ -        | \$ -        | \$ 184,000  |
| Reclassification of contract liabilities as<br>member contributions             | \$ -        | \$ 75,000   | \$ -        |

**JUST LOVE FRANCHISE GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021, 2020, AND 2019

**Note 1—Nature of business and summary of significant accounting policies**

*Nature and Organization of Business* – Just Love Franchise Group, LLC (the “Company”) was organized as a limited liability company in Florida on February 9, 2018. The Company was established to develop and franchise Just Love Cafes (the “Cafes”) throughout the United States. The Cafes will offer a variety of upscale coffee and tea, as well as a waffle based menu.

There were 23, 18, and 11 Cafes operating as of December 31, 2021, 2020, and 2019, respectively. Under the terms of these Cafes’ franchise agreements, these Cafes pay monthly royalty fees and system development fees, as described below.

*Royalties and System Development Fees Receivable* – Royalties and system development fees receivable are due from franchisees for monthly royalty and system development fees. The Company does not require collateral for its receivables. Management performs ongoing credit evaluations of its franchisees and establishes an allowance for estimated uncollectible accounts when the potential for such losses becomes probable. Management believes no allowance for uncollectible receivables was necessary at December 31, 2021, 2020, and 2019.

*Accounting Pronouncement Adopted in 2019* – In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively, “ASC 606”). The Company adopted the provisions of ASU 2014-09 and related ASUs as of January 1, 2019 using a modified retrospective approach.

The Company recorded a net increase to member’s deficit as of January 1, 2019 of \$184,000 due to the cumulative impact of adopting ASC 606, with the impact primarily related to a change in the recognition of commissions paid for initial franchise fees.

*Revenue Recognition* – See Note 2.

The cumulative effect of adopting ASC 606 effective January 1, 2019 on the Company’s balance sheet was as follows:

|   | <b>As Previously<br/>Reported</b> | <b>ASC 606<br/>Adjustments</b> | <b>As Adjusted</b> |
|---|-----------------------------------|--------------------------------|--------------------|
| Assets:                                 |                                   |                                |                    |
| Contract assets - current               | \$ -                              | \$ 5,750                       | \$ 5,750           |
| Contract assets, net of current portion | \$ -                              | \$ 178,250                     | \$ 178,250         |
| Member's deficit                        | \$ (442,711)                      | \$ 184,000                     | \$ (258,711)       |

# JUST LOVE FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021, 2020, AND 2019

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### **Note 1—Nature of business and summary of significant accounting policies (continued)**

*Note Receivable* – The Company advanced \$25,000 to a franchisee owner in the form of a non-interest bearing note receivable in order to facilitate the franchisee’s ability to complete construction and build out of its first location. The note receivable matures upon the earlier of (1) the opening of the franchisee’s second location or (2) 12 months after the opening date of the first location, at which any outstanding principal is due. The franchisee owner opened their first location on December 4, 2020; however, in December 2021, the Company extended the due date of the loan to June 4, 2022. If the note is not paid at maturity, it shall bear interest at 2% per annum until paid in full. There were no payments received on the note receivable during 2021.

*Property and Equipment* – Property and equipment relates to the Company’s website which placed into service in September 2021 and is stated at cost. Depreciation is provided based on the straight-line method over the estimated useful life of the asset, which is three years.

*Deferred Rent* – Rent expense for the Company’s operating lease, which has escalating rentals over the term of the lease, is recorded on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as deferred rent liability in the accompanying balance sheets.

*Advertising Expenses* – The Company expenses all advertising costs as they are incurred. Total advertising costs for the fiscal years ended December 31, 2021, 2020, and 2019 were approximately \$226,000, \$191,000, and \$73,000, respectively, and are included in selling, general, and administrative expenses in the accompanying statements of operations.

*Income Taxes* – The Company is a limited liability company and is taxed as a partnership under the provisions of the Internal Revenue Code. Under this election, the members of Just Love Enterprises, LLC (“Parent”) include their respective share of taxable income or loss of the Company in their individual tax returns. As a result, no federal income tax is imposed on or recorded by the Company.

*Use of Estimates* – The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Subsequent Events* – The Company has considered subsequent events through April 19, 2022, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. See Note 9.

### **Note 2—Revenue recognition**

Revenue consists of initial franchise fees, royalty fees, and system development fees. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a franchisee.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

# JUST LOVE FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021, 2020, AND 2019

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### Note 2—Revenue recognition (continued)

*Initial Franchise Fees, Contract Assets, and Contract Liabilities* – The Company typically receives a nonrefundable initial franchise fee ranging from \$25,000 to \$39,000 for any new franchise. The franchise fee is based on the number of Cafes included in the franchise agreement. In exchange for the initial franchise fee the Company provides its franchisees with management expertise, training, pre-opening assistance, and restaurant operating assistance.

The initial franchise fees are included in contract liabilities upon receipt as they are not considered distinct performance obligations under ASC 606. Revenue from the initial franchise fees is recognized beginning when the performance obligation commences and continuing over the life of the franchise agreements. The Company typically grants franchise rights to franchisees for a term of 10 years. The Company considers the opening of the franchises to be when the performance obligation commences.

The Company has agreements with certain third party providers to facilitate the sale of franchises. The terms of these agreements require that the Company pay commissions to these providers for each franchise that is sold. Under ASC 606, these commissions are recorded as contract assets and recognized beginning when the performance obligation commences through the life of the franchise agreement which is the same term over which the revenue is recognized.

The Company has recorded both the current portion and the long-term portion of contract assets and contract liabilities. The current portions consist of the Company's estimate of commission expense and revenue, which is expected to be recognized within one year of the balance sheet date based on the Cafes that are expected to commence operations.

*Royalty and System Development Fees* – Franchisees are required to remit to the Company 5% of their revenues, as defined, as royalty fees and up to 3% of their revenues as system development fees. The system development fee was 1% during 2021, 2020, and 2019. The Company recognizes these sales-based fees as the underlying franchisee sales occur.

The system development fees may be used at the Company's discretion but are restricted to pay for costs of preparing and producing various advertising and marketing materials for the franchisees' facilities. Total system development revenues totaled approximately \$132,000, \$54,000, and \$44,000 for the years ended December 31, 2021, 2020, and 2019, respectively. The Company incurred approximately \$669,000, \$475,000, and \$225,000 of expenses related to the system development activities for the years ended December 31, 2021, 2020, and 2019 respectively, and is included in selling, general and administrative expenses in the accompanying statements of operations. During the years ended December 31, 2021, 2020, and 2019, the Company advanced approximately \$493,000, \$143,000, and \$191,000, respectively, to the system development fund which it expects to recoup through future system development fees. The Company has not recorded an asset related to these advances due to the uncertain nature of their recoverability.

*Other Revenue* – Other revenue consist of rebates received by the Company from vendors that supply food and supplies to franchisees. These amounts are recognized as revenue as the thresholds of product purchases by the Company's franchisees are met.

*Payment Terms* – The Company's revenues do not include material amounts of variable consideration. The time between invoicing and when payment is due is not significant. The Company's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

# JUST LOVE FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021, 2020, AND 2019

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### **Note 2—Revenue recognition (continued)**

*Practical Expedients* – The Company applies the following practical expedient in the application of ASC 606:

The Company treats similar contracts as part of a portfolio of contracts, primarily sales of franchise agreements. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

### **Note 3—Liquidity and management’s plan**

During the year ended December 31, 2021, the Company had a net loss of approximately \$1,197,000 and negative cash flows from operations of approximately \$983,000. Through December 31, 2021, the Company has principally financed its operations through the use of Paycheck Protection Program (“PPP”) round two funds received in February 2021 and new debt financing entered into in February 2021 (see Note 5 and 6) with a third-party lender. The Company currently has 23 open stores as of December 31, 2021, expects to open approximately 15 to 18 stores during 2022, and has over 20 other executed franchise agreements in the development or construction phase. The Company has also executed seven franchise agreements in 2022 (see Note 9) and expects to execute approximately 40 total new franchises during 2022. While the Company expects to improve its results of operations during the year ended December 31, 2022 through the sale of additional franchises and opening of new stores, the Company will rely on draws from the line of credit renewal in January 2022. The renewed line increased maximum borrowings from \$750,000 to \$1,600,000 (see Note 5) which the Company will use to assist in sustaining operations. To the extent the Company’s available cash is insufficient to satisfy its long-term requirements (at least one year from report date), the Company will rely on funding from a member of the Company’s Parent company.

### **Note 4—Concentrations of credit risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2021, the Company did not have balances in excess of these insured amounts.

Concentrations of credit risk for accounts receivable are limited due the number of franchisees comprising the Company’s franchise network. The Company extends credit to franchisees based on the terms stated in the respective franchise agreement and generally does not require collateral from individual franchisees. Credit losses are provided for in the Company’s financial statements based on the credit risk of specific customers and franchisees.

**JUST LOVE FRANCHISE GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

*DECEMBER 31, 2021, 2020, AND 2019*

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**Note 5—Lines of credit**

*Related Party Line of Credit* – The Company entered into a line of credit arrangement in connection with a contribution agreement between the Parent and a member of the Parent. Proceeds from the related party line of credit are used for the operations of the Company. The related party line of credit bears interest at 5.75% per annum and has no maturity date and therefore is presented as a current liability in the accompanying balance sheets. The Company incurred approximately \$25,000, \$24,000, and \$-0- of interest expense to the related party during the years ended December 31, 2021, 2020 and 2019, respectively, related to the related party line of credit.

*Line of Credit* – In February 2021, the Company entered into a line of credit agreement with the same commercial lender as the new promissory note described in Note 6 that allows for borrowings of up to \$750,000. The line of credit bears interest at the greater of prime rate plus 0.5% or 3.25% (4.00% at December 31, 2021) and matures in March 2023. The line of credit was subject to the same minimum debt service coverage ratio as the new promissory note discussed in Note 6.

In January 2022, the Company renewed the line of credit which increased the maximum borrowings of up to \$1,600,000. There were no changes to interest rate or maturity date. Upon renewal, the original minimum debt service coverage ratio was replaced to a minimum combined global debt service coverage ratio/minimum combined liquidity, as defined, which is measured on the last day of each quarter. The combined coverage ratio is measure based on the Company and Guarantors liquidity, as defined.

**JUST LOVE FRANCHISE GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021, 2020, AND 2019

**Note 6—Long-term debt**

Notes payable consisted of the following as of December 31:

|  | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|-------------------|
| Promissory note agreement with a commercial lender in the original amount of \$250,000. The note bore interest at a rate of 6.0%, per annum, and required monthly principal payments of approximately \$3,600 plus accrued interest beginning November 2018 and through maturity. The note was paid off in connection with refinance as discussed below.   | \$ -              | \$ 163,039        | \$ 198,024        |
| Promissory note agreement entered into in February 2021 with a commercial lender in the amount of \$925,000, which was used to pay off the previous promissory note. The note bears interest at 3.5% per annum, matures in March 2026, and requires monthly principal and interest payments of \$16,846 beginning in March 2021. Promissory note is subject to a minimum debt service coverage measured annually beginning on December 31, 2021. | 781,955           | -                 | -                 |
| Economic Injury Disaster Loan funded by the U.S. Small Business Administration ("SBA"). The note bears interest at a rate of 3.75% per annum, matures in June 2050, and requires monthly interest and principal payments of \$731 beginning in December 2022 and through maturity.   | 150,000           | 150,000           | -                 |
| PPP loan (round 1) bore interest at 1% per annum. During the year ending December 31, 2021, the Company received a notice of forgiveness from the SBA and recognized a gain on loan forgiveness of approximately \$100,000 during the year ended December 31, 2021.  | -                 | 100,180           | -                 |
| PPP loan (round 2) bears interest at 1% per annum. During 2022, the Company received a notice of forgiveness from the SBA and expects to recognize loan forgiveness income for this amount during the year ended December 31, 2022.  | 153,830           | -                 | -                 |
| Total long-term debt   | 1,085,785         | 413,219           | 198,024           |
| Less current portion   | (180,338)         | (102,127)         | (47,533)          |
| Less unamortized deferred loan costs   | (3,997)           | -                 | -                 |
| Long-term portion  | <u>\$ 901,450</u> | <u>\$ 311,092</u> | <u>\$ 150,491</u> |

**JUST LOVE FRANCHISE GROUP, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2021, 2020, AND 2019

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**Note 6—Long-term debt (continued)**

Future maturities of long-term debt are as follows as of December 31, 2021 (excluding forgiven PPP loans):

**Years Ending December 31,**

|            |                          |
|------------|--------------------------|
| 2022       | \$ 180,339               |
| 2023       | 186,990                  |
| 2024       | 193,763                  |
| 2025       | 200,663                  |
| 2026       | 36,758                   |
| Thereafter | <u>133,442</u>           |
|            | <u><u>\$ 931,955</u></u> |

**Note 7—Related party transactions**

*Advances from Parent* – During 2019, the Parent advanced the Company \$75,000 for operating capital. The Company repaid approximately \$48,000 and \$27,000 during the years ended December 31, 2020 and 2019, respectively.

*Member Advances* – Member advances represents unsecured advances to the Parent of the Company and to entities owned by members of the Parent. Such receivables are non-interest bearing and due on demand. These amounts have been presented as a reduction of member’s deficit as there are no formal repayment terms.

*Due to Related Parties* – Amounts due to related parties consists of the following transactions:

- Approximately \$60,000 as of December 31, 2020 was received from entities under common ownership which were repaid in 2021. Amounts were non-interest bearing and had no formal repayment terms.
- Approximately \$63,000 and \$14,000 as of December 31, 2021 and 2020, respectively, due to Franchise Opportunity Consultants (“FOC”), an entity owned by certain members of the Parent, in connection with royalty and commissions agreements described below.

*Due from Related Party* – Amount due from related party consists of monies advanced to an entity under common ownership during the year ended December 31, 2021. Amount is non-interest bearing and has no formal repayment terms.

*Line of Credit* – See Note 5.

*Franchise Fee Reclassification* – During 2020, the Company’s Parent agreed to allow a franchisee owner to use \$75,000 of initial franchise fees previously received for three unopened locations as capital for equity interest in the Company’s Parent. These initial franchise fees were included in contract liabilities in the accompanying 2019 balance sheet and were reclassified as a reduction of member’s deficit in the accompanying statement of changes in member’s deficit for the year ended December 31, 2020.

*Royalty Fees* – The Company entered into an agreement with FOC to pay a fee of 10% of royalty fees received by the Company in exchange for management services. During the years ended December 31, 2021, 2020, and 2019, the Company incurred expense of approximately \$60,000, \$26,000 and \$18,000 respectively, pursuant this agreement and is included in selling, general, and administrative expenses in the accompanying statements of operations.



# JUST LOVE FRANCHISE GROUP, LLC

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021, 2020, AND 2019

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### Note 7—Related party transactions (continued)

*Commissions* – The Company has entered into an agreement with FOC to provide for commissions in exchange for the sale of new franchise agreements. During the years ended December 31, 2021, 2020, and 2019, the Company incurred approximately \$330,000, \$75,000, and \$414,000, respectively, pursuant this agreement. Beginning January 1, 2019 in connection with the Company’s adoption of ASC 606, these fees are capitalized as contract assets when paid and recognized to expense over the same period as the initial franchise fee revenue is recognized as a component of selling, general, and administrative expenses as described in Notes 1 and 2.

*Franchises* – A member of the Parent owns two franchises. Pursuant to the related party franchise agreements, no initial franchise fees were due for these Cafes. One of these locations is not subject to pay royalty fees but is subject to pay system development fees. The other location is subject to pay both royalty and system development fees. During the years ended December 31, 2021, 2020, and 2019 the Company recognized royalty and system development fees from these franchises totaling approximately \$52,000, \$34,000, and \$24,000 respectively.

*Franchisee Renovation Expenses* – During 2020, the Company incurred renovation expenses of approximately \$28,000 on behalf of two franchisees and is included in selling, general, and administrative expenses in the accompanying statements of operations as the Company does not expect to be repaid.

### Note 8—Commitments and contingencies

*Operating Lease* – In October 2020, the Company entered into a lease agreement to rent out office space. The agreement expires March 31, 2026 and includes a six-month deferment period of rent from inception to March 31, 2021 and contains annual rent escalation clauses. The Company recognized approximately \$105,000 and \$30,000 of rent expense during the years ended December 31, 2021 and 2020, respectively.

Minimum future rental payments on the operating lease are as follows:

#### Years Ending December 31,

|      |                   |
|------|-------------------|
| 2022 | \$ 112,800        |
| 2023 | 138,000           |
| 2024 | 147,240           |
| 2025 | 148,418           |
| 2026 | 37,113            |
|      | <u>\$ 583,571</u> |

### Note 9—Subsequent events

*Franchise Agreements* – Subsequent to year-end, the Company has entered into seven franchise agreements with an initial term of 10 years and franchise fees ranging from \$25,000 to \$39,000.

*PPP Loan (Round 2) Forgiveness* – See Note 6.

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
FRANCHISE AGREEMENT**

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**JUST LOVE FRANCHISE GROUP LLC**

**FRANCHISE AGREEMENT**

**Date:**

**Store Number:**

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EXHIBITS:

- A Business Type, Site Primary Area, Fees
- B Form of Addendum to Lease
- C Limited Access Concept Addendum To Franchise Agreement
- D Satellite Outlet Addendum
- E SBA Addendum to Franchise Agreement
- E Principal Owner Statement
- F Owner's Guaranty



**JUST LOVE FRANCHISE GROUP LLC**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is effective as of \_\_\_\_\_, 202\_\_ (the “**Agreement Date**”). The parties to this Agreement are **JUST LOVE FRANCHISE GROUP LLC**, a Florida limited liability company, with its principal business address at 761 Old Hickory Boulevard, Suite 300, Brentwood, TN 37027 (referred to in this Agreement as “**we,**” “**us,**” “**Franchisor**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (referred to in this Agreement as “**you,**” “**your**” or “**Franchisee**”).

**1. INTRODUCTION.**

1.1. **Brand.** Through the expenditure of considerable time, money and effort, we have developed a distinctive system for the franchising, development and operation of businesses which offer different varieties of coffee and tea and waffle-based menus, as well as merchandise for purchase for either on-site consumption or take-out/retail sales (“**Just Love Coffee & Cafés**”).

1.2. **Marks.** To maintain and promote our brand and our company mission, we use, promote and license certain trademarks, service marks and other commercial symbols and other associated logos, designs, symbols and trade dress (collectively, the “**Marks**”) in the operation of Just Love Coffee & Cafe shops (including Just Love Coffee Roasters® and Just Love Coffee & Cafe®), which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional Marks for the operation of Just Love Coffee & Cafe shops.

1.3. **Copyrights.** We also use, promote and license in the operation of Just Love Coffee & Cafés certain information capable of being rendered into tangible form that we claim as our Copyrights, including spreadsheets, forms, marketing materials, labels, manuals, pricing lists, vendor lists, menus, advertisements, our website, and any other written materials, marketing materials, advertisements, or slogans (including the look, compilation, feel and content of them) (collectively, the “**Copyrights**”).

1.4. **System.** Just Love Coffee & Cafe shops offer and sell only the products, services and merchandise we designate or approve (the “**Products and Services**”), in a distinctive and innovative environment. Our “**System**” is comprised of our distinctive business formats, methods, procedures, the Marks, the Copyrights, recipes, menus, designs, layouts, signs, product and service mix, as well as policies, procedures, rules, methods and standards for operation, design, service, marketing (“**System Standards**”), which include plans and specifications for developing, equipping, renovating, supplying, updating and maintaining Cafés (“**Specifications**”), all of which we may improve, further develop or otherwise modify from time-to-time. Our Manual and our System Standards define the System and will address specifics of the layout of the Just Love Coffee & Cafe shops, number of personnel needed, types of Products or Services offered, amount of inventory carried and the like. The Copyrights include our compilation of the System and substantially all of our System Standards, Specifications, descriptions of Products and Services, policies, procedures, directives,

instructions, lists of suppliers and other resources, in the Operating Manual (the “**Manual**”). A Café opened under a Limited Access Concept Addendum will likely modify its design and operations from our Specifications but conform to System Standards as much as possible, with only such variations from our System Standards as we approve in advance.

1.5. **Efforts.** We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a Just Love Coffee & Cafe offering the Products and Services we authorize and approve and utilizing the Marks, Copyrights and System.

1.6. **Limited Rights.** We also grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to develop and operate multiple Just Love Coffee & Cafe shops located within a defined geographic area offering the Products and Services we authorize and approve and utilizing the Marks, Copyright and System. Under this Agreement, you have applied to be a Just Love Coffee & Cafe franchisee to operate a single Just Love Coffee & Cafe under this Agreement. This Agreement does not grant any area development rights to you.

## 2. **GRANT AND TERM.**

### 2.1. **Site/Primary Area.**

(a) You have applied for a franchise to own and operate a Just Love Coffee & Cafe (sometimes referred to as the or your “**Business**”) operating only at a location approved or to be approved by us (the “**Site**”). The Site will be designated in Exhibit “A” to this Agreement and made a part hereof by reference. You must operate your Business only from the Site.

(b) We will also designate a geographic area as your “**Primary Area.**” Unless otherwise specified by us in Exhibit “A”, the Primary Area will be the area within a geographic area we determine to be within a “5-minute driving distance” of the Site. We, in our sole discretion, calculate the “5-minute driving distance” and determine the Primary Area. You are not guaranteed a specific number of persons within the Primary Area or a specific amount of geographic territory in the Primary Area. The geographic area for 5-minute driving distance around a Site will vary among franchisees due to road conditions, type, traffic and other factors. If we agree to a different Primary Area, the Primary Area will consist of the Site and the geographic area designated in Exhibit “A” as your Primary Area. During the Term, we will not ourselves open and operate or grant another franchisee the right to open and operate a Just Love Coffee & Cafe to be physically located in your Primary Area.

(c) If the Site and Primary Area are not known as of the Agreement Date, they will either be a Primary Area within a geographic area we determine to be within a 5-minute driving distance radius from the Site or if specified in Exhibit “A,” another configuration to be added to Exhibit “A” and acknowledged by the parties by later signatures or initials.

2.2. **Grant.** Subject to the terms of, and upon the conditions contained in this Agreement, we grant you a franchise (the “**Franchise**”) to: (a) operate a Just Love Coffee & Cafe at the Site, and at no other location (temporary or permanent); and (b) use the Marks, Copyrights and System solely in connection with operating the Just Love Coffee & Cafe. We may allow you to enter into a “Satellite Outlet Addendum” to this Agreement to permit the operation of a Satellite Outlet. You must enter a separate Satellite Outlet Addendum for each Satellite Outlet that we approve for you to operate. A Satellite Outlet may include a Food Truck, Mobile Kiosk Cart, or Pushcart.

2.3. **Term.** The Term of the Franchise and this Agreement begins on the Agreement Date and expires ten (10) years from such date (the “**Term**”). This Agreement may be terminated before it expires in accordance with Section 16. However, if you lease the Site and the term of the lease for the Site (excluding any renewal options) is for a term that is longer than the Term of this Agreement, then the Term of this Agreement will be automatically extended to coincide with the term of your lease. If you, any of your owners or a controlled entity (“**Controlled Entity**”) owns, either directly or indirectly, the real estate or the building at the Site, then the Term of this Agreement will, at our option, be for ten (10) years and will not be automatically extended to coincide with the term of the lease.

2.4. **Performance.** You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Just Love Coffee & Cafe, and not engage in any other business or activity that conflicts with your obligations to operate the Just Love Coffee & Cafe in compliance with this Agreement.

2.5. **Alternative Channels of Distribution.** We retain the right, in our sole discretion, to sell Products and Services, including coffee and other beverage products identified by the Marks and Copyrights through distribution channels other than Just Love Coffee & Cafe shops (including at sporting events, other special events, “races” and other competitions, internet, intranet, catalog sales, websites, e-mail or other forms of e-commerce) (“**Alternative Channels of Distribution**”). We may sell Just Love Coffee ground and whole bean coffee and other proprietary beverage products packaged for retail sale through grocery stores, mass market retailers, warehouse stores and other retail locations without compensation to you. You will not receive compensation for sales through Alternative Channels of Distribution in your Primary Area or to customers in your Primary Area unless we establish a compensation program for doing so in the Manual.

2.6. **Rights We Reserve.** We (and our affiliates) retain the right in our sole discretion to:

- (a) establish and grant to our franchises the right to establish Just Love Coffee & Cafe shops anywhere outside the Primary Area on such terms and conditions as we deem appropriate (even immediately outside the border of the Primary Area);
- (b) operate, and grant franchises to others to operate businesses, whether inside or outside the Primary Area, specializing in the sale of products or provision of services, other than a Competitive Business (defined in Section 10), using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate;

(c) operate, and grant franchises to others to operate businesses, whether inside or outside the Primary Area, that do not use the Marks or Copyrights;

(d) market and sell, ship, distribute, or provide inside and outside of the Primary Area, through Alternative Channels Of Distribution, goods and services competitive with goods and services offered by Just Love Coffee & Cafe under the Marks or under trade names, service marks, or trademarks other than Marks, without any compensation to you except as disclosed in this Agreement, and in such amounts in such manner as we determine in our sole discretion;

(e) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. These transactions may include, but are not limited to, arrangements involving competing outlets and brand conversions (to or from the Just Love® Marks and System). Such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as may be required by us; and

(f) engage in any other acts and exercise any rights not expressly and exclusively granted to you under this Agreement.

We are not required to pay you if we exercise any of the rights described above inside of your Primary Area. We do not restrict you from soliciting or accepting customers from outside of your Primary Area for on-premises sales at your Just Love Coffee & Cafe. You do not have the right to use Alternative Channels of Distribution to make sales where the Products or Services are provided at locations other than your Site.

2.7. **Limited Access Concept Café.** The Primary Area does not include, and we reserve the right to operate, directly or through an affiliate or another franchisee, a Just Love Coffee & Cafe in a non-traditional venue such as a shopping mall food court, sports arena, transportation center, educational institution dining or recreational facility, health care facility, or other type of venue where you do not control access to the Café by the general public (a “**Host Facility**”). If your Site is located in a Host Facility, we require that you sign a Limited Access Concept Addendum, attached as Exhibit “C” and be made a part of this Agreement, when you sign this Agreement.

