

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Maine. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Maine than in your own state.
2. **Turnover rate.** During the last 3 years, a high percentage of franchised outlets (more than 37%) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate. Such a turnover rate has been basically the result of consolidation of franchisees buying more areas; retirement of existing franchisees; and the impact of the pandemic. Nevertheless, the franchise has remained consistently profitable every year and has no debt. Cash reserves have increased as receivables have been reduced. Franchise headquarters staffing levels are heavily weighted to the United States market, thereby inflating the Canadian market profitabilityⁱ.

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.

ⁱ More franchises have been added during the first half of 2025 than in all of 2024.

ITEM 7**ESTIMATED INITIAL INVESTMENT**

None of the following costs are refundable.

YOUR ESTIMATED INITIAL INVESTMENT¹

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE	\$9,900.00	LUMP SUM	\$500.00 FOR US TO PREPARE THE AGREEMENT; AND BALANCE AT SIGNING OF AGREEMENT	US
COFFEE NEWS ONLINE ENROLLMENT FEES	\$0.00 – \$100.00	LUMP SUM	UPON ENROLLMENT	US
POSTPONEMENT OF OPENING DATE	<u>\$0.00</u> – \$1,000.00	LUMP SUM	UPON REQUEST TO POSTPONE THE START DATE FOR ONE MONTH OR MORE	US
TRAVEL AND LIVING EXPENSES IN TRAINING	\$500.00	N/A	N/A	N/A
REAL ESTATE AND IMPROVEMENTS ²	N/A	N/A	N/A	N/A
EQUIPMENT	N/A	N/A	N/A	N/A

¹ We accept Visa/MasterCard.

² Coffee News franchises are home-based business and there is no need to rent a commercial office. To our best knowledge, none of our Coffee News publishers operates from a commercial office.

Item 20 Table No. 5-B
Projected Openings For Canada only As Of December 31, 2025

Province	Franchise Agreements Signed But Franchise Not Operating	Projected New Franchises in the Next Fiscal Year	Projected Company owned Openings in the Next Fiscal Year
Manitoba	0	3	0
New Brunswick	0	3	0
Ontario	0	3	0
Total	0	9	0

Table No. 5-C Grand Total of the United States and Canada As of December 31, 2025

State	Franchise Agreements Signed But Franchise Not Operating	Projected New Franchises in the Next Fiscal Year	Projected Company owned Openings in the Next Fiscal Year
GRAND TOTAL	0	39	0

Coffee News publishers' information is disclosed in **Exhibit D**, a listing of Coffee News publishers, which is attached to this disclosure document.

The information of former Coffee News publishers who had an outlet terminated, canceled, not Renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise agreement during the period January 1, 2024 