2.8. **Off Site Delivery & Catering.** You may engage in off-Site delivery and catering to any address within the Primary Area. You may not engage in off-Site delivery or catering to any address outside the Primary Area without first obtaining our consent, which we may withhold in our sole discretion. You must conform to our System Standards for quality of off-site delivery and catering Products and Services. We may, in our sole discretion, limit off-Site delivery and catering of a Limited Access Concept Café located within a Host Facility to the recipients located in the Host Facility. We may prohibit a Café not located within a Host Facility from delivering Products and Services to a Host Facility customer during the hours of operation of the Limited Access Concept Café.

### 3. SUCCESSOR TERMS.

3.1. **Your Right to Acquire a Successor Franchise.** Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that:

(a) you maintain possession of the Just Love Coffee & Cafe, and agree to add or replace improvements, equipment and signs and otherwise modify the Just Love Coffee & Café as we then require to bring it into compliance with specifications and standards then applicable for Just Love Coffee & Cafe shops;

(b) if you are unable to maintain possession of the Site, or if in our judgment the Just Love Coffee & Cafe should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Just Love Coffee & Cafe shops and continue to operate the Just Love Coffee & Cafe at the Site until operations are transferred to the substitute premises;

(c) you agree to our redefinition of the Primary Area, which will apply during the Term of the Successor Franchise; and

(d) you pay to us a Successor Franchise Fee in the amount of our then current Franchise Fee.

then, subject to the terms and conditions set forth in this Section 3, you will have the right to acquire three (3) Successor Franchises to operate the Just Love Coffee & Cafe (each, a “**Successor Franchise**”), for additional ten (10) year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for Just Love Coffee & Cafe.

3.2. **Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a Successor Franchise during the first ninety (90) days of the ninth year of the Term of this Agreement. We agree to give you written notice (“**Response Notice**”), not more than ninety (90) days after we receive your notice, of our decision:

(a) to grant you a Successor Franchise;

(b) to grant you a Successor Franchise on the condition that deficiencies of the Just Love Coffee & Cafe, or in your operation of the Just Love Coffee & Cafe, are corrected; or

(c) not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its Term.

If applicable, our Response Notice will:

- (i) describe the remodeling or other improvements or modifications required to bring the Just Love Coffee & Cafe into compliance with then applicable specifications and standards for Just Love Coffee & Cafe shops; and
- (ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of the Just Love Coffee & Cafe or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you:

- (i) notice of deficiencies in the Just Love Coffee & Cafe, or in your operation of the Just Love Coffee & Cafe, within ninety (90) days after we receive your timely election to acquire a Successor Franchise; or
- (ii) notice of our decision not to grant a Successor Franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required;

we may extend the Term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days' notice of our refusal to grant a Successor Franchise.

**3.3. Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for Just Love Coffee & Cafe shops; except that the Royalties (defined in Section 6.2) and System Development Fee (defined in Section 6.3) will not change from this Agreement. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

**3.4. Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you or a Manager (defined in Section 7.1(a)) of any new training and refresher programs as we may reasonably require.

#### 4. SITE SELECTION AND DEVELOPMENT.

(a) **Site Selection.** We recommend that you retain (a) an experienced commercial real estate broker or salesperson who has at least seven (7) years' experience in locating business sites to advise and counsel you with regard to the price, economics, viability, location, and acquisition or lease of the Site for the Just Love Coffee & Cafe and (b) an experienced attorney to provide advice and counsel on your Business and the terms, conditions and economics of the legal and other documents required to lease or purchase the Site. If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within six (6) months of signing this Agreement, locate a Site for your Just Love Coffee & Cafe that we have approved and open it according to our System Standards. If you and we cannot agree on a Site within that six (6)-month period, we and you may terminate the Franchise Agreement. We will not be required to refund to you any of the Franchise Fee. The Site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other stores and other Just Love Coffee & Cafe shops, the nature of other stores in proximity to the Site and the size, appearance and other physical and commercial characteristics of the proposed Site. You must use the Site solely for the operation of a Just Love Coffee & Cafe and must not directly or indirectly operate or engage in any other business or activity from the Site. You must not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with the Just Love Coffee & Cafe. We will approve or disapprove a Site you propose for a Just Love Coffee & Cafe within thirty (30) days after we receive from you all of the materials we request concerning the proposed Site. If you do not select, or we do not approve, the Sites reviewed during the initial Site selection trip, any additional Site selection trips are at our sole discretion and at your expense for our representative's travel, lodging and meals. If we perform an inspection for a Satellite Outlet, then you must pay us a site inspection fee of Five Hundred Dollars (\$500.00) plus reimbursement for our inspector's travel, lodging, meal, and incidental expenses. This fee is payable when we schedule the trip and will be reimbursed only if we cancel or waive the inspection.

4.1. You acknowledge and agree that:

- (a) our recommendation or approval of the Site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;
- (b) our recommendation or approval of the Site indicates only that we believe that the Site falls within the acceptable demographic and other criteria for sites and premises that we have established as of the time of our recommendation or approval of the Site;
- (c) application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our approval of a Site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a Site and premises; and

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a Site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

4.2. **Relocation of the Site.** You may not operate the Just Love Coffee & Cafe from any location other than the Site without our prior written consent. If the Lease expires or terminates without expiration or termination being your fault, if the Site is destroyed, condemned or otherwise rendered unusable as a Just Love Coffee & Cafe in accordance with this Agreement, or if, in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant your Just Love Coffee & Cafe's relocation, we will permit you to relocate the Just Love Coffee & Cafe to another location within the Primary Area provided that you comply with all of our System Standards for a Site relocation and such relocation Site meets our then current Site criteria for relocation Sites. If you obtain our approval of the replacement Site and Lease in accordance with our then current Site approval process, you must reopen the Just Love Coffee & Cafe at the replacement Site as soon as practicable, but in no event more than thirty (30) days after the closing of the original Site. You are not permitted to relocate your Just Love Coffee & Cafe except pursuant to this Section. As a condition of our approving your relocation of the Site, we may require you to pay to us a relocation fee in the amount of \$2500. This relocation fee will be due prior to our approval.

4.3. **Lease of Site.**

(a) **LOI and Lease Approval:** You must present to us for our review and approval, each Letter of Intent ("LOI"), lease, sublease, or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Site at least thirty (30) days before you intend to sign it. The Lease or sublease must either (i) include the Lease Addendum attached as Exhibit "B" and be made a part of this Agreement, or (ii) provide in the body of the Lease or sublease, as applicable, the terms and conditions found in the Lease Addendum. If you will purchase and own the Premises (defined in the Addendum) for your Business, you agree to sign an Agreement to Lease, in form acceptable to us, which requires you, at our option, to lease the Site to us upon any expiration, termination or transfer of this Agreement. You may not sign any LOI, lease, sublease or purchase agreement (or any renewal or amendment thereof) unless it contains the terms that we require in accordance with this Section and we have approved it in writing. We may (but have no obligation to) provide you guidance or assistance relating to the LOI, lease, sublease or purchase agreement, as applicable, and its negotiation. If we have not approved the LOI, lease, sublease or purchase agreement in writing within ten (10) business days after we receive a complete copy of the LOI, lease, sublease or purchase agreement, then it will be deemed disapproved. You agree to obtain our approval of the Lease of the Site before you sign it, or any renewal of it. You agree to deliver a copy of the signed Lease to us within fifteen (15) days after its execution along with the Lease Assignment. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Assignment signed by the lessor.

(b) **Sublease From Us:** We may, but are not obligated to, lease or sublease the Site to you. If we do so, you agree to sign our then-current form of lease or sublease.



If we sublease the Site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the Site.

(c) **Other Lease Requirements:** If you want to lease the Site from someone other than us, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents unless we have previously approved them. Additionally, we require that the Lease or any renewal contain certain provisions, including the following:

(i) a provision that provides that during the Term of the Lease, the Site may only be used for the operation of a Just Love Coffee & Cafe and for no other purpose;

(ii) a provision which expressly permits the lessor of the Site to provide us with all revenue and other information it may have related to the operation of your Just Love Coffee & Cafe as we may request, and you will consent to the landlord (the “**Landlord**”) providing such information to us;

(iii) a provision which evidences your right to display the Marks and Copyrights in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law;

(iv) a provision which requires that any lender or other person will not disturb your possession of the Site so long as the Lease Term continues and you are not in default (a “**Default**”) (along with such documents as are necessary to ensure that such lenders and other persons are bound);

(v) a provision which expressly states that any Default under the Lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(vi) a lease term which is at least equal to the initial Term of this Agreement, either through an initial term of that length or rights, at your option, to renew the Lease for the full Term of this Agreement;

(vii) a provision that provides that the Landlord will give written notice to us (concurrently with the giving of such notice to you) of any default (a “**Lease Default**”) by you under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service. This notice to us shall be a prerequisite for the Landlord’s exercise of any remedies resulting from a Lease Default. Such notice will grant us the right, but not the obligation, to cure any Lease Default, if you fail to do so, within fifteen (15) days after the expiration of the time period in which you may cure the Lease Default under the Lease. Our election not to cure shall not be deemed an election to assume the Lease, unless and until we expressly do so in writing;

(viii) a provision that provides that in the event of a Lease Default or your Default of this Agreement, and upon written notice by us to have the Lease

assigned to us as lessee (the “**Assignment Notice**”), (1) we will become the lessee of the Site and will be liable for all obligations under the Lease arising after the date of the Assignment Notice and (2) the Landlord will recognize us as the lessee of the Site effective as of the date of the Assignment Notice;

(ix) a provision in which you and the Landlord acknowledge that we are not a party to the Lease, but that we are intended to be a third-party beneficiary of the lease with an independent right to enforce its terms against the Landlord and you;

(x) a provision that provides that the Lease cannot be modified or canceled without our prior written approval.

(d) **No Warranty:** You acknowledge that our approval of the Lease for the Site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Just Love Coffee & Cafe operated at the Site. Such approval indicates only that we believe that the Site and the terms of the Lease fall within the acceptable criteria we have established as of the time of our approval. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE AN ATTORNEY REVIEW AND EVALUATE THE LEASE.

4.4. **Ownership and Financing.** Instead of leasing a Site, you may propose to purchase, construct, own and operate a Just Love Coffee & Cafe on real property owned by you or through affiliates. You will meet certain conditions if you or your affiliates own a Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your Just Love Coffee & Cafe or for any Operating Assets in which any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. But, if you obtain financing from the Small Business Administration (“**SBA**”) and you own the real estate for your Site, we will not record against the real estate any restrictions on the use of the property, including any restrictive covenants, binding covenants or environmental use restrictions. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or Default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or Default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such Default or deficiency;

(c) a provision which expressly states that any Default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for

termination of this Agreement and any Default under this Agreement, if not cured within the applicable time period, also constitutes a Default under the loan or mortgage; and

(d) you agree to, at our option, to lease or otherwise take possession of the Site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to commercially reasonable terms for a period of years equal to the length of time remaining on the Term of the Franchise Agreement.

## **5. STORE DEVELOPMENT, DECOR AND OPERATING ASSETS.**

5.1. **Business Development.** You must obtain our approval for the Site within six (6) months of the Agreement Date and obtain our approval of and open the Just Love Coffee & Cafe for business within six (6) months of the date we approve the Site or twelve (12) months from the date of execution of this Agreement (the “**Opening Date**”). In our sole discretion, if you have made full and complete applications for all building permits, and all other permits required to open a Just Love Coffee & Cafe, within one hundred eighty (180) days of the date we approve the Site and your lease for it, if any, we may grant to you up to three (3) thirty (30) day extensions to open the Just Love Coffee & Cafe and/or to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control (but not longer than fifteen (15) months after the date you sign the Franchise Agreement). We are not required to grant extensions. You must submit documentation of the status of all applications necessary to operate the Just Love Coffee & Cafe at least ten (10) days prior to the date of each thirty (30) day extension you request. We will, at our expense, provide you with a set of the standards and specifications for a Just Love Coffee & Cafe to be built at the Site selected by you and approved by us. You will, at your cost, retain a licensed architect approved by us and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for the Just Love Coffee & Cafe. You will be responsible for the accuracy of all drawings, plans and specifications for the Just Love Coffee & Cafe. You will be solely responsible for all costs and expenses incurred for the construction or renovation of the Just Love Coffee & Cafe, including, but not limited to, all costs for architectural plans and specifications, all modifications to the standard plans and specifications necessitated by the structure, construction or layout of the Just Love Coffee & Cafe, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior designs, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors. You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the construction and development of Just Love Coffee & Cafe, including the Americans With Disabilities Act and any other laws, rules or regulations regarding public accommodations for persons with disabilities. You will be solely responsible for inspections during construction or renovation to confirm that the Just Love Coffee & Cafe is being constructed or renovated in a workmanlike manner and according to the plans and specifications established by us. You will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of the Just Love Coffee & Cafe. We will have no responsibility to you or any other party if the Just Love Coffee & Cafe is not constructed or renovated by you or your architect or contractor: (a) according to the standard plans and specifications established by us; (b) in compliance with all applicable federal, state or local laws

or ordinances; or (c) in a workmanlike manner. You are solely responsible, as between us (and our affiliates or other franchise owners) and you, for any and all claims, liabilities and costs relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance.

Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing the Just Love Coffee & Cafe at the Site:

(a) secure and provide us proof of your securing all financing required to develop and operate the Just Love Coffee & Cafe; and

(b) obtain all building, food sales, utility, sign, health, sanitation, business and other permits and licenses required to construct, develop and operate the Just Love Coffee & Cafe.

5.2. **Décor.** You agree that all décor of your Just Love Coffee & Cafe must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in the Just Love Coffee & Cafe (the “**Art**”), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to the Just Love Coffee & Cafe and you will not display or use the Art in any Competitive Business or Business of any kind. Your failure to maintain the Just Love Coffee & Cafe’s décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement.

5.3. **Operating Assets and Business Materials.** We will identify the fixtures, furnishings, equipment (including, without limitation facsimile machines, telephones, computer hardware and software) (the “**Operating Assets**”), inventory, equipment, product services and other products, services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, and financial and accounting services, necessary for the Just Love Coffee & Cafe to begin or sustain operations (collectively, the “**Business Materials**”), the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all Business Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or Business Materials, you must purchase them in accordance with, and they must meet our System Standards. We may designate quantities, models, brands and inventory levels of Operating Assets and Business Materials. We may require you to purchase only from us or designated suppliers Operating Assets or Business Materials which bear our Marks and/or Copyrights. We will only approve suppliers whose Business Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. You must pay for the cost of obtaining and installing any Business Materials and Operating Assets we require. You will, at your expense, repair and maintain the Just Love Coffee & Cafe and all Operating Assets and Business Materials in a clean and sanitary condition and will replace all

equipment and other items as they become worn-out, soiled or in disrepair. All mechanical equipment must be kept in good working order by you. All replacement equipment and other items used in the Just Love Coffee & Cafe must comply with the standards and specifications in the Manuals. We may require that you purchase or lease any equipment or related equipment we designate from us, our affiliate or our approved suppliers. We may also require that if you wish to lease such equipment, we, our affiliate or approved supplier will sell that equipment to a designated or approved third party leasing company who will lease the equipment to you.

5.4. **Changes to Approved Suppliers.** You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

(a) **Designation and Approval of Suppliers:** The reputation and goodwill of Just Love Coffee & Cafe shops are based upon, and can be maintained and enhanced only by the use of high quality suppliers of services, materials and inventory we designate or approve. We will provide you with a list, that we may modify from time-to-time, of approved manufacturers, suppliers, or distributors of Operating Assets and Business Materials. We may designate approved or designated suppliers, providers, distributors, or manufacturers for any types, models or brands of business materials, inventory, Operating Assets, and other equipment and business services that we approve for Just Love Coffee & Cafe shops or which we designate in the Manuals as relating to the establishment or operation of Just Love Coffee & Cafe shops, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the “**Approved Suppliers**”). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, inventory, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your Just Love Coffee & Cafe. You must utilize any ordering system that any of our Approved Suppliers (including us or our affiliates) designate.

(b) **Review Procedures:** Our approval of Operating Assets, Business Materials, and Approved Suppliers will be given in the form of specifications and standards designated in our Manuals or in other communications to you from time-to-time. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer or brand of materials, supplies or equipment, supplier, manufacturer or distributor of equipment, supplies or material, any service provider or any other brand, manufacturer, distributor or supplier of materials, supplies, services or equipment, which is not currently approved by us, you must: (i) notify us in writing; (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then determine, within a reasonable time, whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time-to-time prescribe procedures for the submission

of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume.

(c) **Preferred Vendor Programs:** We may develop certain programs and terms under which we, our affiliates or Just Love Coffee & Cafe shops receive certain negotiated benefits or terms from Approved Suppliers (“**Preferred Vendor Programs**”). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs. We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. We may designate one or more Approved Suppliers (“**Preferred Vendors**”) as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for Just Love Coffee & Cafe shops. We may receive compensation from Approved Suppliers, fees, rebates or other consideration for such purchases. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program (“**Preferred Vendor Agreements**”). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund (defined in Section 12.1). However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us System Development Fees. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

5.5. **Sale of the Products and Services.** In the sale of the Product and Services to consumers, you shall not distribute the Product or Services in any manner that we have not approved in writing or combine the Product or Services with any other product or service without prior written approval.

5.6. **Compliance with Laws and Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your Just Love Coffee & Cafe. You will operate your Just Love Coffee & Cafe in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to food sales, occupational hazards and health, construction warranties, worker’s compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice

which may be injurious to our business and the goodwill associated with the System, the Marks and other Just Love Coffee & Cafe shops.

5.7. **Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music to patrons of Just Love Coffee & Cafe shops is, or may become an integral part of the System. Accordingly, you agree to play only the type(s) of music, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install any audio equipment and obtain any subscriptions (e.g., satellite radio) that we designate or require for use by Just Love Coffee & Cafe shops.

5.8. **Business Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System (defined in Section 11.7), business management, Purchaser Order System (as defined below in this paragraph), scheduling, cost control, and accounting system we designate from time-to-time (collectively, the “**Business Management System**”). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of the Business Management System. You must use our standard supplier or vendor agreements and other agreements related to the Business Management System that we designate from time-to-time. The Business Management System may or will incorporate and consist of such functions as we designate from time-to-time, which may include a mandatory Purchase Order System and rules for participation and use of such Purchase Order System, if any, which we may designate (the “**Purchase Order System**”). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of the Business Management System from time-to-time.

5.9. **Business Opening.** You agree not to open the Just Love Coffee & Cafe for business until:

- (a) you have obtained necessary permits and approvals;
- (b) we approve the Just Love Coffee & Cafe as developed in accordance with our specifications and standards;
- (c) training has been completed to our satisfaction;
- (d) the Franchise Fee has been paid;
- (e) we have approved the Managers of your Just Love Coffee & Cafe and you have demonstrated to us that the conditions of Section 7.1 have been fulfilled;
- (f) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;
- (g) we have received signed counterparts of all required documents pertaining to your acquisition of the Site; and

(h) you have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Business.

5.10. **Credit and Gift Cards.** You must honor all credit, charge, courtesy and cash cards approved in writing by us. You will not create or issue any prepaid or gift cards or gift certificates and will only sell prepaid or gift cards or gift certificates that have been issued by us and which are accepted at all Just Love Coffee & Cafe shops. You will not issue coupons or discounts of any type except as approved in writing by us.

5.11. **National Conventions.** Your Manager(s) and the other persons having positions at Business designated by us will attend each national convention held by us. The date and location of all national conventions will be at our sole discretion. You will pay the then-current convention registration fee established by us for each person attending the national convention (which is not refundable if you or they fail to attend). You will also pay the salaries and benefits, the travel expenses and all other expenses incurred by the persons attending the national convention on your behalf. You acknowledge that the attendance of at least one person at each national convention held by us and the payment of the then-current registration fee for at least one person is mandatory.

5.12. **Grand Opening Program.** We will provide you with our baseline grand opening advertising and promotional program (“**Grand Opening Program**”) at least ninety (90) days before the anticipated Opening Date of the Business, including our market introduction materials, which are intended to facilitate the introduction of Just Love Coffee & Cafe shops to the market and support the opening of the Business through a concentrated marketing commitment from you during the period that is thirty (30) days before and thirty (30) days following the opening of your Just Love Coffee & Cafe to the public (or such other period as may be prescribed by us in the Manuals) (the “**Grand Opening Period**”). The Grand Opening Program will utilize the marketing and public relations programs and media and advertising materials we have developed or approved, including, without limitation, a variety of meetings with potential members and participation in local events to promote your Business. You will develop and submit to us, at least thirty (30) days before the anticipated Opening Date, any modifications to the Grand Opening Program for our comment and acceptance or rejection. If we do not approve your modifications to the plan within ten (10) business days of receipt, it will be deemed rejected, and you must follow up with us. The accepted Grand Opening Program shall require you to spend at least \$5,000 during the Grand Opening Period on advertising, marketing, and promotion of the Business (the “**Grand Opening Program Fee**”). We reserve the right to increase the Grand Opening Program Fee if we determine doing so is necessary. Once accepted by us, you must proceed to execute and complete the Grand Opening Program as accepted. We do not guarantee that the accepted Grand Opening Program will cause the Business to open successfully.

## 6. **FEES.**

6.1. **Franchise Fee.** You agree to pay us a non-recurring and non-refundable initial franchise fee in the amount indicated as the Franchise Fee in Exhibit “A” and such Franchise Fee is fully earned when paid. The Franchise Fee is due in a lump sum payment on the Agreement Date.



6.2. **Royalty.** You agree to pay us a royalty fee (“**Royalty(ies)**” or “**Royalty Fee**”) in the amount designated in Exhibit “A”. We must receive the Royalties on Wednesday of each week for the immediately preceding week (the “**Payment Day**”). However, we can alter or change the Payment Day upon written notice to you, and may at our option collect it daily, weekly or monthly via the Computer System. If the Payment Day of any week falls on a weekend or a national holiday, the payment is due on the first weekday following the Payment Day. The first Royalty Fee payment is not due until the Payment Day following the date you open the Just Love Coffee & Cafe. The Royalties are non-refundable and fully earned when paid. The Royalty Fee is payable on all Gross Sales recognized during the entire Term of this Agreement.

6.3. **System Development Fees.** You must pay to us or our designee a fee in the amount of the percentage of your Just Love Coffee & Cafe’s weekly Gross Sales as contributions to the System Development Fund (the “**System Development Fee**”) as indicated in Exhibit “A”, but not to exceed three percent (3%) of Gross Sales; provided, however, we reserve the right to increase the System Development Fee at our sole discretion. Any increase to the System Development Fee will not exceed one percent (1%) of Gross Sales per occurrence and will not occur more than once annually. We will impose the new System Development Fee on at least 90 days’ prior written notice to you. The first System Development Fee is due the first Payment Day following your Opening Date. The System Development Fees are fully earned and non-refundable when paid. At our option, we may calculate and charge the Royalty and System Development Fee on a daily, weekly or monthly basis via the Computer System.

6.4. **Site Selection Costs.** We do not charge you any additional fees for site selection trips. But, you remain responsible for all of your costs associated with them.

6.5. **Technology Fee.** We charge a monthly technology fee in the amount of one thousand Dollars (\$1,000) to cover the cost and overhead of providing you with access to technology such as a license of software tools, database management, software maintenance and help desk support (a “**Technology Fee**”). The Technology Fee shall be paid to us by the 15<sup>th</sup> of each month through automated clearing house (“ACH”) transfers. We may modify, increase, decrease, suspend, reactivate, or terminate the Technology Fee on at least 30 days’ prior written notice to you. We may require that you will enter into a separate service or license agreement for these services.

6.6. **Additional Training Fees.** As part of the Franchise Fee, we provide the initial training and Opening Team set out in Section 7. Your entire Opening Team must be present for opening. If we require or you request, and we agree to provide, additional on-site training, you must pay our then current “**Additional Training Fees**”, which are currently Five Hundred Dollars (\$500.00) per trainee and One Thousand Dollars (\$1,000) per trainer. Additional Training Fees are due within five (5) days of our invoice to you.

6.7. **Third Party Training Expenses.** If we require or you request, and we agree to provide, additional on-site training as described in Section 6.6 above, and third parties provide that training for you (e.g., consultants), you must pay to that consultant and reimburse them, all of the expenses they incur for travel, lodging, meals and other expenses and costs they incur associated with providing additional on-site (“**Training Expenses**”). They will bill you for the

Training Expenses, and you are responsible for payment to them within five (5) days of the date of our invoice to you unless their invoices indicate a different payment date.

6.8. **Electronic Funds Transfer.** We may require you to pay all future payments of the Royalties, System Development Fees, and any other amounts due us by electronic funds transfer. If we do so, we will designate the Payment Day for the Royalty payment or such other payments. This may be daily. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by electronic means (e.g. facsimile transmission or via e-mail) or in written form, as we direct, the Just Love Coffee & Cafe's true and correct Gross Sales for the immediately preceding week or day (where we require). If the Royalty is collected weekly, transfers will be made on Wednesday of each week for the weekly Royalty Fees and System Development Fees payable for the preceding week, as set forth in this Agreement or within five (5) days after the issuance of an invoice by us for other amounts payable by you; otherwise, if the Royalty is collected daily, the transfers will occur daily.

6.9. **Definition of Gross Sales.** As used in this Agreement, the term "Gross Sales" means all revenue you derive from operating the Just Love Coffee & Cafe, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated with the Marks, Copyrights or System, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding: (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; (2) customer refunds, adjustments, credits and allowances actually made by the Just Love Coffee & Cafe; (3) proceeds from the sale of the capital assets of the Business and any financing of the Business; and amounts attributable to such promotions, deductions and allowances (e.g., coupons or buy one get one free offers) as we may specify from time-to-time. Gross Sales also includes, for example, revenue you receive from vending machines or other coin-operated machines or devices and revenue from delivery service sales, retail, concessions, special functions, etc. and sales of products bearing or associated with the Marks, Copyrights or System.

6.10. **Interest on Late Payments.** All amounts which you owe us or our affiliates will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Just Love Coffee & Cafe. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 16.

6.11. **Lease and Construction Agreement Review.** While we will share comments to your Lease agreement with you that we determine will be of benefit to you or us, for no fee, you are not a third-party beneficiary of the Lease or construction/build-out negotiation or review and we do not provide you and you will not rely upon us for legal or accounting advice. You agree that we do not guarantee that the financial or legal terms, including fees, rent, will represent the most favorable terms available in the market. You acknowledge that we have the right, and not

the obligation to review your lease or construction/build-out agreement. Upon submission of your request for a Successor Term, you must submit your lease for review.

6.12. **Late Payment Fees.** You must pay an administrative fee in the amount of Fifty Dollars (\$50.00) per late payment of Royalties, System Development Fees, any other amounts due for purchases by you from us or our affiliates, or and any other amounts which you owe us or our affiliate, as well as a fee of One Hundred Dollars (\$100.00) per week for each week that you are late in delivering to us complete financial statements, royalty reports, or other reports due us according to our System Standards (each an “**Administrative Fee**”). The Administrative Fee is due within ten (10) days after the payment is otherwise due and is in addition to any other fees due and payable to us. The provision in this Agreement concerning the Administrative Fee does not mean that we accept or condone late payments or reporting, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Just Love Coffee & Cafe. Notwithstanding the foregoing, you may not be required to pay an Administrative Fee, provided that we send you a notice of your breach of this agreement as it pertains to your payment of Royalties, System Development Fees, any other amounts due for purchases by you from us or our affiliates, or and any other amounts which you owe us or our affiliate (a “**Late Payment Notice**”) and you pay such fees within the period provided in the Late Payment Notice.

6.13. **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any indebtedness to us.

6.14. **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners or any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, System Development Fees, Administrative Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we or our affiliates may make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time-to-time. We will notify you monthly if we elect to do so.

6.15. **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.16. **Other Fees.** You must pay us the then current National Convention Registration Fees before attending all required or optional conventions and Computer system purchase fees within five (5) days of installation. You must pay to us all then current cure fees and fines for System Standard breaches which are due by invoice to you and range from 1 to 4 times the amount of the member agreement if related to a Business membership and solicitation breaches, or our then current fee. Your payment for product purchases are due upon invoice. In addition to the fees and payments specifically listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. We may also charge you our then current fees to cure System Standards violations, and require you to reimburse other businesses’ then current fees and any fines if you violate our System Standards for soliciting their members. Unless otherwise stated in this Agreement, all fees due us are due within fifteen (15) days of our invoice to you.

## 7. TRAINING AND ASSISTANCE.

7.1. **Initial Training.** We provide an “**Initial Training**” Program to up to four of your personnel (including owners and Managers for up to twenty-one (21) days). All owner/Manager(s) and up to two (2) additional staff persons may complete the Initial Training. Initial Training will be conducted at your Just Love Coffee & Cafe during the end of its build-out phase, during the “pre-opening” phase and/or at an operating Just Love Coffee & Cafe designated by us:

(a) **Owner/Manager Training.** Before the Just Love Coffee & Cafe’s opening, as part of Initial Training we will provide initial training (“**Owner/ Manager Training**”) to you and any person owning at least twenty percent (20%) of the Franchise that plans to be working in the Just Love Coffee & Cafe at least fifty percent (50%) of the time (the “**Manager**”). Owner/Manager Training is up to two (2) days of training and is provided within sixty (60) days of your signing the Franchise Agreement. Then, up to nine (9) intermittent or consecutive days of this training will be furnished at your Just Love Coffee & Cafe during the end of its build-out phase and/or at an operating Just Love Coffee & Cafe or at our headquarters in Nashville, Tennessee.

(b) **Brand Standards and Concept Training.** During a specific time which we will designate as the pre-opening phase (usually within the month before you are scheduled to open), we conduct Initial Training for up to four (4) of your sales or bar employees to attend up to four (4) days of our “**Brand Standards and Concept Training**” at your Just Love Coffee & Cafe, or other training facility we may designate. Staff training is designed to familiarize your employees with our operating culture and the Just Love Coffee & Cafe’s business. You are otherwise responsible for training your staff. Brand Standards and Concept Training usually takes place within 1-3 weeks prior to your Opening Date, which may vary when it occurs. We require your personnel who attend Brand Standards and Concept Training to complete Brand Standards and Concept Training to our satisfaction prior to your opening your Just Love Coffee & Cafe. You are responsible for all costs of your staff attending the staff training program, including their wages during the Brand Standards and Concept Training.

(c) **Completion of Initial Training.** Successful completion of Initial Training, Brand Standards and Concept Training and any additional or extended initial training we require is a condition to the opening of Just Love Coffee & Cafe to the public.

7.2. **Additional Training.** We may require you (or your Manager) and/or previously trained and experienced employees/staff to attend periodic refresher training courses at such times and locations that we designate. If we require you, your Managers and/or any previously trained and experienced employees to re-take or attend additional or extended initial training, or if, at any time after the Just Love Coffee & Cafe opens, you hire additional management personnel or replace one or more of your Managers, the employees must satisfactorily complete our additional training program at your expense (“**Additional Training**”). These training programs will be conducted by us at our designated training facility and may in our sole discretion be conducted by our designees. You are responsible for all travel, lodging and other

expenses associated with your owners, Managers and employees attending and participating in Additional Training.

7.3. **Opening Training Team.** After opening your Just Love Coffee & Cafe, we will provide an “**Opening Training Team**” to provide up to seven (7) days of Additional Training at your Just Love Coffee & Cafe during Grand Opening Period (by at least one (1) Opening Team Member) and to provide Brand Standards and Concept Training. We may require additional Opening Training Team members or additional days, and if you request additional days or Opening Training Team members, we may charge Additional Training Fees and Additional Training Expenses. You are responsible for all travel, living, meals and other expenses for the Opening Training Team.

7.4. **General Guidance.** We will advise you from time-to-time regarding the operation of the Just Love Coffee & Cafe based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

- (a) standards, specifications, inventory control and operating procedures and methods utilized by Just Love Coffee & Cafe shops;
- (b) purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) Product and Service inventory practices and purchasing practices;
- (d) use of suppliers and approved products and supplies
- (e) sales, pricing policies and the like;
- (f) employee, and management training; and
- (g) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Just Love Coffee & Cafe.

At your request, we will furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

## 8. **MARKS.**

8.1. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Just Love Coffee & Cafe at the Site pursuant to, and in compliance with, this Agreement and all System Standards we prescribe from time-to-time during its Term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree

that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Just Love Coffee & Cafe in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

**8.2. Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of the Just Love Coffee & Cafe, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals or otherwise. We will place a conspicuous notice at a place we designate in your Just Love Coffee & Cafe identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Just Love Coffee & Cafe or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Just Love Coffee & Cafe, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**8.3. Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

**8.4. Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing the Just Love Coffee & Cafe's signs. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

**8.5. Notification of Infringements and Claims.** If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your Just Love Coffee & Cafe to use one or more additional or substitute trademarks or service marks, you agree

to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks, or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

8.6. **Copyrights.** You recognize that the various other materials we give you are subject to Copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our Copyrights, are derived solely from this Agreement and limited to your operation of your Just Love Coffee & Cafe. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Just Love Coffee & Cafe. You must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials which could be subject to Copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional Copyrights we authorize you to use during the Term of this Agreement. You must place Copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of Copyright assignments or licenses we specify for any Copyrights you develop or modify for use in your Just Love Coffee & Cafe and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, Copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, Copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information (defined in Section 9.1).

8.7. **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright Office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.8. **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give

you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

**8.9. Marks and Copyright Indemnification.** We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

## **9. CONFIDENTIAL INFORMATION.**

**9.1. Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of Just Love Coffee & Cafe shops, which includes (without limitation):

the System and the know how related to its use;

plans, specifications, size and physical characteristics of Just Love Coffee & Cafe shops;

site selection criteria, land use and zoning techniques and criteria;

design of equipment, furniture, forms, materials and supplies;

training for Just Love Coffee & Cafe shops;

methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Just Love Coffee & Cafe shops;

(a) knowledge of specifications for certain Products and Supplies and suppliers of certain Products and Supplies; and



(b) knowledge of operating results and financial performance of Just Love Coffee & Cafe shops other than those operated by you (or your affiliates).

9.2. **Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of the Just Love Coffee & Cafe by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Just Love Coffee & Cafe, you or your employees may develop ideas, concepts, coffee or tea education programs, methods, Products and Services, techniques, copyrighted or copyrightable works, trademarks, service marks, slogans, or improvements, or additions that we may adopt or choose not to adopt to our System Standards (“**Improvements**”) relating to your Just Love Coffee & Cafe, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of Just Love Coffee & Cafe shops. Improvements will then also constitute Confidential Information.

9.3. **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Just Love Coffee & Cafe, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4. **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used in the Just Love Coffee & Cafe (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

**10. EXCLUSIVE RELATIONSHIP.**

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among Just Love Coffee & Cafe shops if franchised owners of Just Love Coffee & Cafe shops were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the Term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses, children, fiancés, life partners, or the like) will:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Just Love Coffee & Cafe;

(b) have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;

(c) perform services as a director, officer, Manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(d) recruit or hire any person who is our employee or the employee of any Just Love Coffee & Cafe without obtaining the prior written permission of that person's employer; or

(e) on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your Just Love Coffee & Cafe or otherwise (other than Just Love Coffee & Cafe shops operated under franchise agreements with us). This provision does not prohibit passive investments in other Just Love Coffee & Cafe shops. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The words "**Competitive Business**" means any business or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any store, coffee or tea shop or café, restaurant, café business, service, event or facility that offers or sells coffee or tea products and related merchandise for on-site consumption or retail sale, food products with coffee or tea, coffee or tea ancillary equipment products or accessories

or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by Just Love Coffee & Cafe shops (other than a Just Love Coffee & Cafe under a franchise agreement with us). A Competitive Business also includes any business acting as an Area Representative, franchise broker, business broker, franchise seller, Area Representative or the like for any business franchising or licensing Competitive Businesses other than us. If you violate the non-solicitation provision of this Section, you must pay as partial liquidated damages four (4) times that employee's most recent annual compensation, and agree that your doing so will not bar us from seeking or obtaining injunctive relief in addition to those partial liquidated damages.

## **11. OPERATION AND SYSTEM STANDARDS.**

11.1. **Operations Manuals.** We will loan you (or make available on-line or via other electronic format), during the Term of this Agreement, one (1) copy of our manuals (the "**Manuals**"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to franchisees from time-to-time for use in operating a Just Love Coffee & Cafe. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (collectively, "**System Standards**") that we prescribe from time-to-time for the operation of a Just Love Coffee & Cafe and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like, using the Internet or on Intranet or CD-ROM (instead of loaning one (1) copy of it to you). You agree to follow the standards, specifications and operating procedures we establish periodically for the System that are described in the Manuals. You also must comply with all updates and amendments to the Just Love® System as described in newsletters or notices we distribute, including via Computer System or other media we select. The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. You agree to keep your printed copy of the Manuals (if any) current and in a secure location at the Just Love Coffee & Cafe. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

11.2. **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the Just Love Coffee & Cafe in accordance with System Standards are essential to preserve the goodwill of the Marks and all Just Love Coffee & Cafe shops. Therefore, at all times during the Term of this Agreement, you agree to operate and maintain the Just Love Coffee & Cafe in accordance with each and every System Standard, as we periodically modify and supplement them during the Term of this Agreement. The System Standards do not allow us to, and we will not directly control (hire, fire or schedule) your employees. System

Standards may regulate any one or more of the following with respect to the Just Love Coffee & Cafe:

- (a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- (b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating the Just Love Coffee & Cafe;
- (c) required inventory and inventory levels, coffee or tea educational or sales programs, equipment and nutritional programs;
- (d) designated or approved suppliers of fixtures, furnishings, equipment, Products and Services and other items we require for the operation of your Just Love Coffee & Cafe;
- (e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or unaffiliated suppliers;
- (f) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your Just Love Coffee & Cafe;
- (g) use and display of the Marks and Copyrights;
- (h) staffing levels for the Just Love Coffee & Cafe, and qualifications, training, dress and appearance of employees;
- (i) days and hours of operation of the Just Love Coffee & Cafe and rules and policies for any off-Site events;
- (j) acceptance of inter-business, local or national promotions, coupons or vouchers, and acceptance of credit cards, gift certificates, coupons, frequent customer programs, and payment systems and check verification services;
- (k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (l) types, amounts, terms and conditions of insurance coverage required to be carried for the Just Love Coffee & Cafe and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be

furnished to us; our right to obtain insurance coverage for the Just Love Coffee & Cafe at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(m) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Just Love Coffee & Cafe;

(n) regulation of such other aspects of the operation and maintenance of the Just Love Coffee & Cafe that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Just Love Coffee & Cafe shops;

(o) policies, rules and procedures governing terms of and fines for breaching the rules for membership, inter-business membership use and transfers, solicitation of members, reciprocal privileges; and

(p) advertising and fees for the same.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

**11.3. Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in the Just Love Coffee & Cafe (“**Capital Modifications**”) and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Modifications when such investment cannot, in our reasonable judgment, be amortized during the remaining Term of this Agreement, plus all eligible successor periods, unless we agree to extend the Term of your Franchise so that such additional investment, in our reasonable judgment, may be amortized; unless such investment is necessary in order to comply with applicable laws. We agree to give you ninety (90) days to comply with Capital Modifications. You are obligated to comply with all modifications to System Standards, other than Capital Modifications, within the time period we specify. In no event will we require you to spend in excess of twenty five percent (25%) of your initial investment costs to open the Just Love Coffee & Cafe during the initial Term of this Agreement in connection with Capital Modifications.

**11.4. Interior and Exterior Upkeep.** You agree, at all times, to maintain the Just Love Coffee & Cafe’s interior and exterior and the surrounding area (including all sidewalks, common areas and parking lots used by customers) in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Just Love Coffee & Cafe established in the Manuals and by federal, state and local laws.

11.5. **Hours of Operation.** You agree to operate the Just Love Coffee & Cafe during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6. **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting Software then used by us in the operation of our own (or our affiliates' own) Just Love Coffee & Cafe shops.

11.7. **Computer System.** We may require that you acquire and use in developing and operating your Just Love Coffee & Cafe a Computer System consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, the software used in connection with the Business Management System and other operating or communications software we designate or approve for use by Just Love Coffee & Cafe shops (collectively, the "**Software**") that we may periodically specify in the manner we designate (collectively, the "**Computer System**"). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services (like DSL, Frac, T-1, Cable Modem or ISP) and may modify specifications for and components of the Computer System from time-to-time. We require you to acquire high speed Internet and mobile communications capabilities we may designate (like DSL, Frac, T 1, Cable Modem or ISP). Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur cost to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in Just Love Coffee & Cafe shops that we or they own and operate. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the Business Management System, permitting us to review the results of your Just Love Coffee & Cafe's operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we may license to you and other maintenance and support services that we or our affiliates may furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us or our affiliates.

11.8. **Trade Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay **all** taxes incurred in connection with your Just Love Coffee & Cafe's operations. If

you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9. **Retail Prices.** Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for, payment plans for, financing plans for, and/or installment plans for, and methods of payment for the Products and Services you offer and sell.

11.10. **Approved Products.** You must only offer and sell the Products and Services and other items we have designated or previously approved for sale at the Just Love Coffee & Cafe. You agree to obtain such designated or approved Products and Services from designated or approved suppliers, that may include only us or our affiliates. You agree not to sell, dispense, give away or otherwise offer or provide Products and Services except by means of on-site consumption or on-site retail sales from the Site. You agree to maintain an inventory of Products and Services sufficient to meet the daily demands of the Just Love Coffee & Cafe and as designated in our System Standards. You will not, except with our express written permission, permit any jukeboxes, electronic games, vending machines (including cigarette, gum and candy machines), ATM machines, newspaper racks, entertainment devices, coin or token operated machines (except pay telephones), or gambling devices to be used on the premises of the Just Love Coffee & Cafe and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs. We may refuse, withhold or revoke our approval at any time for any reason.

11.11. **Management.** You (or your Manager) and one (1) of your managerial employees that has satisfactorily completed our training program must assume responsibility for the Just Love Coffee & Cafe's day-to-day management and operation and supervision of the Just Love Coffee & Cafe's personnel. Each of those individuals must meet our qualifications for a Just Love Coffee & Cafe Manager. You (or your Manager) and each of your managerial employees must sign and deliver our then-current form of Confidentiality Agreement, or other form satisfactory to us. A copy of our current form of Confidentiality Agreement is attached as an exhibit to our Franchise Disclosure Document. During all hours of operations, the Just Love Coffee & Cafe must be under the direct supervision of you, your Manager we have approved, or an employee designated as the shift supervisor. Any employee with responsibility as the shift supervisor must complete the store personnel training program specified in the Manual and available online from us before undertaking such responsibilities.

11.12. **Personnel.** You agree to hire, train and supervise Just Love Coffee & Cafe employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13. **Compliance With Applicable Laws.** You will be responsible for the operation of your Just Love Coffee & Cafe, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you. We will not have any right,

obligation or responsibility to control, supervise or manage your employees, agents or independent contractors. You will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling and the operation of your Just Love Coffee & Cafe including, but not limited to: (a) food sales and other licensing laws; (b) health and safety regulations and laws; (c) environmental laws; (d) all laws relating to the storage, handling, transportation, use and disposal of any waste, hazardous substances; (e) employment law (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws); and (f) tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes and real estate taxes and federal, state and local income tax laws). You will, at your expense, be solely and exclusively responsible for determining the licenses and permits required by law for your Just Love Coffee & Cafe, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors. We will have no liability for any taxes which arise or result from your Just Love Coffee & Cafe and you will indemnify us for any such taxes that may be assessed or levied against us which arise out of or result from your Just Love Coffee & Cafe. If any "franchise" or other tax which is based upon the revenues, receipts, sales, business activities or operation of your Just Love Coffee & Cafe is imposed upon us by any taxing authority, then you will reimburse us for all such taxes paid by us. You must also operate your Just Love Coffee & Cafe at the highest standard of care to avoid contamination of the soils and groundwater at and around the Site and to detect promptly and minimize the adverse effects of any such contamination. You will be responsible and liable for the day-to-day operation and maintenance of all equipment and devices located at the Just Love Coffee & Cafe. You will maintain and periodically inspect all equipment and devices at the Just Love Coffee & Cafe, and will provide copies of all records to us for the periods designated in any written request by us. Upon receiving written notice, you will certify to us, in the form designated by us, that you have kept accurate records for the Just Love Coffee & Cafe and has reported promptly to all authorities or agencies and to us all matters required by law including, without limitation, known or suspected spills or leaks of regulated substances at the Just Love Coffee & Cafe. Upon our written request, you will execute and deliver all other documents required by us to establish your compliance with this provision of this Agreement.

11.14. **Core Business Operations and Ancillary Business Operations.** In this Agreement, "**Ancillary Business Operations**" means business activities that we periodically specify as being ancillary and optional to the main business of the Business, those which we must approve, and those which traditionally may be undertaken by independent contractors (rather than a Business employee), such as live music, art classes, and the like. We may specify in the Manuals and periodically modify those business activities that will be Ancillary Business Operations. "**Core Business Operations**" means all business activities of or associated with the Business which are not Ancillary Business Operations, including, without limitation, other services we designate from time-to-time. Your Business must offer or perform (as applicable) all Core Business Operations, as we periodically modify them.

You and your employees must perform all Core Business Operations at the Business, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a "**Contractor**") to perform any Core Business Operations. You



must periodically at our request provide us information concerning your Business's Core Business Operations, Ancillary Business Operations, and relationships with Contractors.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of this Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (an "**Other Mark**") that you own or license from a third party (an "**Ancillary Trademark Licensor**"). You acknowledge that, as a condition to obtaining our approval:

(a) you must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor of Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

(b) you and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents that we periodically specify to protect our rights in the Systems, Confidential Information and Marks;

(c) if a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

(d) if a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from the remainder of the Business in the manner we periodically specify, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Business.

#### 11.15. **Frequent Customer Information.**

(a) You must ensure that every frequent customer you use complies with all System Standards and all applicable laws, rules, and regulations of any governmental authority with jurisdiction over the Business. We may designate the form of coffee or tea club or frequent customer agreements you utilize.

(b) We and you acknowledge that we and our Affiliates may, through the Computer System or otherwise, have access to lists of the Business's members and/or prospects, including names, addresses and other related information ("**Frequent Customer Information**"). We and our Affiliates may use Frequent Customer Information in our and their business activities. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Frequent Customer Information in any manner that we or they deem necessary or appropriate.

#### 11.16. Notices.

(a) **Notices to Public.** You will prominently display in the Business all statements that we prescribe from time-to-time identifying you as the independent owner of the Business and our authorized Franchisee. All checks, invoices, stationery and advertising materials which you use in operating your Business will also have a statement in the form we periodically prescribe identifying you as the independent owner of the Business and indicating that you are our authorized Franchisee.

(b) **Notices to Employees.** You must prominently post signs at the Business (including in the area in which all official employment-related notices are posted) and at your offices informing your employees and independent contractors that their relationship is solely with you and that they are not an employee of us or any of our Affiliates. You are solely liable for any employment-related issues. Similar language must be included in all of your employment contracts, offer letters and employee handbooks. We may promulgate and periodically modify the language and specifications for such required postings and notices.

(c) **Inter-Business Usage.** You must comply with all of our policies and procedures, including transfer of frequent customer accounts or coffee or tea club members among Just Love Coffee & Cafe shops. If you fail to do so, you will pay to us our then current cure fees.

### 12. MARKETING AND PROMOTION.

12.1. **Establishment of System Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of Just Love Coffee & Cafe shops, we have the right to establish a system-wide development, marketing and promotional fund (the “**System Development Fund**”) for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of Just Love Coffee & Cafe shops and enhance the operations of Just Love Coffee & Cafe shops. You must pay to us, or our designee, the System Development Fees we designate as set forth in Exhibit “A”. We reserve the right to defer or reduce System Development Fees of a Just Love Coffee & Cafe franchisee and, upon thirty (30) days’ prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of any length and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners for any Just Love Coffee & Cafe we or they own and operate.

12.2. **Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, administrative costs,

solicitation of franchise owners, franchise conferences, developing, preparing and implementing audio or written advertising and marketing materials; developing and servicing corporate accounts; engaging in research and development; administering regional and multi-regional advertising programs; inventory and menu development, purchasing e-commerce rights, products or services, direct mail and other media advertising; maintaining or paying third parties to maintain on-line ordering and fulfillment systems, the Business Management System and the like; supporting public relations and market research; establishing, developing, maintaining, modifying, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

**12.3. Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Just Love Coffee & Cafe shops to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to other System Development Fees, we may assess you, and you must pay to the System Development Fund such System Development Fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you, within 120 days following the end of the current calendar year, upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

**12.4. System Development Fund Limitations.** The System Development Fund will be intended to maximize recognition of the Marks and patronage of Just Love Coffee Cafés. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Just Love Coffee & Cafe shops, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by Just Love Coffee & Cafe shops operating in that geographic area or that any Just Love Coffee & Cafe will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund.

12.5. **Advertising and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

12.6. **Local Advertising Cooperatives.** You will be required to, if a local advertising cooperative or Local Advertising Association (a LAA, defined below) is established for an area including your Primary Area, contribute to it an amount determined by the local advertising cooperative (but not to exceed two percent (2%) of your Gross Sales), participate in its activities and be subject to its governing documents. We may require that advertising cooperative rules, governing documents and expenditures be subject to our approval. When two (2) or more Just Love Coffee & Cafe shops, including your Just Love Coffee & Cafe, are opened in your Primary Area (or other Primary Area designated by us), you will become a “Member” of and participate in a local advertising group or cooperative (the “**Local Advertising Association**” or the “**LAA**”) which will conduct and administer media advertising, promotion, marketing and public relations (“**Advertising and Marketing**”) for the benefit of the Just Love Coffee & Cafe shops located in the Primary Area, subject to the following terms and conditions:

(a) the LAA will consist of all Just Love Coffee & Cafe shops in the DMA that includes your Primary Area (the “**LAA DMA**”), including the Just Love Coffee & Cafe shops owned by us or an affiliated company in the Primary Area.

(b) each Just Love Coffee & Cafe in the LAA DMA, including the Just Love Coffee & Cafe shops owned by us or an affiliated company, will be a Member of the LAA. Each Member will have one vote for each franchised or company-owned Just Love Coffee & Cafe owned by it in the LAA DMA on all matters to be voted upon at duly convened meetings.

(c) each Member will be given five (5) days’ written notice of any proposed meeting. A quorum consisting of a majority of all Members of the LAA will be required to convene any meeting of the LAA. A majority vote by the Members present at a duly convened meeting will be required to pass any proposed resolutions or motions. All meetings will be conducted according to Robert’s Rules of Order.

(d) the purpose of the LAA will be to conduct Advertising and Marketing for the benefit of all Just Love Coffee & Cafe shops located in the LAA DMA.

(e) the LAA will not conduct any Advertising and Marketing program or campaign for the Just Love Coffee & Cafe shops in the Primary Area unless and until we have given the LAA prior written approval for all concepts, materials or media proposed for any such Advertising and Marketing program or campaign.

(f) on or before the 10th day of each month, each Member of the LAA will contribute up to two percent (2%) of the monthly Gross Revenues generated during the previous month by the Member's Just Love Coffee & Cafe to the LAA (the "**Local Advertising Cooperative Fee**"). The Local Advertising Cooperative Fee contributed by the Members will be used by the LAA for Advertising and Marketing programs and campaigns for the benefit of all Just Love Coffee & Cafe shops in the LAA DMA. The cost of all Advertising and Marketing in the LAA DMA must be approved by a majority vote of all Members present at a duly convened meeting. If the cost of the Advertising and Marketing approved by the Members exceeds the amount of funds available to the LAA, then the Local Advertising Cooperative Fee payable by you and all other Members to the LAA pursuant to this provision may be increased by vote of a majority of the Members present at a duly convened meeting. You will contribute the amount of the Local Advertising Cooperative Fee agreed to by the Members to the LAA in accordance with this provision.

(g) the LAA will, within twenty (20) days after the end of each calendar quarter, furnish to us and its Members in the form prescribed by us, a written summary of the Members' contributions to the LAA and an accurate accounting of the LAA's expenditures for approved Advertising and Marketing.

The Local Advertising Cooperative Fee paid by you to the LAA may be applied to the monthly local advertising requirement in this Agreement. Otherwise, contributions to the LAA by you pursuant to this provision will be in addition to the payment of the System Development Fees and the other advertising obligations of you set forth in this Agreement. We may, at our discretion, form a Marketing Advisory Panel to be made up of approximately five Franchisees and representatives from Franchisor's corporate operations and marketing teams that advise us on advertising policies and marketing initiatives. We reserve the right to add to, alter, or eliminate this or other advisory councils in our sole discretion.

**12.7. Local Advertising Expenditures.** You must spend monthly for approved local advertising and promotion of your Just Love Coffee & Cafe an amount not less \$1,000 per calendar month or 2.5% of Gross Sales, whichever is greater, including payment of fees to any local store marketing company whose services we may implement and require. Also as part of your minimum local advertising requirements, in addition to the \$1,000 per month or 2.5% of Gross Sales, whichever is greater, you must spend an amount equal to the Grand Opening Program Fee during the Grand Opening Period pursuant to the accepted Grand Opening Program. We may require you to pay all local advertising expenditures required under this Section 12.7 to us and we or our designee may place that advertising and promotion on your behalf. We may review your books and records relating to your expenditures for such advertising and promotion. We may permit your local advertising cooperative (LAA) contributions to count toward this local advertising expenditure requirement and costs to count toward your minimum pre-sale and Grand Opening Program Fee.

**12.8. Websites and E-Commerce.**

(a) We have the right to control all use of URLs, domain names, websites, mobile communications sites, social media sites, addresses, metatags, links, e-mail

addresses and any other means of electronic identification or origin (individually and collectively, “**e-names**”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, Twitter, Facebook, Linked-In, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, social networking, mobile communications, Twitter®, Facebook®, LinkedIn® and other social media or social marketing, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “**e-commerce**”). We have the right to monitor your and your employees’ e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee.

(b) At our option, we or one or more of our designees may maintain one or more websites to advertise, market and promote Just Love Coffee & Cafe shops, the Products and Services that they offer and sell, and the Just Love Coffee & Cafe franchise opportunity (each a “**System Website**”). If we establish one or more System Websites, we will provide you with a webpage that references the Business on one or more of the System Websites that we designate. You must give us the information and materials that we request from time-to-time to develop, update and modify such webpage. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party’s rights. However, we will own all intellectual property and other rights in the System Website, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of “hits” by visitors, and any personal or business data that visitors supply).

(c) We will maintain the System Website, including your webpage, and may use the System Development Fund’s assets to develop, maintain and update the System Website. We periodically may update and modify the System Website (including your webpage). You must notify us whenever any information on your webpage changes or is not accurate. We will update or add information that we approve to your webpage at reasonable intervals. You acknowledge that we have final approval rights over all information on the System Website (including your webpage). We may implement and periodically modify System Standards relating to the System Website.

(d) We will maintain your webpage on the System Website only while you are in full compliance with this Agreement and all System Standards (including those relating to the System Website). If you are in Default of any obligation under this Agreement or the System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the System Website until you fully cure the Default. We will permanently remove your webpage from the System Website upon this

Agreement's expiration or termination. We also may, at our option, discontinue any or all System Websites at any time.

(e) You acknowledge and understand that the registration for the System Website domain name is and shall be maintained exclusively in our name or the name of our designee. You acknowledge our or our designee's exclusive right, title and interest in and to the domain name for the System Website. You further acknowledge that nothing herein will give you any right, title or interest in such domain name. You will not, at any time, challenge our or our designee's ownership of the System Website domain name, challenge the validity of the system Website domain name, or impair any right, title or interest of us or our designee in the System Website domain name.

(f) You further acknowledge and agree that we may, at any time in our sole discretion, cease to make the Subpage available to you or the public. You agree that we will have no liability for filing to make the subpage available to you or the public. **ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE.** Upon the termination or expiration of this Agreement for any reason or your Default under this Agreement for any reason, all of your rights to upload content onto, or otherwise use, the Subpage will immediately cease and we may cease to make the Subpage available to you.

(g) We also may maintain one or more social media sites (e.g., [www.twitter.com](http://www.twitter.com), [www.facebook.com](http://www.facebook.com), [www.instagram.com](http://www.instagram.com), [www.pinterest.com](http://www.pinterest.com) or such other social media sites). You may not establish any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time-to-time regional or Primary Area/Primary Area specific user names/handles that you must maintain. You will adhere to any social media policies that we establish from time-to-time and will require all of your employees to do so as well. You must ensure that none of your owners, Managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Manuals and System Standards, including our then-current take-down policy.

(h) All advertising, marketing and promotional materials that you develop for your Business must contain notices of the System Website's domain name in the manner we designate. You and your employees may not develop, maintain or authorize any other

website, other online presence or other electronic medium that mentions or describes you or the Business or displays any of the Marks. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

(i) Nothing in this Section will limit our right to maintain websites other than the System Website or to offer and sell merchandise bearing the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

(j) You may not create a website for your Just Love Coffee & Cafe and you may not advertise or sell Products or Services using e-commerce, unless previously approved by us. We require that you provide information to us via e-commerce and order Products and Supplies via e-commerce. We may require you to coordinate your e-commerce activities with the Business Management System. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information. You must not use any Mark as part of any domain name, Internet or "E-mail" address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.

12.9. **Signage.** All exterior and interior signs at the Just Love Coffee & Cafe (the "Signs") must comply with the standard sign plans and specifications established by us and provided to you. You will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to us for written approval. We will have the absolute right to inspect, examine, videotape and photograph the Signs at the Just Love Coffee & Cafe during the Term of this Agreement. You will be responsible for any and all installation costs, sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. You will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. You may not alter, remove, change, modify, or redesign the Signs unless approved by us in writing. We will have the right to redesign the specifications for the Signs without the approval or consent of you. Within ninety (90) days after receipt of written notice from us, you will, at your expense, either modify or replace the Signs so that the Signs displayed at the Just Love Coffee & Cafe will comply with the new specifications. You will not be required to modify or replace the Signs more than once every five (5) years. At no time during or after the expiration of the Term may you "drape", obscure, paint over, remove or modify approved signage bearing our Marks without our express prior written consent and without complying with our instructions on how to do so.

12.10. **Identification of Franchise.** You will not use the names "Just Love" or "Just Love Coffee & Cafe shops Development Group" or any derivative thereof in the name of your



entity that owns or operates your Just Love Coffee & Cafe or in any name of your affiliated or Controlled Entity in any incorporation, organization or other legal formation documents filed with any state government or agency. You will hold yourself out to the public as an independent contractor operating your Just Love Coffee & Cafe pursuant to a Franchise from us. You will file for a certificate of assumed name in the manner required by applicable state law to notify the public that you are operating your Just Love Coffee & Cafe as an independent contractor.

### **13. RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

13.1. **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use approved computer hardware and Software in order to maintain certain sales data and other information, including updating the Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the Computer System at all times.

13.2. **Reports.** You agree to furnish to us on such forms that we prescribe in the Manual the following reports, which except for the monthly report of Gross Sales described in paragraph (a) below that you will provide to us automatically, will be furnished at our request:

(a) on the fifteenth (15th) day of each calendar month, a report on the Just Love Coffee & Cafe's Gross Sales during the immediately preceding calendar;

(b) within ten (10) days after the end of each calendar month: (i) a profit and loss statement for the Just Love Coffee & Cafe for the immediately preceding calendar month and year-to-date; and (ii) a balance sheet as of the end of such month;

(c) within ninety (90) days after the end of the Just Love Coffee & Cafe's fiscal year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for the Just Love Coffee & Cafe as of the end of such fiscal year; and

(d) within three (3) days after our request: (i) exact copies of federal and state income, sales and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

13.3. **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Just Love Coffee & Cafe. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of the Just Love Coffee & Cafe and to retrieve all information relating to the Just Love Coffee & Cafe's operations.

13.4. **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your Just Love Coffee & Cafe, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

## 14. INSPECTIONS AND AUDITS.

14.1. **Our Right to Inspect the Just Love Coffee & Cafe.** To determine whether you and the Just Love Coffee & Cafe are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you (but without prior notice if we have reason to believe the Just Love Coffee & Cafe is not operating in compliance), to:

- (a) inspect the Just Love Coffee & Cafe and attend any coffee or tea educational classes or events you offer;
- (b) observe, photograph and videotape the operations of the Just Love Coffee & Cafe for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, materials or supplies for testing and analysis;
- (d) interview personnel and customers of the Just Love Coffee & Cafe; and
- (e) inspect and copy any books, records, websites (or other forms of e-commerce) and documents relating to your operation of the Just Love Coffee & Cafe.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You will provide us and our designees (like accountants and auditors) access to your Site and records to facilitate our efforts. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within three (3) days.

14.2. **Our Right to Audit.** We have the right at any time during your business hours, and with three (3) days' prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Just Love Coffee & Cafe's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law

14.3. **Independent Shopping Services.** We will have the right to hire an independent shopping or other evaluation service to: (a) visit the Just Love Coffee & Cafe; (b) interview the customers of the Just Love Coffee & Cafe by telephone, electronically, interactive voice

response, or in person; (c) summarize information from customer surveys or comment cards for the Just Love Coffee & Cafe; and (d) communicate with customers of the Just Love Coffee & Cafe by e-mail or in writing, by direct contact, electronically, or interactive voice response for the purpose of evaluating: (i) the operations of the Just Love Coffee & Cafe; (ii) the quality of the Products and Services provided to customers by the Just Love Coffee & Cafe; (iii) whether you are in compliance with the operational and quality standards specified in the Manuals; and (iv) your compliance with all of the terms and conditions of this Agreement. We will determine the frequency, nature and extent of the evaluation services that will be provided and the form of the reports the shopping service will provide to us.

## **15. TRANSFER.**

15.1. **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest that would reduce your voting or equity interest to less than fifty-one percent (51%) in you or the Just Love Coffee & Cafe may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the Just Love Coffee & Cafe.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of an interest in you, this Agreement or the Just Love Coffee & Cafe in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or the Just Love Coffee & Cafe, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Just Love Coffee & Cafe or your transfer, surrender or loss of possession, control or management of the Just Love Coffee & Cafe.

**15.3. Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for Just Love Coffee & Cafe franchisees. A transfer of ownership, possession or control of the Just Love Coffee & Cafe may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee has sufficient business experience, aptitude and financial resources to operate the Just Love Coffee & Cafe;

(b) you have paid all Royalties, System Development Fees, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

(c) the transferee (or its Manager) and its managerial employee (if different from your Manager) have agreed to complete our standard training program and you or the transferee pay to us a Ten Thousand Dollar (\$10,000) fee to provide training to the transferee;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) you (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(f) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Just Love Coffee & Cafe;

(g) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Just Love Coffee & Cafe are subordinate to the transferee's obligation to pay Royalties, System Development Fees, contributions and other amounts due to us and otherwise to comply with this Agreement;

(h) you and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the

effective date of the transfer, by the restrictions contained in Section 17.4 of this Agreement;

(i) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Just Love Coffee & Cafe shops you own and operate) identify yourself or themselves or any Business as a current or former Just Love Coffee & Cafe, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Just Love Coffee & Cafe in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us; and

(j) you or the transferee pay to us a transfer fee of fifty percent (50%) of our then current Franchise Fee plus all costs incurred by us in connection with the transfer and all business broker or franchise broker fees due from you, the transferee or us to any third party on the transfer.

However, if you are subject to financing under the SBA lending programs, we will not exercise our option to purchase (Section 17.5) or right of first refusal (Section 15.8) to obtain a partial interest in you unless the proposed transferee is not a current owner or family member of you. And, if you are subject to SBA financing, we will not unreasonably withhold our consent to a full or partial transfer under this Section 15, and the transferor will not be liable for the actions of the transferee. For purposes of this Agreement, you are no longer subject to financing under the SBA when the loan is paid off or upon the SBA no longer having any interest in the loan.

**15.4. Transfer to a Business Entity.** Notwithstanding Section 15.3, if you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the Just Love Coffee & Cafe and, if applicable, other Just Love Coffee & Cafe shops so long as you own, control and have the right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

**15.5. Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6)

months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term “**disability**” means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Just Love Coffee & Cafe.

**15.6. Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Just Love Coffee & Cafe is not being managed by a trained Manager, your or such owner’s executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a Manager to operate the Just Love Coffee & Cafe. Such Manager will be required to complete training at your expense. Pending the appointment of a Manager as provided above or if, in our judgment, the Just Love Coffee & Cafe is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager for the Just Love Coffee & Cafe. All funds from the operation of the Just Love Coffee & Cafe during the management by our appointed Manager will be kept in a separate account, and all expenses of the Just Love Coffee & Cafe, including compensation, other costs and travel and living expenses of our Manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and System Development Fees and contributions payable under this Agreement) during the period that our appointed Manager manages the Just Love Coffee & Cafe, which will not exceed ten percent (10%) of your monthly Gross Sales. Operation of the Just Love Coffee & Cafe during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Just Love Coffee & Cafe or to any of your creditors for any products, materials, supplies or services the Just Love Coffee & Cafe purchases during any period it is managed by our appointed Manager.

**15.7. Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the Just Love Coffee & Cafe or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Just Love Coffee & Cafe or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee’s exact compliance with any of the terms or conditions of this Agreement.

**15.8. Our Right of First Refusal.** You must not assign or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to us in a written offer that contains the Purchase Price (defined in Section 17.5), payment terms, and all other material terms and conditions of the proposed transaction (the “**Franchisee’s Offer**”). We will have thirty (30) business days after receipt of the Franchisee’s Offer to give you written notice which will either waive our option to purchase (the “**Waiver Notice**”) or will state that we intend to exercise our rights to purchase or acquire the Major Assets according to the terms contained in the Franchisee’s Offer (the “**Letter of Intent**”). The “**Major Assets**” are all or substantially all of the assets of the Just Love Coffee & Cafe, including but not limited to the

Operating Assets and Business Materials necessary to sustain operations or enable another to be able to, alone or in conjunction with other assets, operate a competing business. We have the sole right to determine if any assets are Major Assets. Therefore, if you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and/or the Just Love Coffee & Cafe or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, in the form of the Franchisee's Offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed Purchase Price. To be a valid, bona fide offer, the proposed Purchase Price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Just Love Coffee & Cafe and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Just Love Coffee & Cafe must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by our Letter of Intent within thirty (30) days from the date of the delivery to us of both an exact copy of Franchisee's Offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in the Franchisee's Offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than sixty (60) days after the Notice Date of our election to purchase to prepare for closing; and
- (d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
  - (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
  - (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

The date we provide you our Letter of Intent is the “**Notice Date.**” We will have the absolute and unconditional right to terminate our decision to purchase and any obligations in the Letter of Intent and any obligation to purchase the Major Assets from you for any reason and at any time during the due diligence review period by giving you written notice. You will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in the Franchisee’s Offer to us if: (a) we deliver the Waiver Notice to you, (b) we fail to deliver either the Waiver Notice or the Letter of Intent to the Franchisee within thirty (30) business days after receiving the Franchisee’s Offer, (c) we terminate our Letter of Intent during the due diligence period pursuant to the provisions of this Section, or (d) you and we fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by us from you (other than those objective terms and conditions contained in the Franchisee’s Offer) on or before the sixtieth (60th) day after the Notice Date.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.4 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(j) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of Franchisee’s Offer, subject to our approval of the transfer as provided in Sections 15.3 and 15.4, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of Franchisee’s Offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Our option to purchase in this Section will not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by you to a bank, financial institution or other lender in connection with your financing of (a) the real estate or leasehold improvements for Business, (b) the FF&E for the Business, (c) inventory or supplies for the Just Love Coffee & Cafe, or (d) working capital required by the Just Love Coffee & Cafe.

## **16. TERMINATION OF AGREEMENT.**

16.1. **By You.** If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective sixty (60) days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

16.2. **By Us.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:



- (a) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;
- (b) you or the required number of your personnel fail to successfully complete initial training to our satisfaction or you have not fulfilled all of the conditions for management of the Just Love Coffee & Cafe described in Section 23.2(e) and 7;
- (c) you fail to commence construction of the Just Love Coffee & Cafe within six (6) months of the Agreement Date, or with any extension granted to you by us;
- (d) you fail to select and obtain our approval of a Site within six (6) months of the Agreement Date and open the Just Love Coffee & Cafe within twelve (12) months of the Agreement Date (and we have not granted an extension);
- (e) you abandon or fail to actively operate the Just Love Coffee & Cafe for two (2) or more consecutive business days, unless the Just Love Coffee & Cafe has been closed for a purpose we have approved or because of casualty or government order;
- (f) you surrender or transfer control of the operation of the Just Love Coffee & Cafe without our prior written consent;
- (g) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other Just Love Coffee & Cafe;
- (h) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Just Love Coffee & Cafe or another Just Love Coffee & Cafe or the goodwill associated with the Marks;
- (i) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Just Love Coffee & Cafe;
- (j) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;
- (k) you lose the right to possession of the Site;
- (l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- (m) you fail to make payments of any amounts due to us and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(n) you fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within ten (10) days after written notice of such failure is delivered to you by such supplier;

(o) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Just Love Coffee & Cafe, unless you are in good faith contesting your liability for such taxes;

(p) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;

(q) we determine that you are promoting a Competitive Business to customers or are informing customers that you will cease operations as a Just Love Coffee & Cafe prior to the end of the term;

(r) you (or any of your owners) fail on two (2) or more separate occasions within any period of twelve (12) consecutive months or on three (3) occasions during the Term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(s) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Just Love Coffee & Cafe is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Just Love Coffee & Cafe is not vacated within thirty (30) days following the entry of such order; or

(t) if you violate our System Standards for non-solicitation of other franchisee's personnel or our personnel, and you fail to pay our then current fees to cure the violation of our non-solicitation rules.

16.3. Termination by Us for Commercial Impracticability. The parties agree that the commercial purpose of this Agreement is for Franchisor to license the System specified by Franchisor to Franchisee for use in operating your Just Love Coffee & Cafe strictly in accordance with the Manuals, in exchange for payment of the fees and under the conditions set forth in this Agreement. This Agreement intends for Franchisee to control the terms and conditions of employment for the employees of your Just Love Coffee & Cafe, and to supervise such employees as their employer, as set forth in Section 11.12, without constituting Franchisor as a joint employer of Franchisee or Franchisee's employees. Franchisee acknowledges that Franchisor is not in the business of owning and operating any Just Love Coffee & Cafe, and Franchisee has independently decided to enter into this Agreement to obtain the right to use the System so as to enter into the trade and business contemplated by the System. Franchisor may

terminate this Agreement by written notice to Franchisee without penalty and without payment of any refunds or damages to Franchisee, and Franchisee will follow its post-termination obligations under Section 17 at its expense, if Franchisor determines in its sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the parties directly or indirectly that Franchisor reasonably expects will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of this Agreement, (B) makes performance of this Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the parties, (D) deprives any party of its benefits of the bargain struck by the parties, as originally set forth in this Agreement, or (E) determines that an employment or a joint employment relationship exists between Franchisor and Franchisee.

## **17. RIGHTS AND OBLIGATIONS UPON TERMINATION.**

17.1. **Payment of Amounts Owed To Us.** You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for Royalties, System Development Fees, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us which are then unpaid.

17.2. **Marks and De-Identification.** Upon the termination or expiration of this Agreement for any reason:

(a) to allow us sufficient time (up to sixty (60) days) to determine if we will exercise a right to purchase and/or to confirm you are in compliance with all other post-termination obligations, you will not, without our express written permission, sell, transfer, encumber, lease, convey, gift, or make available to use to any other person or entity the furniture, fixtures, equipment, lease, real property, inventory or personal property owned by or used by your Just Love Coffee & Cafe;

(b) for a period of sixty (60) days, you will not transfer, encumber, lease, pledge, convey or gift any ownership interest in you, or your parent company, if any;

(c) without limiting any other rights in law or equity, you and your owners' consent to our obtaining injunctive relief to enforce (a) and (b) hereof;

(d) you will, immediately upon demand at our direction, and to our sole satisfaction, cover, drape, remove or obscure all signage, trade dress and other identifiable aspects of the Just Love Coffee & Cafe;

(e) you may not directly or indirectly at any time or in any manner (except with respect to other Just Love Coffee & Cafe shops you own and operate) identify yourself or any business as a current or former Just Love Coffee & Cafe, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia

of a Just Love Coffee & Cafe in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(f) you will not, for a period of sixty (60) days, promote to any former or current customer the operation of any other business at the Site;

(g) you agree to immediately take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark and cease using all of the Marks and Copyrights;

(h) if we do not have or do not exercise an option to purchase the Just Love Coffee & Cafe pursuant to Section 17.5, you agree to deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.5(a)) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any of our Marks or Copyrights or otherwise identifying or relating to a Just Love Coffee & Cafe and allow us, without liability to you or third parties, to remove all such items from the Just Love Coffee & Cafe;

(i) if we do not have or do not exercise an option to purchase the Just Love Coffee & Cafe pursuant to Section 17.5, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will immediately and at your own expense make such alterations we specify to distinguish the Just Love Coffee & Cafe clearly from its former appearance and from other Just Love Coffee & Cafe shops so as to prevent confusion by the public;

(j) if we do not have or do not exercise an option to purchase the Just Love Coffee & Cafe pursuant to Section 17.5 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will immediately notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify prior to such transfer of the number and listings to us, you must not transfer them;

(k) you agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations;

(l) within thirty (30) days after the date of the expiration or termination of this Agreement, you will, at your expense, alter, modify and change both the exterior and interior appearance of the building and the Just Love Coffee & Cafe so that it will be clearly distinguished from the standard appearance of a Just Love Coffee & Cafe and/or prevent public confusion; and

(m) we will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the Just Love Coffee & Cafe and to authorize the telephone company and all listing agencies to transfer to us or its assignee all telephone numbers and directory listings of the Just Love Coffee & Cafe. You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer the Franchisee's telephone numbers and directory listings to us or to an assignee of ours, if this Agreement expires or is terminated or if we acquire the Just Love Coffee & Cafe. The telephone company and all listing agencies may accept the Conditional Assignment of Telephone Numbers and Listings Agreement attached as an exhibit to our Franchise Disclosure Document as evidence of our exclusive rights to such telephone numbers and directory listings. You will execute the Conditional Assignment of Telephone Numbers and Listings Agreement and such other documents as we may require to complete the transfer of the telephone numbers as contemplated herein

17.3. **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.4. **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business (as defined in Section 10) operating:

- (a) at the Site;
- (b) within the Primary Area;
- (c) at, within or within twenty-five (25) miles of the Site or Primary Area; or
- (d) within or within twenty-five (25) miles of the Site or Primary Area of any other Just Love Coffee & Cafe in existence or under development.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

17.5. **Our Right to Purchase upon Termination or Expiration.**

(a) **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase the Just Love Coffee & Cafe from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase the Just Love Coffee & Cafe. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights.** You agree at our election:

(i) to assign your leasehold interest in the Site to us;

(ii) to enter into a sublease for the remainder of the Lease Term on the same terms (including renewal options) as the prime lease; or

(iii) to lease to us if you own the Site in accordance with the Agreement to Lease and our Standard Lease Agreement.

(c) **Purchase Price.** The purchase price (the “**Purchase Price**”) for the Just Love Coffee & Cafe will be its “**Book Value**” (i.e., value of the Just Love Coffee & Cafe’s assets carried on the balance sheet for that Just Love Coffee & Cafe), determined in a manner consistent with generally accepted accounting principles (GAAP) consistent with our System Standards; provided that the Just Love Coffee & Cafe will be valued as an independent business and its value will not include any value for:

(i) the Franchise or any rights granted by this Agreement;

(ii) the Marks or Copyrights; or

(iii) participation in the network of Just Love Coffee & Cafe shops.

Book Value will be determined by an accountant of our choice and you must provide that accountant access to your books and records to determine Book Value. If you do not provide such access when requested, the Purchase Price will be determined by us based on an estimate of your Book Value.

(d) **Goodwill Not Included.** The Business’s Book Value will not include the goodwill you developed in the market of the Just Love Coffee & Cafe that exists independent of the goodwill of the Marks and the System. The length of the remaining Term of the Lease for the Site will not be considered in determining the Just Love Coffee & Cafe’s Book Value.

(e) **Excluded Assets.** We may exclude from the Book Value of assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Just Love Coffee & Cafe's operation or that we have not approved as meeting standards for Just Love Coffee & Cafe shops, and the Purchase Price will reflect such exclusions.

(f) **Valuation if SBA Funded.** If you are subject to financing by the SBA, you and we will mutually agree on the Purchase Price. If we cannot reach mutual agreement, you and we will agree on an appraiser within fifteen (15) days of notice to the other that mutual agreement of Purchase Price cannot be reached, and that appraiser will determine the Purchase Price, And, if you are subject to financing by the SBA upon our exercise of this option to purchase, or upon any Default or termination, will not be required to sell any real estate for the Site to us if you own the real estate for the Site, you will be required to lease the Site to us for the remainder of the Franchise Term for fair market value.

(g) **Payment of Purchase Price.** The Purchase Price will be paid at the closing of the purchase, which will take place at the time we choose, but not later than ninety (90) days after determination of the Purchase Price. We have the right to set off against the Purchase Price, and thereby reduce the Purchase Price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

(i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(ii) all licenses and permits of the Just Love Coffee & Cafe which may be assigned or transferred; and

(iii) the leasehold interest and improvements in the Site.

(h) **Delivery of Title and Escrow.** If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.6. **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include, without limitation, indemnification, payment, identification and dispute resolution provisions.

17.7. **Additional Competitive Restrictions.** If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a

general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You and we agree that if any court or arbitrator were to determine that this Section 17.7 is not enforceable, the remaining in-Term and post-termination provisions of this Agreement will stand along and will remain enforceable.

## **18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

18.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Business personnel and others as the owner of the Just Love Coffee & Cafe under a Franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2. **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Just Love Coffee & Cafe's operation or the business you conduct pursuant to this Agreement.

18.3. **Taxes.** We will have no liability for any sales, use, surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Just Love Coffee & Cafe, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

18.4. **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates, our parents, and our and our affiliates' and parents' respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Party(ies)**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of the Just Love Coffee & Cafe's operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court



costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. Without limiting the foregoing, claims includes all claims, damages, attorneys' fees and costs arising from, out of, in connection with, or as a result of: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of you or your employees, agents or representatives; (b) any failure on the part of you to comply with any requirement of any laws or any governmental authority; (c) any failure by you to pay any of its obligations to any person or entity; (d) any failure by you to comply with any requirement or condition of this Agreement or any other agreement with us; (e) any misfeasance or malfeasance by you; and (f) any tort committed by you or your employees, agents or representatives. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

## **19. INSURANCE.**

19.1. **Types Required.** During the Term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

(a) general liability and property insurance including fire, vandalism and malicious mischief (with flood and hurricane coverages optional), and extended coverage insurance with a full replacement value of your inventory and contents of your Just Love Coffee & Cafe, covering such risks as are covered in the Standard Extended Coverage Endorsement, and including coverage of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate coverage, insuring you and us, and their officers, directors, agents and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, death, property damage, products liability and other legal liability, resulting from the condition, operation, use, business or occupancy of the Just Love Coffee & Cafe, including the surrounding premises, the parking area, and the sidewalks;

(b) comprehensive motor vehicle insurance with coverage of at least One Million Dollars (\$1,000,000) per occurrence (including personal injury protection, uninsured motorist protection, and "umbrella" coverage) for any motor vehicles operated, owned or leased by your Just Love Coffee & Cafe or used by any of your employees;

(c) workers' compensation in the amounts required by applicable law for your Just Love Coffee & Cafe;

(d) "umbrella" liability insurance; in the minimum amount of Two Million Dollars (\$2,000,000) that will provide liability insurance coverage for loss, liability,

claim, damage or expense incurred by you and us in excess of the primary liability insurance coverage carried by you;

(e) liability insurance against liability for personal services care and negligence;

(f) “special perils” property insurance coverage, which will include fire and extended coverage, for the inventory, machinery and FF&E owned, leased or used by you at the Just Love Coffee & Cafe. The property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual “replacement” cost;

(g) actual loss sustained (ALS) insurance coverage of at least Twenty Thousand Dollars (\$20,000) per month for a minimum of twelve (12) months insuring you against all compensable losses and damages resulting from an interruption in the operation of the Just Love Coffee & Cafe;

(h) if you, or any of your owners, owns, either directly or indirectly, the building or the Business premises for the Just Love Coffee & Cafe, then you will insure the building or the Business premises for and against special perils, loss and damages in an amount equal to at least actual “replacement” cost. If the Just Love Coffee & Cafe is either partially or completely destroyed by fire or any other catastrophe, then you will use the insurance proceeds to repair or reconstruct the Just Love Coffee & Cafe as provided for in this Agreement and recommence business as soon as reasonably possible;

(i) comprehensive crime and blanket employee dishonesty insurance;

(j) cyber liability / data breach coverage of at least Five Hundred Thousand Dollars (\$500,000), but recommended One Million Dollars (\$1,000,000); and

(k) such other insurance as is required under the Equipment Lease Agreement and any lease or other financing document (if any) for the Just Love Coffee & Cafe.

**19.2. Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in our System Standards. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

**19.3. Policy Terms.** All insurance policies must:

(a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

- (c) name us and our affiliates as additional insureds;
- (d) contain a waiver of the insurance company's right of subrogation against us;
- (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against you and or us, and your or our officers, directors, agents and employees;
- (g) provide that the insurance company will provide us with at least thirty (30) days' prior written notice of termination, expiration, cancellation or material modification of any policy; and
- (h) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

**19.4. Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Just Love Coffee & Cafe required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

## **20. ENFORCEMENT.**

**20.1. Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each Term of this Agreement, and any portion of any term, are severable. To the extent any provision is deemed unenforceable, the remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

20.2. **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

20.3. **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) acts of God; or
- (c) acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

20.4. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

## 21. **DISPUTES SUBJECT TO ARBITRATION.**

21.1. **Agreement to Arbitrate.** You and we acknowledge that resolving disputes prior to commencing arbitration hearings or court proceedings is in the best interests of both parties, all other franchisees and the Business System. Therefore, the parties agree that they will seek to settle any dispute between them prior to arbitration. However, if the parties are unable to settle the dispute or controversy, then except as expressly provided to the contrary in Sections 21.6, 21.12 and 21.13 of this Agreement, all disputes and controversies between you and we, including allegations of fraud, misrepresentation and violation of any state or federal laws, rules or regulations, arising under, as a result of, or in connection with this Agreement, the Just Love Coffee & Cafe or the Franchisee's Business are subject to and will be resolved exclusively by arbitration conducted according to the then current commercial arbitration rules of the American Arbitration Association.

21.2. **Notice of Dispute.** The party alleging the dispute must provide the other party with written notice setting forth the alleged dispute in detail. The party who receives written

notice alleging the dispute will have thirty (30) days after receipt of the written notice to correct, settle or compromise the dispute specified in the written notice. If the written notice alleges that the Franchisee is delinquent in the payment of any fees or other payments payable to us, the Franchisee will have ten (10) days to make full payment (including interest and Administrative Fees as provided for herein) to us.

**21.3. Demand for Arbitration.** If the dispute alleged by either party has not been corrected, settled or compromised within the time period provided for in Section 21.11, then either party may demand arbitration in accordance with the Code of Procedure of the National Arbitration Forum. Unless agreed otherwise by the parties, three (3) Arbitrators will be selected to hear the matter, one of which must be a retired judge. You and we will each fully perform their obligations under this Agreement during the entire arbitration process.

**21.4. Venue and Jurisdiction.** All arbitration hearings will take place exclusively in Davidson County, Tennessee, and will be held no later than ninety (90) days after the Arbitrators have been selected. You and we and its officers, directors, owners and the persons who sign the attached Principal Owner's Guaranty (the "**Personal Guarantors**") do hereby agree and submit to personal jurisdiction in the State of Tennessee in connection with any arbitration hearings hereunder and any suits brought to enforce the decision of the Arbitrators, and do hereby waive any rights to contest venue and jurisdiction in the State of Tennessee and any claims that venue and jurisdiction are invalid.

**21.5. Powers of Arbitrators.** The authority of the Arbitrators will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "**Rules**") will apply to all arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any arbitration hearing must comply in all respects with the Rules and legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testified against them or in favor of the other party. The Arbitrators will have no authority to add to, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrators will be limited to the dispute set forth in the written demand for arbitration, and the Arbitrators will have no authority to decide any other issues. We and you further agree that, in any arbitration proceeding, except for excluded disputes in Section 21.6, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and will not have the right to declare any Mark generic or otherwise invalid. Except as provided in Section 21.10, the Arbitrators will not have the right or authority to award punitive damages to either us or you, our or your officers, directors, owners and the Personal Guarantors, and you and we and their officers, directors, owners and the Personal Guarantors expressly waive their rights to plead or seek punitive damages. All findings, judgments, decisions and awards by the Arbitrators will be in writing, will be made within sixty (60) days after the arbitration hearing has been completed, and will be final and binding on you and us. The written decision of the Arbitrators will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party. If, during the course of arbitration, either

party fails to appear at a meeting or hearing duly scheduled in accordance with the Code of Procedure of the NAF, the Arbitrators will have the absolute right to enter a default judgment and resulting order against the party failing to appear.

**21.6. Disputes Not Subject to Arbitration.** Notwithstanding Section 21.1 or anything to the contrary in this Agreement, the following disputes between you and us will **not** be subject to arbitration: (a) your or your owners', employees', officers', directors' or agents' use of the System, Marks or Copyrights; (b) your obligations upon termination or expiration of this Agreement; and (c) your or your owners', officers', directors', employees' or agents' violation of the provisions of this Agreement relating to confidentiality and the covenants not to compete.

**21.7. No Collateral Estoppel or Class Actions.** All arbitration findings, conclusions, orders and awards made by the Arbitrators will be final and binding on you and we; however, such arbitration findings, conclusions, orders and awards may not be used to collaterally estop either you or we from raising any like or similar issue or defense in any subsequent arbitration, litigation, court hearing or other proceeding involving third parties, including other franchisees. You and we agree that no person or entity except you and we, and your and our respective officers, directors, owners and/or Personal Guarantors will have the right to join in, become a party, litigate or participate in any arbitration proceeding arising under this Agreement, and therefore, you and we specifically agree that the NAF and the Arbitrators appointed under the NAF procedural rules will not be authorized to permit class actions or to permit any other person or entity to be involved, participate, or be named as a litigating party in any arbitration proceeding or matter brought under this Agreement by you or we or your and our respective officers, directors, owners and/or Personal Guarantors.

**21.8. Confidentiality.** All evidence, testimony, records, documents, findings, decisions, judgments and awards pertaining to any arbitration hearing between you and us will be secret and confidential in all respects. Except as provided for in Section 21.5 or as may be required by law, you and we will not disclose the decision or award of the Arbitrators and will not disclose any evidence, testimony, records, documents, findings, orders, or other matters from the arbitration hearing to any person or entity except as required by law. Nothing herein will prevent either party from disclosing or using any information presented in any arbitration proceeding in any subsequent court hearing brought by either you or we pursuant to this Agreement.

**21.9. Federal Arbitration Act.** Any issue regarding arbitration will be governed by the Federal Arbitration Act and the federal common law of arbitration.

**21.10. Waiver of Punitive Damages. EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF OUR MARKS, COPYRIGHTS OR CONFIDENTIAL INFORMATION OR YOU OR YOUR OWNERS', OFFICERS', DIRECTORS', EMPLOYEES' OR AGENTS' VIOLATION OF THE NONCOMPETITION COVENANTS, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US THAT IS SUBJECT**

**TO THE LIMITATION OR EXEMPTION OF PUNITIVE DAMAGES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

**21.11. Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS OR COPYRIGHTS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

**21.12. No Class Actions.** YOU WAIVE THE RIGHT AND OPTION, AND COVENANT NOT TO PARTICIPATE IN, ANY CLASS ACTION, MULTIPLE CLAIMANT, COUNTER CLAIMANT OR THIRD PARTY CLAIMANT CLASS ARBITRATION OR LITIGATION AGAINST US. YOU ACKNOWLEDGE THAT THE REMEDIES PROVIDED TO AND FOR YOU UNDER THIS AGREEMENT ARE SUFFICIENT AND ACCEPTABLE TO YOU AND PROVIDE YOU WITH AN APPROPRIATE MEANS TO SEEK REDRESS AGAINST US FOR BREACH OF THIS AGREEMENT OR APPLICABLE LAW.

**21.13. Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY TENNESSEE LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

**21.14. Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE PERSONAL JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT LOCATED IN DAVIDSON COUNTY, TENNESSEE AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE ARBITRATION AS DESCRIBED IN THIS AGREEMENT OR THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES OF ANY JUDGMENT OBTAINED IN ANY SUCH FORUM, IN ANY OTHER FORUM OR THE RIGHT OF

**THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY FORUM HAVING PERSONAL JURISDICTION OVER ANY PARTY.**

**21.15. Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

**21.16. Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**21.17. Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

**21.18. Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

**21.19. Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement. If we propose a change to this Agreement and all Franchise Agreements for Just Love Coffee & Cafe shops, we may modify this Agreement upon notice to you if sixty-five percent (65%) of franchisees for Just Love Coffee & Cafe shops vote to accept the amendment. Otherwise, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document.

**21.20. No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement. The Franchisee acknowledges that other Just Love® franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

**21.21. Construction.** The headings of the sections are for convenience only. If two (2) or more persons are at any time Franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be



signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

#### 21.22. **Certain Definitions.**

(a) The term “**Satellite Outlet**” means a mobile Just Love Coffee & Cafe that serves different varieties of coffee and tea and waffle-based menus through preparation at or in a Pushcart, Mobile Kiosk Cart, or Food Truck and is not a Pop-up Location, unless we determine, at our sole discretion, that such a station is used on a regular scheduled basis.

(b) The term “**Food Truck**” means a self-propelled Vehicle with enclosed preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using our name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended. Each Food Truck offers a proprietary line of different varieties of coffee and tea and waffle-based menus different varieties of coffee and tea and waffle-based menus.

(c) The term “**Mobile Kiosk Cart**” means a mobile Vehicle that is not self-propelled with enclosed preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using our name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended. Each Mobile Kiosk Cart offers a proprietary line of different varieties of coffee and tea and waffle-based menus.

(d) The term “**Pop-up Location**” means, subject to the prior written consent of Franchisor, temporary locations that at special events, which take place in the Primary Area listed in Exhibit “A.”

(e) The term “**Pushcart**” means a Vehicle powered by the operator with open preparation and service space that is sourced, equipped, maintained, and operating according to our System Standards using our name and Marks, or such other name and marks as we may specify under the Operations Manual, as amended.

(f) The term “**Vehicle**” means the Food Truck, Mobile Kiosk Cart, or Pushcart you purchase or lease for the purpose of adapting it to the System Standards and operating it as a Satellite Outlet under this Franchise Agreement and the Satellite Outlet Addendum.

(g) The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses.

(h) The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person or another Business Entity, under common control with a person or another Business Entity, or a Business Entity controlled by the Business Entity.

(i) The terms “**franchisee, franchise owner, you and your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine.

(j) The term “**person**” includes individuals and Business Entities. You and we are sometimes referred to individually as a “**party**” and collectively as “**parties.**”

(k) The term “**section**” refers to a section or subsection of this Agreement.

(l) The word “**control**” means the power to direct or cause the direction of management and policies.

(m) The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

(n) Where a measure of distance is indicated, the distance is measured as a straight-line shortest measure from such two points.

21.23. **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to,**” “**until**” and “**ending on**” (and the like) mean “**to but excluding.**” Indications of time of day mean Tennessee time.

21.24. **Exercise of our Business Judgment.** We have the right, in our sole judgment to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our franchise network’s best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

21.25. **Electronic Mail.** You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and Affiliates (“**Official Senders**”) to you during the Term. You further agree that (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders’ transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated

with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

## **22. NOTICES AND PAYMENTS.**

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

|           |   |
|-----------|---|
| If to Us: | <b>JUST LOVE FRANCHISE GROUP, LLC</b><br>761 Old Hickory Blvd, Suite 300,<br>Brentwood, Tennessee 37027<br>Attention: Alan Thompson<br>alan@justlovecorpcom |
|-----------|---|

|            |                             |
|------------|-----------------------------|
| If to You: | As indicated in Exhibit "A" |
|------------|-----------------------------|

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

## **23. MISCELLANEOUS REPRESENTATIONS & WARRANTIES.**

23.1. **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Just Love Coffee & Cafe shops. You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Just Love Coffee & Cafe owned by us or our affiliates, or that is not contained in our Franchise Disclosure

Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our President; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

23.2. **Business Organization.** If you are, at any time, a business organization (like a corporation, limited liability company or partnership) (“**Business Entity**”), you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owner’s (defined below on this page) Statement will completely and accurately describe all of your owners and their interests in you (a copy of our current form of Principal Owner’s Statement is attached hereto as Exhibit “E”);

(d) you and your owners agree to revise the Principal Owner’s Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that reduce your ownership below fifty-one percent (51%) may be made without our approval);

(e) a (“**Principal Owner**”) of the Business Entity (defined as a person with at least a twenty percent (20%) ownership interest) must: (i) have management responsibility and authority over the Business on a day-to-day basis; (ii) be actively employed on a full-time basis to manage the Just Love Coffee & Cafe’s operations; (iii) be present at the Just Love Coffee & Cafe for at least fifty percent (50%) of the hours the Just Love Coffee & Cafe is open to the public for business; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term (defined in Section 2.3);

(f) each of your Principal Owners, during the Term of this Agreement, will sign and deliver to us our standard form of Principal Owner’s Guaranty (“**Owner’s Guaranty**”) undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owner’s Guaranty is attached hereto as Exhibit “F”; and

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like Articles of Incorporation or organization and partnership, operating or shareholder agreements).

23.3. **Acknowledgments.** You acknowledge and agree that:

(a) you have read this Agreement and our Franchise Disclosure Document;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Just Love Coffee & Cafe and to protect and preserve the System, Copyrights and goodwill of the Marks;

(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Just Love Coffee & Cafe may evolve and change over time;

(d) an investment in a Just Love Coffee & Cafe involves business risks and that your business abilities and efforts are vital to the success of the venture;

(e) any information you acquire from other Just Love Coffee & Cafe franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information; and

(f) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

23.4. **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of a Just Love Coffee & Cafe Franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise;

(b) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”);

(c) neither you nor any of your owners, employees, agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and

(d) you have read, in their entirety, this Agreement and the Franchise Disclosure Document.

We have approved your request to purchase a Just Love Coffee & Cafe in reliance on all of your representations.

[Signature page follows.]

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

**“US”:**  
JUST LOVE FRANCHISE GROUP, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**“YOU”:**

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT "A"**  
**TO THE**  
**JUST LOVE FRANCHISE GROUP, LLC**  
**FRANCHISE AGREEMENT**  
**DATED \_\_\_\_\_, 2023**  
**WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

1. Primary Area. The Primary Area for your Just Love Coffee & Cafe (as referenced in Section 2.1) is as follows [Check one to indicate]:  Area within a geographic area we determine to be within a five (5) minute driving distance radius of the Site; or  the following geographic area\*:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Map of Primary Area Attached.

2. Site. The address of your approved Site is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Franchise Fee. The Franchise Fee is: \$ \_\_\_\_\_

4. Opening Date. Your Opening Date must occur prior to \_\_\_\_\_.

5. Royalty. The Royalty is six percent (6%) of Gross Sales.

6. System Development Fee. Up to three percent (3%) of Gross Sales, currently two percent (2%) of Gross Sales.



7. Address of Person to Receive Notice for You.

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“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT “B” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

**FORM OF  
ADDENDUM TO LEASE AGREEMENT**

**ADDENDUM TO LEASE AGREEMENT**

THIS ADDENDUM TO LEASE AGREEMENT (this “**Addendum**”) is effective as of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), and is being signed simultaneously with the lease (the “**Lease**”) dated \_\_\_\_\_, 20\_\_\_\_ between \_\_\_\_\_ (the “**Franchisee**” or “**Tenant**”) and \_\_\_\_\_ (the “**Landlord**”) for the real property commonly known as \_\_\_\_\_ (the “**Premises**”).

1. **Incorporation and Precedence.** This Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Lease.

2. **Background.** The Tenant will operate a Just Love Coffee & Cafe at the Premises under a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) with Just Love Franchise Group, LLC (the “**Franchisor**”). By entering into a franchise relationship with the Franchisor, the Tenant has agreed to grant the Franchisor a security interest in the Lease, all of the furniture, fixtures, inventory and supplies located in the Premises as collateral for: (a) the payment of any obligation, liability or other amount owed by Tenant or its affiliates to the Franchisor under the Franchise Agreement. The Franchise Agreement also requires that the Lease contain provisions that the Tenant is requesting the Landlord to include.

3. **Marks.** The Tenant has the right to display the trade and services marks set forth on Exhibit “A” to this Addendum and incorporated by reference herein in accordance with the specifications required by the Franchisor, subject only to the provisions of applicable law, for the Term of the Lease.

4. **Easement.** The Landlord grants to the Tenant during the Term of the Lease a non-exclusive right and easement over that portion of the property as may be required by the Tenant to improve, renovate, repair, replace and maintain the Premises or replace its signage or its panel on the pylon sign for the property. The Tenant has the right to change or alter the signage at any time during the Term of the Lease provided the signage is in compliance with all applicable governmental codes and regulations. The signage may include: (a) signage on the exterior front wall of the Premises; (b) signage on another exterior portion of the Premises; (c) a separate pylon sign on the property; (d) separate signage on the property; (e) a panel on the pylon sign for the property; and (f) other signage which may be required by the Franchisor or agreed upon by the Landlord and the Tenant.

5. **Access to Premises.** During the Term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises to inspect the Premises and Tenant’s business operations in accordance with the Franchise Agreement.

6. Copies of Reports. The Landlord agrees to provide copies of all revenue and other information and data in Landlord's possession related to the operation of the Tenant's Just Love Coffee Café on a timely basis as the Franchisor may request, during the Term of the Lease.

7. Notice of Default. The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any default (a "**Default**") by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time-to-time:

Just Love Franchise Group, LLC  
761 Old Hickory Blvd, Suite 300  
Brentwood, Tennessee 37027  
Attention: Alan Thompson

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within fifteen (15) days after the expiration of the period in which the Tenant may cure the Default under the Lease.

8. Franchisor's Assumption of Lease. In the event of a Default of the Lease by Tenant or the Default of the Franchise Agreement by Tenant, and upon written notice by the Franchisor to have the Lease assigned to the Franchisor as lessee (the "**Assignment Notice**"), (i) the Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Assignment Notice, and (ii) the Landlord will recognize the Franchisor as the lessee of the Premises effective as of the date of the Assignment Notice.

9. Default Under Franchise Agreement. Any Default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

10. Non-Disturbance. So long as the Lease Term continues and the Tenant is not in Default under the Lease, the Tenant's use, possession and enjoyment of the Premises will not be interfered with by any lender of the Landlord or any other person. The Landlord agrees to use its best efforts to obtain prior to commencement of the Lease any documents necessary to ensure the foregoing, including a Subordination, Non-Disturbance and Attornment Agreement or similar agreement.

11. Amendment. The Landlord and the Tenant will not cancel, terminate, modify or amend the Lease including, without limitation, the Franchisor's rights under this Addendum, without the Franchisor's prior written consent.

12. Benefits and Successors. The benefits of this Addendum inure to the Franchisor and to its successors and assigns.

13. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect.

Intending to be bound, the Landlord and the Tenant sign and deliver this Addendum effective on the Effective Date, regardless of the actual date of signature.

“LANDLORD”

“TENANT”

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT "A"**

**TO ADDENDUM TO LEASE AGREEMENT**

**Marks**

**(Not an exclusive list)**

Just Love Coffee Roasters® (word and design Mark)



Just Love Coffee & Café® (word and design Mark)



**EXHIBIT “C” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

**LIMITED ACCESS CONCEPT ADDENDUM TO FRANCHISE AGREEMENT**

## LIMITED ACCESS CONCEPT

### ADDENDUM TO FRANCHISE AGREEMENT

**THIS LIMITED ACCESS CONCEPT ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”), by and between Just Love Franchise Group, LLC, a Florida limited liability company (“**we,**” “**us**” or “**our**”), as franchisor, and \_\_\_\_\_, a \_\_\_\_\_ (“**you**” or “**your**”), as franchisee. This Addendum relates to and modifies that certain Franchise Agreement (the “**Prime Agreement**”) between the parties. This Addendum shall be controlling in the event of any conflict between the Prime Agreement and this Addendum. All definitions in the Prime Agreement shall apply to this Addendum unless the context otherwise indicates. The parties mutually agree, for good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, as follows:

1. Limited Access Concept Café. You have requested, and we have approved, the development and operation of a Just Love Coffee & Cafe shop to be located in \_\_\_\_\_ (the “**Host Facility**”) and within the Host Facility, in the following location (the “**Location**”):

2. Lease with Host Facility. You represent and warrant the following to us:

(i) The Lease of the Location (the “**Host Lease**”) with the owner or landlord of the Host Facility (“**Host Operator**”) allows for the operation of the Café under the System Standards without material modification, supplier or menu limitations.

(ii) The Host Lease with Host Operator provides for [check one to indicate]:  
 a dedicated seating area;  
 a common seating area convenient to the Café; or  
 no common seating area but contemplates carry out servings for all food concepts in the vicinity of the Location.

(iii) The Host Lease with Host Operator allows for the installation and operation of all equipment necessary to prepare the menu items of the System as of the Effective Date.

(iv) The Host Lease with Host Operator permits display of the Marks in signage over the Location serving area.

(v) The Host Lease with Host Operator [check one to indicate]:  
 permits the Café to open and operate during breakfast, lunch and dinner hours 365 days per year or  
 limits operation to certain event dates and times or periods when active food service at the Host Facility is permitted.

3. Confidential Information. No inspection right in the Lease shall allow or imply our consent to grant to Host Operator or its representatives access to any confidential or



proprietary information we provide to you.

4. Rent Payments. You will provide us with copies of any rental reports and forms you submit to Host Operator that show the Gross Sales of the Café or calculate any percentage rent payable under the Lease.

5. Indemnification. You acknowledge that the indemnification set forth in Section 28 of the Prime Agreement extends to any claim arising from the condition, premises or events occurring at the Host Facility, whether the Host Operator or you control the space or activity from which the claim arises.

6. Local Marketing. You will receive credit toward your local marketing expenditure requirement under Section 12.7 of the Prime Agreement for the documented amounts you contribute to the marketing or advertising cooperative or common marketing fund of the Host Facility.

7. Upgrade of Café. You represent to us that the Lease will permit you to upgrade the Café as and when contemplated by the Prime Agreement, subject only to Host Operator approval, which it may not unreasonably withhold or delay.

8. Technology & Communications. You represent to us that the Host Facility will support and the Lease allows you to install and maintain the technology and communications we require for the Café as of the Effective Date under the System.

9. New Menu Items. Notwithstanding the Prime Agreement, you will not be obligated to prepare and serve any new menu item that we mandate under the System after the Effective Date if such item is prohibited under the Lease.

[Signature page follows.]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum, intending to be legally bound, as of the Effective Date.

**“US”:**  
JUST LOVE FRANCHISE GROUP, LLC

**“YOU”:**

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT “D” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

**SATELLITE OUTLET ADDENDUM TO FRANCHISE AGREEMENT**

## Satellite Outlet Addendum to Franchise Agreement

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (“Addendum Date”), by and between Just Love Franchise Group, LLC, a Florida limited liability company (“we,” “us,” or “our”), as Franchisor, located at \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”), as Franchisee, located at \_\_\_\_\_.

You and we entered into that certain Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_ (such Agreement, together with any amendments and addendums, the “Franchise Agreement”).

You seek to open a Satellite Outlet [in connection with your Business at the Site granted under the Franchise Agreement]. [Based on your ability to operate your Business successfully, w/W] e approve you to operate a Satellite Outlet. The Satellite Outlet will operate as a [Food Truck/Mobile Kiosk Cart/ Pushcart].

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

1. Definitions. All definitions in the Franchise Agreement shall apply to this Addendum unless the context otherwise indicates.

(a) Satellite Outlet Opening Date means the date that the Satellite Outlet shall begin operating, which shall be no later than one hundred fifty (150) days after the Addendum Date.

(b) Seasonal Satellite Outlet means the operation of a Satellite Outlet that ceases operations for at least one hundred twenty (120) consecutive days per year, although we reserve the right to waive or modify this requirement.

2. Mobile Unit Franchise Fee. When you sign and return this Addendum or you renew the Franchise Agreement you must pay us a Mobile Unit Franchise Fee Two Thousand Five Hundred Dollars (\$2,500.00) for the Satellite Outlet that you operate under this Addendum.

3. Satellite Outlet Development.

(a) Development Oversight. Except as specified in the Franchise Agreement, the Manual, or this Addendum we are not obligated to provide any assistance in locating places where you may lawfully park or operate your Satellite Outlet and sell food and beverages to the public or at private functions, selecting, wrapping, equipping or designing your Satellite Outlet, complying with local codes and ordinances, obtaining permits, hiring and training employees, or providing for necessary equipment, signs,

small wares, opening inventory, and supplies. Our acceptance of your Satellite Outlet and any related leases or purchase agreements is solely for purposes of determining compliance with System Standards and is not a guarantee of success or performance of your Business or that the Satellite Outlet selected by you will be optimal or adequate for your Business or conform to legal requirements.

(b) Vehicle Selection. We will provide you with advice and consultation in the selection of your Vehicle for the Satellite Outlet through the use of the standards, criteria, and materials that we make available to franchisees. You may purchase or lease a new or used Vehicle from a third party and convert it for use as your Satellite Outlet in compliance with the System Standards. We will review the information you submit for the proposed Vehicle, conduct any investigation of the proposed Vehicle we deem appropriate to evaluate the Vehicle, and accept or reject the Vehicle within fifteen (15) days after your submission of all initial and supplemental information we request regarding a proposed Vehicle. Such inspection may be in person or electronically using photographs, video and/or other information you provide at our request. If we accept the Vehicle, we will give you notice of any remaining conditions to that acceptance. If we reject the Vehicle, we will give you the reasons for the rejection. Effective upon our acceptance, you acknowledge that you have selected and we have accepted the Vehicle, and that our acceptance of your selection does not guarantee or warrant that the Vehicle will be successful or that it represents the best Vehicle for the Business from among those available to you. You acknowledge that we may have provided you with advice and consultation in the selection of your Vehicle for use as the Satellite Outlet through the use of the standards, criteria, and materials that we make available to franchisees. We may have delivered our written review and evaluation of any Vehicle you propose. You have had the opportunity to obtain independent advice on the Vehicle for your Satellite Outlet and are not relying on our review and evaluation. If your Franchise Agreement is terminated or expires before you begin operating the Satellite Outlet, you purchased or leased a Vehicle from a third party, and such Vehicle has been decorated and equipped in compliance with the System Standards, then we have the right, but not the obligation, within sixty (60) days following such termination, to (i) purchase the Vehicle from you at the cost you document you have incurred to purchase and convert the Vehicle or have the lease on such Vehicle assigned to us, or (ii) assign such right to another franchisee or third party designated by us. You agree to sell the Vehicle or assign such lease right at our request and execute and deliver to us all documents we provide to you to complete the transactions. If we do not exercise such right within the allotted time period, then you must change the exterior and interior design and decor of the Vehicle and make any and all changes which we direct to distinguish the Vehicle from its appearance as a Vehicle affiliated with the System.

(c) Plans. We will provide you with our standard plans, specifications, and layouts for the exterior design and wrapping, interior design, mechanical and electrical systems, equipment, décor and signs for a prototype Vehicle that we make available to franchisees. You must hire a competent designer or manufacturer to create plans and specifications for your Vehicle compliant with System Standards. We will review your final plans and specifications for conformity to System Standards. We will not unreasonably withhold or delay our approval, which is intended only to test compliance

with System Standards, and not to detect errors or omissions in the work of your designers, engineers, contractors or the like. Our review does not cover technical or engineering factors, or compliance with federal, state, or local laws, regulations, or code requirements. We will not be liable to your lenders, contractors, employees, customers, others or you on account of our review or approval of your plans, drawings, or specifications or our inspection of the Vehicle before, during or after build-out.

(d) Design, Equipment and Wrapping of Food Trucks. You will complete the design, equipment, and wrapping of your Vehicles within one hundred twenty (120) days of the Addendum Date. You will design, equip, and wrap the Vehicle in strict conformity with the layout, plans and specifications we approve. The design, equipment, and mechanical components of your Vehicle must conform to applicable National Fire Protection Association standards and all plumbing, mechanical, electrical, kitchen, serving, cooking, cooling, storage, and preparation equipment must be certified by the National Sanitation Foundation. If we determine (before the Satellite Outlet Opening Date) that you have not carried out the design, equipping, and wrapping of your Vehicle in strict conformity with the layout, plans and specifications we approved, we may terminate this Addendum for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Food Trucks and to compel you to specifically perform your obligation to design, equip, and wrap the Vehicle in strict conformity with the approved layout, plans, and specifications, in addition to any other remedies available to us at law or in equity, without any obligation to furnish any bond or security. You will bear the expense of all design, engineering, and other professional services incurred for your final plans and for obtaining approvals by the appropriate governmental authorities required under applicable law to operate the Satellite Outlet and the Business.

(e) Equipment, Small Wares, and Other Personal Property. You will install in and about the Vehicle equipment, small wares, and other personal property that strictly conform to System Standards, and specifications we specify in the Manual or otherwise. You will not display any other sign or advertising in or on the Vehicles without our consent other than as permitted under the Manual. State and local regulations will determine whether you are allowed to cook food on the Vehicle or reheat food that is already cooked. If you are not permitted to cook on the Vehicle, your Vehicle may be equipped with warming equipment instead of cooking equipment in compliance with the System Standards. All equipment on your Vehicle must have National Sanitation Foundation certification, to the extent applicable. We may require you to update, upgrade, and add or replace equipment and systems on your Food Trucks during the Term to satisfy the standards of the National Sanitation Foundation as they change and evolve.

(f) Technical Services. You may engage any designer, engineer, manufacturer, or contractor to assist you in designing, equipping and wrapping the Vehicle as long as the party you engage is duly licensed in the state of the Primary Area. You shall secure for us and our agents the right to inspect the Vehicle and related materials stored off site at any reasonable time. You shall correct, upon our request and at your expense, any deviation from the approved plans and specifications. You shall furnish to us a copy of any certificates from your designer, engineer or contractor that the

Vehicle were designed, equipped and wrapped in accordance with the approved final plans and specifications, and in compliance with all applicable codes and in compliance with all applicable local, state and federal laws, ordinances and regulations, including but not limited to the Americans with Disabilities Act and related regulations.

4. Operation of Satellite Outlet. You will operate the Satellite Outlet in accordance with your obligations set forth in the Franchise Agreement. You will operate your Satellite Outlet solely in the Primary Area stated in Attachment A of the Franchise Agreement. To operate your Satellite Outlet as a Seasonal Satellite Outlet, you must receive prior written approval from us.

(a) Termination of Satellite Outlet. We may require that you cease operating a Satellite Outlet if your operations fail to meet our quality and service standards, either at the Satellite Outlet or the Site. This Addendum will automatically terminate on the earlier to occur of the following: (i) the Satellite Outlet operating under this Addendum ceases operation due to your failure to meet our quality and service standards or (ii) the Franchise Agreement expires or terminates. Additionally, this Addendum may be terminated in accordance with Section 16 of the Franchise Agreement.

5. Insurance. You must obtain and maintain the minimum amounts and policy forms of insurance in accordance with Section 19 of the Franchise Agreement.

6. Satellite Outlet Assignments & Transfers. You acknowledge that the Section 15 of the Franchise Agreement extend to any assignment or transfer of the Satellite Outlet; provided, however, that we are not required to purchase any of your Satellite Outlets if we exercise our right to purchase your Business. Under such circumstances, you must change the exterior and interior design and decor of the Vehicle and make any and all changes which we direct to distinguish the Vehicle from its appearance as a Vehicle associated with the System. Any transfer of the rights or obligations that may occur under the Franchise Agreement will include the assignment or transfer of rights or obligations under this Addendum.

7. Indemnification. You acknowledge that the indemnification set forth in Section 18 of the Franchise Agreement extends to any claim arising from the condition, premises, or events occurring at the Satellite Outlet.

8. Interpretation. This Addendum shall supplement and not replace the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, this Addendum shall be controlling.

9. Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the multi-unit operator agreement will remain in full force and effect as originally written and signed.

[Signature page follows.]

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

**FRANCHISOR**

**JUST LOVE FRANCHISE GROUP LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT “E” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

**SBA ADDENDUM TO FRANCHISE AGREEMENT**



## ADDENDUM TO FRANCHISE

## <sup>1</sup> AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between JUST LOVE FRANCHISE GROUP, LLC ("Franchisor"), located at 2000 MALLORY LANE, SUITE 130-253, and \_\_\_\_\_ ("Franchisee"), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee, not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR :

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Authorized Representative of FRANCHISEE :

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**EXHIBIT “F” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

\_\_\_\_\_  
**(Name of Franchise Owner)**

**FORM OF  
PRINCIPAL OWNER STATEMENT**

**PRINCIPAL OWNER STATEMENT**

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

Form of Franchisee. I am a (check one):

- 1. General Partnership
- 2. Corporation
- 3. Limited Partnership
- 4. Limited Liability Company
- 5. Other

Specify

Business Entity. I was incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

| Name of Person | Position(s) Held |
|----------------|------------------|
| _____          | _____            |
| _____          | _____            |
| _____          | _____            |
| _____          | _____            |

Owners. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

| Owner’s Name | Address | Description of Interest |
|--------------|---------|-------------------------|
| _____        | _____   | _____                   |
| _____        | _____   | _____                   |
| _____        | _____   | _____                   |

Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your entity (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 20\_\_.

INDIVIDUALS:

Signature\_\_\_\_\_

Name: \_\_\_\_\_

Signature\_\_\_\_\_

Name: \_\_\_\_\_

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

Name\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

**EXHIBIT “G” TO THE  
JUST LOVE FRANCHISE GROUP, LLC  
FRANCHISE AGREEMENT  
DATED \_\_\_\_\_, 2023  
WITH**

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**(Name of Franchise Owner)**

**FORM OF  
OWNER’S GUARANTY**

## PRINCIPAL OWNER GUARANTY

This Principal Owner Guaranty (this “**Guaranty**”) must be signed by the principal owners (referred to as “**you**” for purposes of this Guaranty only) of \_\_\_\_\_ (the “**Business Entity**”) under the Franchise Agreement effective as of \_\_\_\_\_, 2023 (the “**Agreement**”) between the Business Entity and JUST LOVE FRANCHISE GROUP, LLC (“**us,**” “**our**” or “**we**”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and we may enforce our rights regarding it in the courts of Hillsborough County, Florida. Each of you irrevocably submits to the jurisdiction and venue of such courts.



Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP  
INTEREST IN BUSINESS ENTITY

GUARANTORS

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**FORM OF**

**AREA DEVELOPMENT AGREEMENT**

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**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**

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## AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”), by and between Just Love Franchising Group, LLC, a Florida limited liability company (“we,” “us” or “our”), as franchisor, and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”), as developer. The parties mutually agree, for good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, as follows:

1. Definitions. Words and phrases used in initially-capitalized form in this Agreement have the meanings set forth in Section 29 this Agreement and Section 21.22 of the form of Franchise Agreement attached as Attachment B unless the context indicates otherwise.

2. Exclusive Development Area Covenants.

(a) During the Development Term, you will have the exclusive right to develop Just Love Coffee & Cafe shops in the Development Area (“Development Units”). We and our affiliates will not develop, open, license, franchise or operate any Just Love Coffee & Cafe in the Development Area during the Development Term other than with you as franchisee, as contemplated by this Agreement, except as permitted under Sections 2(b) and 13 herein.

(b) We may, without any restriction on us or obligation to you, develop, operate, franchise and license other Persons to develop and operate Just Love Coffee & Cafe shops at any location outside the Development Area even if the Primary Area of any of those Just Love Coffee & Cafe shops extends into the Development Area. We may, without any restriction or obligation to you, develop, operate, franchise and license Non-Traditional Cafe within or outside the Development Area but we will not authorize other Just Love Coffee & Cafe shops to operate in the Development Area.

(c) After the Development Term, any territorial rights for a Development Unit will be provided under its Franchise Agreement.

(d) Except as we otherwise expressly permit in writing, during the Development Term, you, your affiliates and your Owners (each a “Covenant Party”), covenant with us that none of you will engage directly or indirectly, as an owner, operator, advisor, employee, or consultant, or have any interest in, or act in any managerial capacity for, any similar business, including, without limitation, any business specializing in the selling of coffee and waffle-based products, located in the Development Area and within a radius of 25 miles outside the Development Area, other than as a franchisee or equity owner in the Just Love System, provided, however, that a Covenant Party shall not be prohibited from owning equity securities of any business whose equity securities are publicly traded so long as the Covenant Party’s equity ownership interest shall represent two percent (2%) or less of the total number of outstanding equity securities of such business. For purposes of this covenant, “equity securities” include common and preferred shares, partnership interests, membership interests, debt convertible into equity interests, and options and warrants to purchase equity interests, whether or not vested or immediately exercisable.

3. Performance Schedule.

(a) You must develop at least the number of Development Units within the Development Area specified below in accordance with the following schedule:

| <u>Development Unit Number</u> | <u>FA/Lease Deadline</u> | <u>Desired Market Area</u> |
|--------------------------------|--------------------------|----------------------------|
| One                            |                          |                            |
| Two                            |                          |                            |

(b) You meet the FA/Lease Deadline by signing a Franchise Agreement for the Development Unit after obtaining our approval of the proposed site as provided below. The Franchise Agreement will then govern the lease or purchase contract signing deadline, development, completion and opening of the Development Unit.

(c) You may develop and open any number of additional Development Units within the Development Area during the Development Term, so long as you follow our standard application and acceptance process for each Development Unit. You may develop Just Love Coffee & Cafe shops outside the Development Area using the Franchise Agreement form attached so long as each franchised Just Love Coffee & Cafe is not located within another developer's development area or the Primary Area of another Just Love Coffee & Cafe, but your Development Fee will not be applied to the initial fees due for each such Just Love Coffee & Cafe, and these Development Units will have no effect on measuring compliance with your Performance Schedule.

4. Development Term. The "Development Term" of this Agreement commences on the Effective Date and the rights granted to you under this Agreement will expire on the earlier of the fifth anniversary of the Effective Date (the "Target Date"), or when all of the Just Love Coffee & Cafe shops required under the Performance Schedule are open and operating under their respective Franchise Agreements (the "Completion Date"), unless terminated earlier in accordance with this Agreement.

5. Development & Initial Fees. You commit to pay us the initial franchise fees of \$39,000 for the first Development Unit and \$25,000 for each additional Development Unit required by the Performance Schedule. When you sign this Agreement, you will pay us a Development Fee equal to \$39,000, applied to the initial franchise fee for the first Development Unit, and one-half (\$12,500) of the \$25,000 initial franchise fee for each additional Development Unit you commit to develop, with the remainder of the initial franchise fee due at the execution of the Franchise Agreement. You must pay a grand total due at signing of \$\_\_\_\_\_. The Development Fee will be credited to payment of the initial franchise fee for each of the Development Units as described above. If you do not complete the Performance Schedule by the Target Date, we will retain the Development Fee that has not been applied to initial franchise fees. The Development Fee is non-refundable.

6. Site Submission. You must submit the information we may then require from franchise applicants to evaluate a proposed site for a Development Unit at the time you begin to pursue developing each Development Unit. We will review the submitted information and conduct

any evaluation of the proposed site we deem appropriate. We may request any supplemental information we deem appropriate to evaluate the proposed site at any time and you will promptly provide such supplemental information.

7. Site Acceptance or Rejection. We must accept or reject each site for a Just Love Coffee & Cafe selected by you, and we will not unreasonably withhold our acceptance of any site. Within 30 days after your submission of all initial and supplemental information we request regarding a proposed site, we will give you notice of our acceptance or rejection of the site. If we accept the site, the notice will set forth any remaining conditions to that acceptance. If we reject the site, the notice will set forth the reasons for the rejection. If we do not give you notice of our acceptance of the site within 30 days after your submission of all initial and supplemental information we request regarding the site, we are deemed to have rejected the site. You acknowledge that we have not authorized and will not empower or authorize any officer, employee or agent of ours to accept or reject any proposed site except in accordance with this Section 7. You agree not to rely upon any representations, written or oral, to the contrary.

8. Responsibility for Site Selection. You will have sole responsibility for selecting the location of each Development Unit and all aspects of the site acquisition, negotiation and development process, including (without limitation) compliance with all applicable zoning, licensing, building codes, leasing and other requirements. You are required to use The Retail Strategy, or another required supplier we may designate in the future, to assist you in site selection; however, neither we nor our Affiliates will have any liability for any consequences of your selection of a site or any aspect of the site acquisition, negotiation and development process. You acknowledge that our acceptance of a site does not constitute any representation, warranty or guaranty by us that the site will constitute a successful location for a Just Love Coffee & Cafe, and you waive and release us and our Affiliates from any claims and causes of action in that regard. You confirm that, except as provided in this Section and Section 10 below, we will not become involved in any way in the site acquisition, negotiation or development process.

9. Issuance of Franchise Agreement. You must give us prompt notice of your negotiation of a lease or a purchase contract acceptable to you that will secure an unconditional right to acquire the site we have approved by purchase or lease. Then we will forward to you the completed Franchise Agreement for the Development Unit using as a template the form of Franchise Agreement attached as Attachment B. You must sign and return to us the completed Franchise Agreement in accordance with our instructions, along with any remaining portion of the required initial franchise fee calculated as provided in Section 5, within 15 days after we tender the Franchise Agreement to you. If you fail to return the executed Franchise Agreement and initial franchise fee to us within that 15-day period, we may revoke our acceptance of the proposed site. You will not begin construction or remodeling work at the accepted site until you have executed the Franchise Agreement, paid the balance of the initial franchise fee to us, and obtained our approval of the lease and your plans and specifications as provided in the Franchise Agreement.

10. Our Services. During the Development Term, we will provide you with the following services:

(a) *Site Selection Services.* We will provide you with advice and consultation in the selection of site(s) and will provide you with forms, criteria and materials that we make available to developers, which you may wish to use in the selection of your site(s).

(b) *Advice.* We will provide you with periodic individual or group advice, consultation and assistance by personal visit, by telephone, or by newsletters or bulletins that we then make available to developers.

(c) *Other.* We will provide you with other resources and assistance that we may develop and then make available to developers. We have no obligation to make any such other resources and assistance available.

11. Nature of Agreement. This Agreement only grants you the exclusive right to select sites for the construction of Development Units in the Development Area and to submit those sites to us for our acceptance in accordance with this Agreement. This Agreement does not grant a license to use the name “Just Love Coffee” or any other trade name, service mark, or trademark of ours. This Agreement does not grant you the right to open or operate any Just Love Coffee & Cafe or to use the Just Love System for operating any business. You will obtain those rights only under a Franchise Agreement with us, if and when fully executed and delivered by you and us.

12. Default. A default by you will occur under this Agreement if:

(a) you default in the performance of any of your obligations under this Agreement or any other agreement with us or our Affiliates, including (without limitation) the failure to meet the Performance Schedule or to make any payments as and when due to us or our Affiliates;

(b) you request the appointment of a receiver or have a receiver appointed for any of your business or assets, make a general assignment for the benefit of your creditors, or commence a case for relief or have an order for relief entered against you under the United States Bankruptcy Code; or

(c) we discover a material inaccuracy or omission in any of your representations in this Agreement or in your application for this Agreement or any Franchise Agreement.

13. Remedies. Upon the occurrence of a default by you, we will have the right to:

(a) On not less than 30 days’ notice to you, develop a Just Love Coffee & Cafe or grant a third party a Franchise Agreement for a Just Love Coffee & Cafe within the Development Area, but not within the Primary Area of any Just Love Coffee & Cafe open and operating in accordance with its respective Franchise Agreement; or

(b) Terminate this Agreement upon not less than 30 days’ notice to you, or such longer period as may be required by applicable law. If you cannot cure the default within the notice period because of the nature of the default or if you notify us orally or in writing that you do not intend to cure the default, we may terminate this Agreement immediately upon notice to you. Upon the termination of this Agreement, you immediately will cease to select and acquire sites for

Development Units or hold yourself out as a Just Love Coffee & Cafe area developer. The termination of this Agreement will not affect your right to complete development of and operate a Just Love Coffee & Cafe in accordance with any executory Franchise Agreement with us.

14. Termination by Us for Commercial Impracticability. The Parties agree that the commercial purpose of this Agreement is for Franchisor to license the System specified by Franchisor to Franchisee for use in operating the Just Love Coffee & Cafe strictly in accordance with the Manual, in exchange for payment of the Fees and under the conditions set forth in this Agreement. This Agreement intends for Franchisee to control the terms and conditions of employment for the employees of the Just Love Coffee & Cafe, and to supervise such employees as their employer, as set forth in Franchise Agreement Section 11.12 without constituting Franchisor as a joint employer of Franchisee or Franchisee's employees. Franchisee acknowledges that Franchisor is not in the business of owning and operating any Just Love Coffee & Cafe, and Franchisee has independently decided to enter into this Agreement to obtain the right to use the System so as to enter into the trade and business contemplated by the System. Franchisor may terminate this Agreement by written notice to Franchisee without penalty and without payment of any refunds or damages to Franchisee, and Franchisee will follow its post-termination obligations under Franchise Agreement Section 17 at its expense, if Franchisor determines in its sole discretion that either (i) a law or regulation is enacted, promulgated, repealed, modified or amended, (ii) a judicial or administrative tribunal or administrative agency has issued, published or released a decision, ruling or opinion in a matter not involving the Parties directly or indirectly that Franchisor reasonably expects will affect applicable law or its interpretation, or (iii) an administrative agency, arbitrator or judge has issued an interim or final decision in a matter in which the Parties are involved directly or indirectly, which (A) frustrates or adversely affects or could reasonably be expected to affect adversely the purposes of this Agreement, (B) makes performance of this Agreement commercially impracticable, (C) effectively modifies the allocation of risk, benefits and burdens agreed by the Parties, (D) deprives any Party of its benefits of the bargain struck by the Parties, as originally set forth in this Agreement, or (E) determines that an employment or a joint employment relationship exists between Franchisor and Franchisee.

15. Certain Waivers.

(a) **YOU AND WE WAIVE THE RIGHT TO PURSUE AND RECEIVE ANY EXEMPLARY AND PUNITIVE DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW.**

(b) **THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.**



16. Assignment.

(a) We may transfer, assign or pledge this Agreement, in whole or in part, to any Person.

(b) The rights granted under this Agreement, and decision to enter into this Agreement with you, are personal to you and your Owners, based on their individual qualifications, resources, finances, experience, background, commitment and business acumen. You will not have any right to transfer, assign or pledge this Agreement or any of its rights under this Agreement (a "Transfer"), in whole or in part, to any Person without our express written consent, which we may withhold in our sole discretion.

(c) You may raise additional equity by the sale of your equity interests, either through the issuance of new equity interests or the resale of previously issued and outstanding equity interests, in exchange for cash or property (but not services) so long as you comply with the following conditions and procedures:

(i) The proposed owner must satisfy all of the requirements and conditions then being used to qualify prospective new franchisees, including submission to us of a completed franchise application at least 30 days before the investment transaction;

(ii) You must satisfy all of your monetary obligations then due and owing to us and our Affiliates;

(iii) You must cure all existing defaults under this Agreement, or the transaction must provide capital sufficient to cure the defaults under a written plan to cure acceptable to us and made a part of this Agreement by Addendum;

(iv) The proposed owner may not be engaged, directly or indirectly, in a competing business;

(v) You and your existing Owners must execute and deliver a general release of all claims and causes of action against us and our Affiliates; and

(vi) You must pay us an administrative fee equal to \$5,000.00 after we approve the new Owner and send you a revised Attachment A.

(d) If you are an individual, then in the event of your death, permanent disability or appointment of a guardian for you, this Agreement will terminate 90 days after your death, permanent disability or appointment of a guardian unless we give our consent within that 90-day period to the assignment of this Agreement to a successor in compliance with this Section 16.

(e) You may designate a Person that is a business entity that your Owners Control as the franchisee party to a Franchise Agreement at the time you submit your site information for the Development Unit. You will use our then current form of franchise application to provide information on all Persons who are to be Owners of the franchisee of that Development Unit. We may disapprove of any Person you propose to be an Owner and provide notice of our

disapproval when we provide you with the Franchise Agreement. We may delay tender of the Franchise Agreement to complete our evaluation of the proposed Owners of the franchisee.

17. Indemnification. You will indemnify and hold us and our Affiliates harmless from any and all costs and damages, including (without limitation) attorneys' fees and expenses, arising from your performance under this Agreement, your activities as developer of Development Units, including (without limitation) the identification, investigation, acquisition and financing of any site and the construction, remodeling and operation of any Development Unit, and including any claims or causes of action alleging our negligence or that you are acting as our agent in any way. You must provide and pay the costs of defense and resolution for us and our Affiliates, using legal counsel acceptable to us and our Affiliates. We and our Affiliates will have the right (but not the obligation) to participate in that defense. This Section shall survive termination or expiration of this Agreement.

18. Relationship of Parties. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. You will indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

19. Entire Agreement. This Agreement (including all attachments, exhibits and schedules) constitutes the entire agreement of the parties with regard to the subject matter of this Agreement and replaces and supersedes all other prior written, electronic and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you or your representative.

20. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

21. Notices. Except as otherwise provided in this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address or telecopy number:

Us: Just Love Franchising Group, LLC  
Attention: CEO  
761 Old Hickory Blvd, Suite 300  
Brentwood, TN 37027  
Email: [alan@justlovecorp.com](mailto:alan@justlovecorp.com)

You: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving notice to the other party.

22. Governing Law. This Agreement shall be governed by the laws of Tennessee (without regard to any conflicts of law principles).

23. Resolution of Disputes. Subject to Section 17, the proper, sole and exclusive venue and forum for any action arising out of or in any way related to this Agreement shall be the federal and state courts where our principal place of business is located at the time of filing. As of the Effective Date, venue shall be exclusive in the federal or state courts sitting in Davidson County, Tennessee. Each party to this Agreement hereby consents to any of those courts' exercise of personal jurisdiction over the party in that type of action and expressly waives all objections the party otherwise might have to that exercise of personal jurisdiction.

24. Legal Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

25. Construction. The parties acknowledge that each party and/or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

26. Severability. If a court of competent jurisdiction holds any provision of this Agreement invalid or ineffective with respect to any Person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other Person or circumstance. If a court of competent jurisdiction holds any provision of this Agreement too broad to allow enforcement to its full extent, the court will have the power and authority to enforce the provision to the maximum extent permitted by law and may modify the scope of the provision accordingly pursuant to an order of the court.

27. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless agreed to by all of the parties.

28. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together, will constitute one and the same instrument.

29. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases will have the following meanings when used in initially-capitalized form in this Agreement:

(a) Completion Date is defined in Section 4.

(b) Development Area means the cities, counties and other political subdivisions, in accordance with their boundaries as of the date of this Agreement, shown on Attachment A to this Agreement, less and except any protected radius previously granted by us in effect under any existing franchise agreement and as increased or reduced in the future through the renewal of any existing franchise agreement.

(c) Development Term is defined in Section 4.

(d) Development Units is defined in Section 2.

(e) Performance Schedule means the schedule set forth in Section 3 of this Agreement.

(f) Target Date is defined in Section 4.

(g) Transfer is defined in Section 16.

30. Your Representations. You represent and warrant to us as follows:

(a) Variances to Other Developers and Franchisee. You understand that other developers and franchisees may operate under different forms of agreements and, consequently, that our rights and obligations with regard to our various developers and franchisees may differ materially in certain circumstances.

(b) This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your Owners, board of directors, and lenders. No executory franchise, license or affiliation agreement for the Development Area exists other than this Agreement as of the Effective Date. Attachment A accurately states your Owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your Owners is a party or is subject or to which the Just Love Coffee & Cafe is subject. Neither you nor the Just Love Coffee & Cafe is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your Owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U.S. Executive Order 13224, in lists published by the U.S. Department of Treasury's Office of Foreign Assets Control, or otherwise.

(c) No Misrepresentations or Implied Covenants. All written information you submit to us about the Just Love Coffee & Cafe, you, your Owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between us and you except as expressly stated in this Agreement.

(d) Independent Investigation. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that it involves substantial business risks, making the success of the venture largely dependent on your management skills and resources. You have not received from us or our Affiliates, and have not relied upon, any oral or written, express or implied projection, representation, warranty or guaranty regarding the potential sales, revenues, income, profits or success of the business venture contemplated by this Agreement. You have had the opportunity to consult with independent advisors of your own selection such as a lawyer or accountant before making your decision to sign this Agreement and undertake to develop any Development Unit.

(e) No Guarantees of Success. We and our representatives have not made or communicated to you, and you have not relied upon, any claims of assured or guaranteed success of the business contemplated by this Agreement prior to signing this Agreement. You voluntarily enter into this Agreement and undertake all the terms and conditions thereof without any such inducements, promises, or representations. Without limiting the foregoing, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any representations, warranties or guarantees, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement, or as to the suitability of any selected or proposed Development Area as a successful area for the development of locations.

31. Additional Disclosures. The parties acknowledge that their intent is to sign Franchise Agreements during the Development Term without the necessity of furnishing any additional Franchise Disclosure Document before each and every Development Unit transaction. You may request and we will provide to you (when lawful to do so) at any time our current or most recent Franchise Disclosure Document for purposes of obtaining information we then provide to prospective franchisees, provided that the terms of an Area Development Agreement we may offer in such document may be materially different from the terms of this Agreement, and such Franchise Disclosure Document may not accurately describe the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, intending to be legally bound, as of the Effective Date.

**FRANCHISOR:**

**DEVELOPER:**

Just Love Franchising Group, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**Attachment A**

**I. Development Area**

**II. Your Owners**

| <b>Name</b> | <b>Address</b> | <b>Telephone</b> | <b>Email</b> | <b>Percentage<br/>Ownership</b> |
|-------------|----------------|------------------|--------------|---------------------------------|
|             |                |                  |              |                                 |
|             |                |                  |              |                                 |
|             |                |                  |              |                                 |
|             |                |                  |              |                                 |

**Attachment B**

**Form of Franchise Agreement**



**Attachment C**

**Area Development Agreement Addenda Required by Certain States**

**JUST LOVE FRANCHISE GROUP, LLC  
AREA DEVELOPMENT AGREEMENT  
ILLINOIS ADDENDUM**

This Addendum to the Area Development Agreement by and **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”), as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Illinois law governs the Area Development Agreement and Franchise Agreement.
2. Section 23 of the Area Development Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, shall be commenced and maintained in the state courts of Illinois or the United States District Court for Illinois with the specific venue, in either court system, determined by appropriate jurisdiction and venue requirements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**MINNESOTA ADDENDUM**

This “Addendum” is made and entered into by and **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. The following language is added to the end of Section 23 of the Area Development Agreement:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. Nothing in the Area Development Agreement or Franchise Disclosure Document can abrogate or reduce any of your rights as provided for in Minnesota Statutes, 2087, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of Minnesota.”

2. Section 15(b) of the Area Development Agreement (relating to waiver or a jury trial) is hereby deleted.

3. Notwithstanding anything to the contrary in the Area Development Agreement, no release language in the Area Development Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Nothing in the Area Development Agreement shall in any way abrogate or reduce any of your rights as provided for in the Minnesota Statutes, Chapter 80C. Minnesota statutes §80C.14, subdivisions 3, 4 and 5 require that you be given at least 90 days written notice in advance of termination (with 60 days to cure) and 180 days written notice for non-renewal of the Area Development Agreement, except that the notice shall be effective immediately for certain grounds.

All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of Minnesota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC  
AREA DEVELOPMENT AGREEMENT  
MICHIGAN ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

- (A) THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE AREA DEVELOPMENT AGREEMENT, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.
- (B) A prohibition on the right of a franchisee to join an association of franchisees.
- (C) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (D) 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.
- (E) 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 franchised 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.
- (F) 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.
- (G) 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.
- (H) 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.
- (I) 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 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.
- (J) 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 service.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC**  
**AREA DEVELOPMENT AGREEMENT**  
**NORTH DAKOTA ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Any provision of the Area Development Agreement which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside of North Dakota is deleted from the Area Development Agreement.

2. The laws of the State of North Dakota supersede any provisions of the Area Development Agreement, the other agreements between the parties, or Delaware law if such provisions are in conflict with North Dakota law.

3. After an examination of the financial statements of the Franchisor, the State of North Dakota Securities Department requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment of Initial Franchise Fees as provided below.

4. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

5. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under a Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

6. The covenant not to compete in Section 2(d) of the Area Development Agreement is generally considered to be unenforceable under North Dakota law.

7. In Section 15(a), the waivers of punitive and exemplary damages are not enforceable under North Dakota law.

8. No release language in the Area Development Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.

9. All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of North Dakota.



The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
[*Business Entity Name*]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**JUST LOVE FRANCHISE GROUP, LLC  
AREA DEVELOPMENT AGREEMENT  
SOUTH DAKOTA ADDENDUM**

This “Addendum” is made and entered into by and between **JUST LOVE FRANCHISE GROUP, LLC** (“we”, “our” or “us”), as franchisor, and \_\_\_\_\_ (“you”) as developer, to amend and supplement that certain Area Development Agreement that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Area Development Agreement:

1. Notwithstanding anything in Section 13 to the contrary, if you fail to meet performance and quality standards or fail to make any payments under the Area Development Agreement, you shall be afforded thirty (30) days written notice with an opportunity to cure the default before termination.

2. Section 22 of the Area Development Agreement is amended by adding the following sentence at the end of the Section:

“The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the applications, construction, enforcement and interpretation under the governing law of the State of Delaware.”

3. Section 23 of the Area Development Agreement is amended by adding the following sentence at the end of the Section:

“Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.”

4. The following provision shall be added to the end of Section 19 of the Area Development Agreement:

“Pursuant to SDCL 37-5B, any acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.”

5. Any provision of the Area Development Agreement that provides that the parties waive their rights to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides the parties waive their right to a jury trial may not be enforceable under South Dakota law.

6. After an examination of the financial statements of the Franchisor, the State of South Dakota Department of Labor and Regulation requires us to provide financial assurance regarding performance of our obligations to you before you open your Business. We have elected to defer payment of fees as provided below.

7. You acknowledge that your failure to pay the Initial Franchise Fee when due is a material default under the Franchise Agreement and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee.

8. You acknowledge that your failure to pay the Initial Franchise Fee when due for a Franchised Restaurant developed under an Area Development Agreement is a material default under its Franchise Agreement and the Area Development Agreement, and the we can suspend providing services to you, and cause approved suppliers to suspend providing goods and services to you, until we receive the Initial Franchise Fee. In addition, you will have no right to proceed with developing other Franchised Restaurants, and our obligation to provide services and approvals to under the Area Development Agreement, shall be suspended until we receive the Initial Franchise Fee then due. No such failure to pay the Initial Franchise Fee when due and the resulting suspension of our performance shall extend any deadline for your performance under the Area Development Agreement.

9. All other rights, obligations, and provisions of the Area Development Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Area Development Agreement for the State of South Dakota.

The undersigned have executed and delivered this Addendum effective concurrently with the execution and delivery of the Area Development Agreement.

“US”:  
JUST LOVE FRANCHISE GROUP, LLC

“YOU”:

By: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

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**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS  
AND LISTINGS**

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## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this “**Assignment**”) is effective as of \_\_\_\_\_, 2022, between JUST LOVE FRANCHISE GROUP, LLC, a Florida limited liability company, with its principal place of business at 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027 (“**we**,” “**us**” or “**our**”) and \_\_\_\_\_, whose \_\_\_\_\_ current \_\_\_\_\_ place \_\_\_\_\_ of \_\_\_\_\_ business \_\_\_\_\_ is \_\_\_\_\_ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “parties” or individually as a “**party**.”

### BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the “**Franchise Agreement**”) dated as of \_\_\_\_\_, 20\_\_ with you, pursuant to which you plan to own and operate a Just Love Coffee & Cafe (the “**Just Love Coffee & Cafe**”). Just Love Coffee & Cafe shops use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify Just Love Coffee & Cafe shops and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Just Love Coffee & Cafe if the Franchise Agreement is terminated.

### OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information.** The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.
2. **Conditional Assignment.** You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Numbers and Listings**”) associated with the Marks and used from time to time in connection with the operation of the Just Love Coffee & Cafe. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the “**Telephone Company**”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.
3. **Power of Attorney.** You irrevocably appoint us as your true and lawful attorney in fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone

Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification.** You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect.** This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control.** This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorney's Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum.** This Assignment is governed by Tennessee law. The parties will commence and pursue an action against any of the other parties to this Assignment only in the state or federal courts located in Davidson County, Tennessee. Each party irrevocably submits to the personal jurisdiction of such courts and waives any objection to either the personal jurisdiction of or venue in such courts.

**ASSIGNOR:**

**FRANCHISEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ASSIGNEE:**

**JUST LOVE FRANCHISE GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

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**FORMS OF  
GENERAL RELEASE  
(SUCCESSOR FRANCHISE, ASSIGNMENT/TRANSFER/CURE)**

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## RELEASE AND AGREEMENT NOT TO SUE -- RENEWAL

THIS RELEASE AND AGREEMENT NOT TO SUE (the “**Release**”) is given by and on behalf of \_\_\_\_\_ and all of its predecessors, parent entities, affiliates, equity owners, officers, directors, managers, employees, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors and assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Releasor**”) to JUST LOVE FRANCHISE GROUP, LLC, a Florida limited liability company, and its predecessors, equity owners, officers, employees, officers, directors, managers, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Released Parties**”).

Releasor is a party to that certain \_\_\_\_\_ Agreement dated effective \_\_\_\_\_ (the “**Prior Agreement**”). Releasor seeks to enter into a successor \_\_\_\_\_ Agreement (the “**Successor Agreement**”) pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Releasor to provide this release to Released Parties as a condition to entering into the Successor Agreement.

For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Release. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from and agrees not to file or prosecute any litigation or arbitration for any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, liens, demands, controversies, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, suspected or unsuspected, fixed or contingent, past or present, which Releasor now has, holds, claims to have claims to own, or claims to hold, or ever had claimed to have, claimed to hold or claimed to own, against Released Parties, including without limitation, anything arising out of that certain relationship under which Releasor was sold training, products or services to enable Releasor to operate or begin a business of operating a franchise business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties’ obligations under the Successor Agreement dated effective \_\_\_\_\_ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now. You agree that we have the right to injunctive relief for, and you agree to entry of injunction dismissing any claims or counterclaims you may bring in contradiction to or breach of this release and covenant not to sue.

Each party acknowledges that there is a risk that, subsequent to the execution of this Release, it will discover, incur or suffer claims which are unknown or unanticipated at the time this Release is executed, including without limitation, unknown or unanticipated claims which arose from, are based upon, or are related to the Franchise Agreement or any other agreement with Released Parties or some part or aspect thereof, which if known by it on the date this Release is being executed may have materially affected its decision to execute this Release. Each party acknowledges and agrees that it is assuming the risk of such unknown and unanticipated claims and agrees that its release contained in this Release applies thereto.

By affixing their signatures to this Release, the parties acknowledge that they have carefully read and fully understand the provisions of this Release and that their release of such claims is knowing and voluntary. The parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to executing this Release, and that they have executed this Release voluntarily. Each party represents that it does not rely and has not relied upon any representation or statement made by any of the Released Parties, or any of their representatives with regard to the subject matter, basis or effect of this Release.

2. Covenant Not to Sue. The parties covenant and agree for themselves and for their assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, the “Covenantors”) not to bring or allow to be brought on behalf of any Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for the actual or punitive damages or other relief, against one another arising out of, resulting from, or in any manner related to the matters released under this Release. The Released Parties acknowledge that this Release shall be a complete defense to any claim released under this Release and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

3. Voluntary Act. Releasor is and intends to be irrevocably and unconditionally bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue and promises not to litigate certain claims under this Agreement. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence

4. Inchoate Rights. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Releasor does not know or suspect to exist in Releasor’s favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

5. California Law. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

6. No Assignment. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

7. Damages. Releasor acknowledges and agrees that if Releasor violates this Release, Releasor will cause the Released Parties immediate economic harm in the form of the Released Parties’ time, economic disruption and attorneys’ fees in responding to any such lawsuit or claim released hereunder. Accordingly, should Releasor file suit or counterclaim (in litigation or arbitration) or threaten any of the same, Releasor will immediately, upon demand from Released Parties, pay to Released Parties \$25,000 as partial, but not full accord and satisfaction of such expenses incurred or likely to be incurred by them in evaluating and responding to such claims or threatened claims. Such liquidated damages will not preclude or be in lieu of any other actual or consequential damages, or attorneys’ fees bore by Releasor hereunder or as a breach hereof.

8. In this Release, each pronoun includes the singular and plural as the context may require.

9. This Release is governed by Tennessee law or [ ] law (if box checked).

This Release is effective \_\_\_\_\_ 20\_\_ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_,  
by \_\_\_\_\_, on behalf of \_\_\_\_\_ who  
is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_

## RELEASE AND AGREEMENT NOT TO SUE -- ASSIGNMENT

THIS RELEASE AND AGREEMENT NOT TO SUE (the “**Release**”) is given by and on behalf of \_\_\_\_\_ and all of its predecessors, parent entities, affiliates, equity owners, officers, directors, managers, employees, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors and assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Releasor**”) to JUST LOVE FRANCHISE GROUP, LLC, a Florida limited liability company, and its predecessors, equity owners, officers, employees, officers, directors, managers, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Released Parties**”).

Releasor is a party to that certain \_\_\_\_\_ Agreement dated effective \_\_\_\_\_ (the “**Prior Agreement**”). Releasor seeks to, pursuant to the terms of the Prior Agreement; transfer its rights under the Prior Agreement to \_\_\_\_\_ (“**Transferee**”). As a result of such transaction (the “**Transfer**”), Releasor and Transferee will engage in a transaction that constitutes a “transfer” under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Release. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from and agrees not to file or prosecute any litigation or arbitration for any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, liens, demands, controversies, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, suspected or unsuspected, fixed or contingent, past or present, which Releasor now has, holds, claims to have claims to own, or claims to hold or ever had, claimed to have, claimed to hold or claimed to own, against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating a franchise business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties’ obligations under the to which this release is an Exhibit. This Release is intended by the parties’ agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now. You agree that we have the right to injunctive relief for, and you agree to entry of injunction dismissing any claims or counterclaims you may bring in contradiction to or breach of this release and covenant not to sue.

Each party acknowledges that there is a risk that, subsequent to the execution of this Release, it will discover, incur or suffer claims which are unknown or unanticipated at the time this Release is executed, including without limitation, unknown or unanticipated claims which arose from, are based upon, or are related to the Franchise Agreement or any other agreement with Released Parties or some part or aspect thereof, which if known by it on the date this Release is being executed may have materially affected its decision to execute this Release. Each party acknowledges and agrees that it is assuming the risk of such unknown and unanticipated claims and agrees that its release contained in this Release applies thereto.

By affixing their signatures to this Release, the parties acknowledge that they have carefully read and fully understand the provisions of this Release and that their release of such claims is knowing and voluntary. The parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to executing this Release, and that they have executed this Release voluntarily. Each party represents that it

does not rely and has not relied upon any representation or statement made by any of the Released Parties, or any of their representatives with regard to the subject matter, basis or effect of this Release.

2. Covenant Not to Sue. The parties covenant and agree for themselves and for their assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, the “**Covenantors**”) not to bring or allow to be brought on behalf of any Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for the actual or punitive damages or other relief, against one another arising out of, resulting from, or in any manner related to the matters released under this Release. The Released Parties acknowledge that this Release shall be a complete defense to any claim released under this Release and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

3. Voluntary Act. Releasor is and intends to be irrevocably and unconditionally bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue and promises not to litigate certain claims under this Agreement. The parties are executing this License after independent investigation and without fraud, duress, or undue influence

4. Inchoate Claims. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties’, which Franchisee does not know or suspect to exist in Releasor’s favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

5. California Law. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

6. No Assignment. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

7. Damages. Releasor acknowledges and agrees that if Releasor violates this Release, Releasor will cause the Released Parties immediate economic harm in the form of the Released Parties’ time, economic disruption and attorneys’ fees in responding to any such lawsuit or claim released hereunder. Accordingly, should Releasor file suit or counterclaim (in litigation or arbitration) or threaten any of the same, Releasor will immediately, upon demand from Released Parties, pay to Released Parties \$25,000 as partial, but not

full accord and satisfaction of such expenses incurred or likely to be incurred by them in evaluating and responding to such claims or threatened claims. Such liquidated damages will not preclude or be in lieu of any other actual or consequential damages, or attorneys' fees bore by Releasor hereunder or as a breach hereof.

8. In this Release, each pronoun includes the singular and plural as the context may require.

9. This Release is governed by Tennessee law or  \_\_\_\_\_ law (if box checked).

This Release is effective \_\_\_\_\_ 20\_\_ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, on behalf of \_\_\_\_\_ who is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
Signature of Notary  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_

## RELEASE AND AGREEMENT NOT TO SUE -- CURE

THIS RELEASE AND AGREEMENT NOT TO SUE (the “**Release**”) is given by and on behalf of \_\_\_\_\_ and all of its predecessors, parent entities, affiliates, equity owners, officers, directors, managers, employees, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors and assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Releasor**”) to JUST LOVE FRANCHISE GROUP, LLC, a Florida limited liability company, and its predecessors, equity owners, officers, employees, officers, directors, managers, agents, affiliates, subsidiaries and parent entities, and their respective legal representatives, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Released Parties**”).

Releasor is a party to that certain \_\_\_\_\_ Agreement dated effective \_\_\_\_\_ (the “**Franchise Agreement**”). Releasor seeks to, pursuant to the terms of the Franchise Agreement, cure one or more breaches of the Franchise Agreement. The Franchise Agreement requires Franchisee to provide this release to Released Parties as a condition to Franchisor granting cure of such breach. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Release. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges Released Parties from and agrees not to file or prosecute any litigation or arbitration for any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, liens, demands, controversies, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, suspected or unsuspected, fixed or contingent, past or present, which Releasor now has, holds, claims to have claims to own, or claims to hold or ever had, claimed to have, claimed to hold or claimed to own, against Released Parties, including without limitation, anything arising out of that certain Franchise Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating Just Love Coffee & Cafe shops, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties’ obligations under the to which this release is an Exhibit. Notwithstanding the foregoing, the Franchise Agreement will remain in full force and effect. This Release is intended by the parties’ agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now. You agree that we have the right to injunctive relief for, and you agree to entry of injunction dismissing any claims or counterclaims you may bring in contradiction to or breach of this release and covenant not to sue.

Each party acknowledges that there is a risk that, subsequent to the execution of this Release, it will discover, incur or suffer claims which are unknown or unanticipated at the time this Release is executed, including without limitation, unknown or unanticipated claims which arose from, are based upon, or are related to the Franchise Agreement or any other agreement with Released Parties or some part or aspect thereof, which if known by it on the date this Release is being executed may have materially affected its decision to execute this Release. Each party acknowledges and agrees that it is assuming the risk of such unknown and unanticipated claims and agrees that its release contained in this Release applies thereto.

By affixing their signatures to this Release, the parties acknowledge that they have carefully read and fully understand the provisions of this Release and that their release of such claims is knowing and voluntary. The parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to executing this Release, and that they have executed this Release voluntarily. Each party represents that it does not rely and has not relied upon any representation or statement made by any of the Released Parties, or any of their representatives with regard to the subject matter, basis or effect of this Release.

2. Covenant Not to Sue. The Releasor parties covenant and agree for themselves and for their assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, the “Covenantors”) not to bring or allow to be brought on behalf of any Covenantor, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for the actual or punitive damages or other relief, against one another arising out of, resulting from, or in any manner related to the matters released under this Release. The Released Parties acknowledge that this Release shall be a complete defense to any claim released under this Release and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

3. Voluntary Act. Releasor is and intends to be irrevocably and unconditionally bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue and promises not to litigate certain claims under this Agreement. The parties are executing this License after independent investigation and without fraud, duress, or undue influence

4. Inchoate Claims. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties’, which Franchisee does not know or suspect to exist in Releasor’s favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

5. California Law. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

6. No Assignment. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

7. Damages. Releasor acknowledges and agrees that if Releasor violates this Release, Releasor will cause the Released Parties immediate economic harm in the form of the Released Parties’ time, economic disruption and attorneys’ fees in responding to any such lawsuit or claim released hereunder. Accordingly, should Releasor file suit or counterclaim (in litigation or arbitration) or threaten any of the same, Releasor will immediately, upon demand from Released Parties, pay to Released Parties \$25,000 as partial, but not full accord and satisfaction of such expenses incurred or likely to be incurred by them in evaluating and responding to such claims or threatened claims. Such liquidated damages will not preclude or be in lieu of



any other actual or consequential damages, or attorneys' fees bore by Releasor hereunder or as a breach hereof.

8. In this Release, each pronoun includes the singular and plural as the context may require.

9. This Release is governed by Tennessee law or [ ] \_\_\_\_\_ law (if box checked).

This Release is effective \_\_\_\_\_ 20\_\_ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, on behalf of \_\_\_\_\_ who is personally known to me or has produced \_\_\_\_\_ as identification.

Signature of Notary \_\_\_\_\_  
Printed Name of Notary \_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Serial Number of Notary \_\_\_\_\_

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
ELECTRONIC FUNDS TRANSFER AGREEMENT**

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**ELECTRONIC FUNDS TRANSFER**  
**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO**

**JUST LOVE FRANCHISE GROUP, LLC/PAYEE**

| BANK NAME | ACCOUNT # | ABA# | FEIN |
|-----------|-----------|------|------|
|           |           |      |      |
|           |           |      |      |

The undersigned \_\_\_\_\_ (hereinafter referred to as Depositor) hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above-named Payee. Such or debits shall take place on a monthly basis on or about the 5<sup>th</sup> of each month with a minimum amount of \$1,600 and a maximum amount of \$6,500 per transaction. Such minimum and maximum amounts may be amended at any time by any written notice from Depositor to Just Love Franchise Group, LLC. Depositor agrees that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

Depositor agrees with respect to any action taken pursuant to the above authorization:

- (1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Undersigned represents and warrants to Just Love Franchise Group, LLC that the person executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_ Phone #: \_\_\_\_\_

Name of Franchisee/Depositor (please print) \_\_\_\_\_

Signature/Title of Authorized Representative: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

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**FORM OF  
CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION  
AGREEMENT**

---

**CONFIDENTIALITY, NON-SOLICITATION  
AND NON-COMPETITION AGREEMENT**

**THIS CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT** (this “**Agreement**”) is effective as of \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ (“**we,**” “**us,**” “**our**” or “**Franchisee**”) and \_\_\_\_\_ (“**you**” or “**your**”), an employee or independent contractor of ours.

**BACKGROUND INFORMATION:**

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with JUST LOVE FRANCHISE GROUP, LLC, a Florida limited liability company (the “**Franchisor**”) to operate a JUST LOVE COFFEE & CAFE at \_\_\_\_\_ (the “**Site**”). The Just Love Coffee & Cafe specializes in providing on premises consumption and retail sale of coffee, tea and related food items and is operated pursuant to formats, specifications, standards methods and procedures prescribed or approved by the Franchisor (the “**System**”). We possess or have access to certain confidential information relating to the System; including the operations Manual; other proprietary materials; the sales and marketing techniques used, knowledge of and experience in developing and operating a Just Love Coffee & Cafe; customer information; knowledge of specifications for and suppliers of certain goods, products, services, and supplies used by or related to the System, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor’s proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Just Love Coffee & Cafe and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

**OPERATIVE TERMS:**

Accordingly, you and we agree as follows:

1. **Confidentiality.** You will (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with, us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor and for 2 years afterwards, unless we and the Franchisor otherwise permit in writing and except on our behalf, you will not:

(a) have any direct or indirect interest (e.g., through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any business or facility owning, operating, managing, or granting franchises or licenses to others to do so, or in any business that offers and sells coffee, tea and related food products for on premises or off premises consumption (other than

a Just Love Coffee & Cafe operated under a franchise agreement with Franchisor) (a “**Competitive Business**”) operating:

(i) at the Site;

(ii) within 25 miles of the Site; or

(iii) within 25 miles of any other Just Love Coffee & Cafe in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below).

(b) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor’s franchisees or licensees; and

(c) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees as may exist during the term of this Agreement or thereafter.

3. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor’s efforts to develop Just Love Coffee & Cafe shops throughout the U.S.; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

4. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

5. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

6. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

7. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and the Franchisor, and that no monetary award can fully compensate us or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, if determined permissible by a court of competent jurisdiction, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

8. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement,

neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as “at will.”

9. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

10. **Certain Definitions:** As used throughout this Agreement, the following terms have the following meanings:

(a) The term “**Competitive Business**” means any business or facility owning, operating or managing or granting franchises or licenses to others to do so, any store or facility that offers or sells for on-site consumption or retail sale coffee, tea and/or related food products or services or any other products or services or related products and accessories that are the same or similar to the Products and Services offered by Just Love Coffee & Cafe shops (other than a Just Love Coffee & Cafe under a franchise agreement with us). A Competitive Business also includes any business acting as an Area Representative, franchise broker, business broker, franchise seller, Area Representative or the like for any business franchising or licensing Competitive Businesses other than us.

(b) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(c) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(d) The term “**attorney’s fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

11. **Attorneys’ Fees.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation or arbitration expenses from the other party. Litigation or arbitration expenses include attorneys’ fees,



costs, arbitration fees, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

12. **Governing Law.** This Agreement is governed by the law of the state where the Just Love Coffee & Cafe is located.

13. **Third Party Beneficiary.** The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement against you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors and assigns.

14. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

15. **Background Information.** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information,

Intending to be bound, the parties sign below:

**THE "FRANCHISEE":**

**"YOU":**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**  
**TO CONFIDENTIALITY, NON-SOLICITATION**  
**AND NON-COMPETITION AGREEMENT**

If you are located in the state of Georgia, Section 2(a)(iii) of the Confidentiality, Non-Solicitation and Non-Competition Agreement will not apply to you.

**THE “FRANCHISEE”:**

**“YOU”:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

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**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

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**LIST OF JUST LOVE COFFEE & CAFE FRANCHISEES**

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**LIST OF JUST LOVE® FRANCHISEES  
AS OF DECEMBER 31, 2023**

| <b>ALABAMA</b>   |   |
|--|---|
| <b>Well Run, LLC</b><br>Travis and Dawn Duehring<br>2317 S Memorial Parkway, Suite 106<br>Huntsville, AL 35801<br>(256) 361-5771 | <b>Alex Roberts &amp; Jack Roberts</b><br>2531 University Blvd., #101<br>Tuscaloosa, AL 35401<br>(615) 482-4223 |
| <b>Well Run, LLC</b><br>Travis and Dawn Duehring<br>181 Hughes Road, Suite 14<br>Madison, AL 35758<br>(256) 361-5771             |   |

| <b>ARIZONA</b>  |  |
|---|--|
| <b>The Grind East Valley, LLC</b><br>Mitch and Shoshanna Korrub<br>3745 S. Power Road<br>Mesa, AZ 85212<br>(480) 340-4833 |  |

| <b>COLORADO</b>  |  |
|--|--|
| <b>Just Love Coffee, A Mile High, LLC</b><br>Greg and Nancy Hall<br>12652 W Ken Caryl Avenue A<br>Lakewood, CO 80127<br>(303) 808-3838 | <b>The Mesha Group, LLC</b><br>Michele Draper<br>140 E. Cheyenne Road, Suite 100<br>Colorado Springs, CO 80906<br>(707) 301-2192 |

| <b>FLORIDA</b>   |   |
|--|---|
| <b>Marfell Cafe, LLC</b><br>Marisa Ferrio<br>2020 West Brandon Blvd, #105<br>Brandon, FL 33511<br>(610) 608-9350 | <b>2K Coffee Orlando 1, LLC</b><br>Chris Johnson<br>1615 East Highway 50, Suite 400<br>Clermont, FL 34711<br>(407) 718-9808 |

| <b>GEORGIA</b>  |  |
|---|--|
| <b>Rishik, LLC</b><br>Minej Patel and Mona Patel<br>1 Godley Station Blvd, Suite A102<br>Pooler, GA 31322<br>(912) 273-7256 | <b>Crockett &amp; Harp, LLC</b><br>Austin Crockett<br>Casey and Emily Harp<br>1733 Gornito Road<br>Valdosta, GA 31601<br>(229) 460-2001 (Austin)<br>(229) 292-4442 (Emily) |
| <b>Cali Russo Group, LLC</b><br>Amanda Singer<br>1110 Hammond Drive, Suite 10<br>Sandy Springs, GA 30328<br>(678) 464-6937  |  |

**INDIANA****PERCS, LLC**

Erika and Peter Steele  
12525 Old Meridian Street, Suite 100  
Carmel, IN 46032  
(281) 948-5601

**KENTUCKY****Give It Away Craft, LLC**

Don Sherman II and Don Sherman III  
1640 Scottsville Rd, Suite 400  
Bowling Green, KY 42103  
(270) 791-9068

**Haykas Properties, LLC**

Bill and Sandy Adams  
636 Chestnut Street  
Berea, KY 40403  
(859) 314-7878

**MICHIGAN****Mioalb, LLC**

Olsi Kapoli  
49453 Van Dyke Avenue  
Shelby Charter Township, MI 48317  
(313) 348-2044

**MISSOURI****SniktaW Holding Group, Inc.**

Billy Watkins III  
5414 Clark Lane, Suite 100  
Columbia, MO 65202  
(573) 881-5436

**SniktaW Holding Group, Inc.**

Billy Watkins III  
2101 W. Broadway, Suite 104  
Columbia, MO 65203  
(573) 881-5436

**MISSISSIPPI****Jackson Team Enterprise, LLC**

Brent Jackson  
1600 Gloster Street  
Tupelo, MS 38804  
(901) 282-9782

**NEBRASKA****Service Drug**

Drew and Brittany Petersen  
302 Main Street  
Chadron, NE 69337  
(308) 432-2400

**NEW JERSEY****Tender Loving Coffee, LLC**

Scott Lentini  
249 Broad Street  
Matawan, NJ 07747  
(732) 241-3269

**NORTH CAROLINA**

|   |   |
|---|---|
| <b>Clemons Prime Group (CPG)</b><br>Victoria and John Clemons<br>2723 Freedom Parkway Drive<br>Fayetteville, NC 28314<br>(719) 761-0728 | <b>Downtown Pembroke Ventures, LLC</b><br>Thomas Investment Partners, Mickey Locklear,<br>Aaron Thomas, and Jarette Sampson<br>64 Union Chapel Road<br>Pembroke, NC 28372<br>(910) 528-4243 |
|---|---|

**TENNESSEE**

|   |  |
|---|--|
| <b>Crew Holdings</b><br>Rob Webb<br>7010 Executive Center Drive, Unit 106<br>Brentwood, TN 37027<br>(615) 767-4188  | <b>Cardinal Holdings of Tennessee, LLC</b><br>Stephen and Melanie Colson<br>1528 Demonbreun Street<br>Nashville, TN 37203<br>(615) 594-9954                      |
| <b>Quan Unlimited, LLC</b><br>Keith Bulluck<br>4031 Aspen Grove Drive<br>Franklin TN 37067<br>615-618-1375  | <b>LGLP, LLC</b><br>Frank Snodgrass<br>4816 Main Street<br>Spring Hill, TN 37174<br>(615) 614-1780   |
| <b>JLC Management, LLC</b><br>Rob Webb<br>7216 Nolensville Road<br>Nolensville, TN 37135<br>(615) 767-4188  | <b>JLC Management, LLC</b><br>Rob Webb<br>2863 Old Fort, Suite F<br>Murfreesboro, TN 37128<br>(615) 767-4188   |
| <b>Just Love Fountains, LLC</b><br>Sherri DaSilva, Scott Graby<br>1440 Medical Center Parkway, Suite A<br>Murfreesboro, TN 37129<br>(615) 890-4651                                  | <b>Just Love Coffee Cafe #1029, LLC</b><br>Tracy Vitela, Annette Vitela-Harman and Mike<br>Harman<br>63 Belinda Parkway<br>Mt Juliet, TN 37122<br>(615) 785-7515 |
| <b>JLCSC, LLC</b><br>Kelly McDaniel<br>117 Saundersville Rd, #101<br>Hendersonville, TN 37075<br>(615) 335-2374   | <b>JLC Smyrna, LLC</b><br>Akbar Arab<br>1370 Hazelwood Drive<br>Smyrna, TN 37167<br>(615) 394-4196   |
| <b>Isaac Brothers, LLC</b><br>Ehab and Michael Isaac<br>810 Gale Lane, #104<br>Nashville, TN 37204<br>(615) 945-0057  | <b>Randal Dickson JLC, Inc.</b><br>Paul Patel<br>702 E College St.<br>Dickson, TN 37055<br>(615) 473-5967  |
| <b>PIE Hospitality Group</b><br>Brad Emendorfer<br>2181 Parker Street NE<br>Cleveland, TN 37311<br>(865) 806-7125   | <b>JLC Partners, LLC</b><br>Phil Lawson<br>1710 Cumberland Avenue<br>Knoxville, TN 37916<br>(865) 474-1114   |
| <b>Marathon Nashville Coffee, LLC</b><br>Kevin Bauerle, Tracy Vitela, Annette Vitela, Mike<br>Harman, Jason Franke and Andrew Ellis<br>1200 Clinton St., #25<br>Nashville, TN 37203 |  |



|                |  |
|----------------|--|
| (615) 756-5117 |  |
|----------------|--|

**TEXAS**

|  |   |
|--|---|
| <b>6talents, LLC</b><br>Chad and Marie Talley<br>1013 W University Blvd, Ste 195<br>Georgetown, TX 78628<br>(284) 210-6358 | <b>Hamilton Brew, LLC</b><br>Tamara and Jon Hamilton<br>13727 Sunset Canyon, Ste 400<br>Tomball, TX 77377<br>(832) 473-7164 |
| <b>Way2Be, Inc.</b><br>Lee and Crystal Garcia<br>7219 Fairmont Parkway, Suite 145<br>Pasadena, TX 77505<br>(713) 269-7405  | <b>TAMEAP, LLC</b><br>Elvis Harvey and Tina Patel<br>9749 North Freeway<br>Keller, TX 76177<br>(682) 255-5373               |

**WISCONSIN**

|   |  |
|---|--|
| <b>JSK Holdings 10, LLC</b><br>Jeff Korneli<br>689 Fond Du Lac Avenue<br>Fond Du Lac, WI 54935<br>(920) 238-1260            | <b>Just Love Coffee Cafe Neillsville, LLC</b><br>Mark and Lynda Lisenby<br>216 Sunset Place<br>Neillsville, WI 54456<br>(612) 760-0565 |
| <b>BHB Leigh Investments, LLC</b><br>Mario and Becky Balistreri<br>570 Junction Road<br>Madison, WI 53717<br>(608) 239-4634 |  |

**FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS  
BUT ARE NOT YET OPEN  
AS OF DECEMBER 31, 2023**

**ALABAMA**

|  |  |
|--|--|
| <b>Well Run, LLC</b><br>Travis and Dawn Duehring<br>7900 Bailey Cove Road, Suite V<br>Huntsville, AL 35802<br>(256) 361-5771 |  |
|--|--|

**ARIZONA**

|  |   |
|--|---|
| <b>The Grind East Valley, LLC</b><br>Mitch and Shoshana Korrrub<br>7365 S. Power Rd<br>Queen Creek, AZ 85142<br>(480) 340-4833 | <b>Cindy Meier</b><br>TBD in Marana, AZ<br>(712) 204-4838 |
|--|---|

**COLORADO**

|  |   |
|--|---|
| <b>The Mesha Group</b><br>Michele Draper<br>TBD in Colorado Springs, CO<br>(707) 301-2192        | <b>The Mesha Group</b><br>Michele Draper<br>TBD in Colorado Springs, CO<br>(707) 301-2192 |
| <b>Elde's, LLC</b><br>1335 West Elizabeth, Suite 140<br>Fort Collins, CO 80521<br>(970) 232-8631 |   |

**GEORGIA**

|  |   |
|--|---|
| <b>Brookman &amp; Associates, LLC</b><br>Glennis Tillman<br>1851 Market Street, #104-105<br>Douglasville, GA 30135<br>(404) 944-6093 | <b>Catalyst Coffee Corporation</b><br>Gareth and Amy Whitehurst<br>608 Towne Park Loop<br>Rincon, GA 31326<br>(678) 435-6665            |
| <b>Tifton North Cafe, LLC</b><br>John Bowen and Michael Bowen<br>2202 US Highway 41 North<br>Tifton, GA 31794<br>(229) 396-4101      | <b>D &amp; L Griffin Enterprises, LLC</b><br>LaToya Griffin, DeWayne Griffin and Tre'on Bell<br>TBD in Alpharetta, GA<br>(309) 287-4857 |

**INDIANA**

|  |  |
|--|--|
| <b>PERCS, LLC</b><br>Erika and Peter Steele<br>TBD in Carmel, IN<br>(832) 385-9232 |  |
|--|--|

**KENTUCKY**

|   |  |
|---|--|
| <b>Give It Away Craft, LLC</b><br>Don Sherman II and Don Sherman III<br>TBD Bowling Green, KY<br>(270) 791-9068 |  |
|---|--|

**MINNESOTA**

|  |  |
|--|--|
| <b>Harthlund Corp.</b><br>Christine and George Lundy<br>11611 Theater Drive N.<br>Champlin, MN 55316<br>(612) 247-1284 | <b>RoRoPure, LLC</b><br>Sadaf & Ali Kashef-Asgari<br>TBD in Woodbury, MN<br>(651) 604-7031 |
| <b>SKB Enterprises, LLC</b><br>Sonja Berry<br>TBD in Brighton, MN<br>(517) 204-4317                                    |  |

**MISSISSIPPI**

**Big Play Coffee, LLC**  
Ray Wooldridge and Brandon Wooldridge  
1830 Beach Blvd  
Biloxi, MS 39531  
(228) 806-1393

**NEBRASKA**

**Acacia, Inc.**  
Susan and Mike Norris  
413 West Locust Avenue  
Plainview, NE 68769  
402-992-2535

**NEVADA**

**JC Consulting Group, LLC**  
Joanna Cullom and Christina David  
TBD in Las Vegas, NV  
(510) 409-3310

**JC Consulting Group, LLC**  
Joanna Cullom and Christina David  
TBD in Las Vegas, NV  
(510) 409-3310

**NEW JERSEY**

**Tender Loving Coffee, LLC**  
Scott Lentini  
TBD in Matawan, NJ  
(732) 241-3269

**NORTH CAROLINA**

**Ambriz Investment Group, LLC**  
Christina & Jesus Ambriz and Eugenio Hernandez  
TBD in Smithfield, NC  
(919) 649-3159

**Daybreak Inspiration, LLC**  
Denise Gracie  
TBD in Morrisville, NC  
(919) 244-0649

**OHIO**

**Chloe's Cup**  
Ron and Cynthia Mosby  
9894 Colerain Avenue  
Cincinnati, OH 45251  
(513) 227-2416

**SOUTH CAROLINA**

**Gray-Kat JLC, LLC**  
Kathryn and Gray Ives  
TBD in Charleston, SC  
(843) 568-8792

| <b>TENNESSEE</b>  |   |
|---|---|
| <b>Brandon Business Enterprises, LLC</b><br>Mike Brandon and Peggy Brandon<br>67 East 4th Street<br>Chattanooga, TN 37403<br>(423) 650-8305 | <b>JLCSC, LLC</b><br>Kelly McDaniel<br>Savannah Marketplace<br>Gallatin, TN<br>(615) 335-2374                         |
| <b>LGLP, LLC</b><br>Frank Snodgrass<br>TBD in Franklin, TN<br>(615) 516-3343  | <b>Randal Ashland City JLC, Inc</b><br>Paul Patel<br>Old Hydes Ferry Pike<br>Ashland City, TN 37015<br>(615) 473-5967 |
| <b>QKT Enterprises, LLC</b><br>Quinton and Kattera Thompson<br>2041 Madison Avenue, Suite 104<br>Memphis, TN 38104<br>(901) 288-5584        |   |

| <b>TEXAS</b>   |  |
|--|--|
| <b>Tanzy Development, LLC</b><br>John Marlin<br>1020 Mayfield Road, Suite 600<br>Grand Prairie, TX 75052<br>(972) 897-2924 | <b>SATXJLC</b><br>Josh Robertson and Erica Robertson<br>7023 Stonewall Hill<br>San Antonio, TX 78256<br>(210) 381-8184 |
| <b>Wiebe Coffee, LLC</b><br>Johnny and Beverly Wiebe<br>3565 NE Loop 286<br>Paris, TX 75460<br>(903) 495-4432              |  |

| <b>UTAH</b>  |  |
|--|--|
| <b>MDX-EV Ventures, LLC</b><br>Mark Evans and Angie Maddox<br>2944 West, 4000 South Street<br>West Haven, UT 84401<br>(801) 358-5371 | <b>CSJL Corp</b><br>Cody and Sheena Cook<br>TBD in American Fork, UT<br>(801) 376-0400 |

**LIST OF JUST LOVE COFFEE & CAFE SHOPS - COMPANY OWNED LOCATIONS  
AS OF DECEMBER 31, 2023**

| <b>TENNESSEE</b>  |  |
|---|--|
| <b>Webbs Refreshments, Inc. (Murfreesboro East)</b><br>Rob Webb<br>129 MTCS Drive<br>Murfreesboro, TN 37129<br>(615) 760-5347 |  |

**EXHIBIT L TO THE DISCLOSURE DOCUMENT**

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**LIST OF  
STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

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| STATE      | AGENCY   | PROCESS, IF DIFFERENT  |
|------------|--|--|
| California | <p>California Department of Business Oversight<br/> Los Angeles<br/> 320 West 4th Street<br/> Suite 750<br/> Los Angeles, California 90013</p> <p>Sacramento<br/> 1515 K Street, South<br/> Suite 200<br/> Sacramento, California 95813-4052</p> <p>San Diego<br/> 1350 Front Street<br/> San Diego, California 92101</p> <p>San Francisco<br/> One Sansome Street, Suite 600<br/> San Francisco, California 94104</p> |  |
| Florida    | <p>Consumer Protection Division<br/> Antitrust and Franchise Unit<br/> Florida Department of Attorney General<br/> 670 G. Mennen Williams Building<br/> 525 West. Ottawa<br/> Lansing, Florida 48933</p>   | <p>Scott Phillip Weber, P.A.<br/> 3709 W. McKay Avenue<br/> Tampa, Florida 33609</p>   |
| Hawaii     | <p>Business Registration Division<br/> Securities Compliance Branch<br/> Department of Commerce and Consumer Affairs<br/> P.O. Box 40<br/> Honolulu, Hawaii 96810</p>  | <p>Commissioner of Securities<br/> Department of Commerce and<br/> Consumer Affairs<br/> Business Registration Division<br/> Securities Compliance Branch<br/> 335 Merchant Street, Room 203<br/> Honolulu, Hawaii 96813</p> |
| Illinois   | <p>Franchise Division<br/> Office of Attorney General<br/> 500 South Second Street<br/> Springfield, Illinois 62706</p>  |  |
| Indiana    | <p>Franchise Section<br/> Indiana Securities Division<br/> Secretary of State, Room E-111<br/> 302 W. Washington Street<br/> Indianapolis, Indiana 46204</p>   | <p>Administrative Office of the<br/> Secretary of State<br/> 201 State House<br/> Indianapolis, Indiana 46204</p>  |
| Maryland   | <p>Office of Attorney General<br/> Securities Division<br/> 200 St. Paul Place<br/> Baltimore, Maryland 21202-2021</p>   | <p>Maryland Securities Commissioner<br/> 200 St. Paul Place<br/> Baltimore, Maryland 21202-2021</p>  |
| Minnesota  | <p>Minnesota Department of Commerce<br/> Commissioner of Commerce<br/> 85 7th Place, Suite 280<br/> St. Paul, Minnesota 55101-3165</p>   |  |
| New York   | <p>New York State Department of Law<br/> Bureau of Investor Protection<br/> and Securities<br/> 120 Broadway, 23rd Floor<br/> New York, New York 10271</p>   | <p>Secretary of State<br/> State of New York<br/> 99 Washington Avenue<br/> Albany, New York 12231</p>   |

| STATE        | AGENCY  | PROCESS, IF DIFFERENT  |
|--------------|---|--|
| North Dakota | Office of Securities Commissioner<br>Fifth Floor<br>600 East Boulevard<br>Bismarck, North Dakota 58505  |  |
| Oregon       | Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>, Oregon 97310  |  |
| Rhode Island | Division of Securities<br>1511 Pontiac Avenue<br>John O. Pastore Complex-Bldg. 69-1<br>Cranston, RI 02920   |  |
| South Dakota | Department of Labor & Regulation<br>Division of Securities<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501  |  |
| Tennessee    |   | Rob Webb<br>129 MTCS Dr.<br>Murfreesboro, TN 37129-1525                                    |
| Virginia     | Ronald W. Thomas, Administrator<br>State Corporation Commission<br>Division of Securities and<br>Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219 | Clerk<br>State Corporation Commission<br>1300 East Main Street<br>Richmond, Virginia 23219 |
| Washington   | Washington Department of Financial<br>Institutions<br>Securities Division<br>150 Israel Road SW<br>Tumwater, WA 98501   |  |
| Wisconsin    | Securities and Franchise<br>Registration<br>Division of Securities<br>Fourth Floor<br>345 W. Washington Avenue<br>Madison, Wisconsin 53703  |  |

**EXHIBIT M TO THE DISCLOSURE DOCUMENT**

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**FORMS OF FRANCHISE COMPLIANCE CERTIFICATE**

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**FORM OF FRANCHISE COMPLIANCE CERTIFICATION (NASAA COMPLIANT)**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Did you sign a receipt for the Franchise Disclosure Document (“**Disclosure Document**”) indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Just Love Coffee & Cafe, other than discussions concerning Item 19, Financial Performance Representations in our FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Just Love Coffee & Cafe, other than discussions concerning Item 19, Financial Performance Representations in our FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Have you paid any money to us concerning the purchase of your Just Love Coffee & Cafe prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Do you understand the difference between a full-service Just Love Coffee & Cafe which you are acquiring and the other facilities which we now have or may develop in the future, and understand that you do not have any rights in and to these facilities?

Yes \_\_\_\_\_ No \_\_\_\_\_

If you have answered “Yes” to any one of questions 2-5 or “No” to question 6, please provide a full explanation of each “Yes” or “No” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

14. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_ and acknowledge that no Agreement or Addendum is effective until signed and dated by us.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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.

FRANCHISEE APPLICANT:

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Date \_\_\_\_\_

FRANCHISEE APPLICANT:

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Date \_\_\_\_\_

**FORM OF FRANCHISE COMPLIANCE CERTIFICATION**

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and any attachments to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do you understand all of the information contained in our Franchise Agreement (hereinafter, each the Franchise Agreement) and any attachments provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement and any attachments do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Franchise Disclosure Document (“**Disclosure Document**”)?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If so, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages if necessary.)

6. Have you discussed the benefits and risks of purchasing a Just Love Coffee & Cafe with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If not, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand that the success or failure of your Just Love Coffee & Cafe will depend in large part upon your skills and abilities, competition from other Just Love Coffee & Cafe shops, other coffee competitors, and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Just Love Coffee & Cafe, other than discussions concerning Item 19, Financial Performance Representations in our FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Just Love Coffee & Cafe, other than discussions concerning Item 19, Financial Performance Representations in our FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Have you paid any money to us concerning the purchase of your Just Love Coffee & Cafe prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Do you understand the difference between a full-service Just Love Coffee & Cafe which you are acquiring and the other facilities which we now have or may develop in the future, and understand that you do not have any rights in and to these facilities?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. If you have answered "Yes" to any one of questions 8-11 or "No" to question 12, please provide a full explanation of each "Yes" or "No" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

14. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by us.

Please understand that your responses to these questions are important to us and that we will rely on them. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

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Date \_\_\_\_\_

FRANCHISEE APPLICANT:

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Date \_\_\_\_\_

**EXHIBIT N TO THE DISCLOSURE DOCUMENT**

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**STATE EFFECTIVE DATES AND RECEIPTS**

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### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| Indiana      | Pending               |
| Michigan     | Pending               |
| Minnesota    | Pending               |
| South Dakota | Pending               |
| Virginia     | Pending               |
| Wisconsin    | Pending               |

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 provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JUST LOVE FRANCHISE GROUP, LLC offers you a franchise, we 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 requires 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 agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Connecticut and Michigan require 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 JUST LOVE FRANCHISE GROUP, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit L.

Our franchise sellers on this franchise sale are: Kevin Bauerle, Alan Thompson, Mickey Skelton and Eric Wheeler, Just Love Franchise Group, LLC, 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027, (615) 496-4836.

JUST LOVE FRANCHISE GROUP, LLC authorizes the respective state agencies identified on Exhibit K to receive service of process for it in the particular state.

Issuance Date: June 6, 2024

I received a disclosure document dated June 6, 2024, that included the following Exhibits:

|           |   |           |   |
|-----------|---|-----------|---|
| Exhibit A | State Specific Addenda and Exhibits                                     | Exhibit H | Confidentiality, Non-Solicitation and Non-Competition Agreement |
| Exhibit B | Financial Statements  | Exhibit I | Table of Contents of Operating Manual                           |
| Exhibit C | Form of Franchise Agreement   | Exhibit J | List of Just Love® Franchisees                                  |
| Exhibit D | Form of Area Development Agreement                                      | Exhibit K | List of Just Love® Franchisees Who Have Left the System         |
| Exhibit E | Form of Conditional Assignment of Telephone Numbers and Listings        | Exhibit L | List of State Agencies/Agents for Service of Process            |
| Exhibit F | Form of General Release (Successor Franchise, Assignment/Transfer/Cure) | Exhibit M | Franchise Compliance Certification Forms                        |
| Exhibit G | Form of Electronic Funds Transfer Agreement                             | Exhibit N | State Effective Dates and Receipts                              |

**PROSPECTIVE FRANCHISEE:**

If a Business Entity:

If an Individual:

\_\_\_\_\_  
NAME OF ENTITY  
By (Signature): \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date FDD Received: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name Printed: \_\_\_\_\_  
Date FDD Received: \_\_\_\_\_

**PLEASE SIGN, DATE AND RETURN THIS PAGE to Just Love Franchise Group, LLC, 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027; you may scan the completed receipt and send via email: [eric.wheeler@justlovecorp.com](mailto:eric.wheeler@justlovecorp.com).**

**RECEIPT**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JUST LOVE FRANCHISE GROUP, LLC offers you a franchise, we 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 requires 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 agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 days before you sign a binding contract or pay any consideration. Connecticut and Michigan require 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 JUST LOVE FRANCHISE GROUP, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit L.

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| Exhibit G | Form of Electronic Funds Transfer Agreement                             | Exhibit N | State Effective Dates and Receipts                              |

**PROSPECTIVE FRANCHISEE:**

If a Business Entity:

If an Individual:

\_\_\_\_\_  
NAME OF ENTITY

Signature: \_\_\_\_\_

By (Signature): \_\_\_\_\_

Name Printed: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Date FDD Received: \_\_\_\_\_

Date FDD Received: \_\_\_\_\_

**PLEASE SIGN, DATE AND RETURN THIS PAGE to Just Love Franchise Group, LLC, 761 Old Hickory Blvd, Suite 300, Brentwood, Tennessee 37027; you may scan the completed receipt and send via email: [eric.wheeler@justlovecorp.com](mailto:eric.wheeler@justlovecorp.com).**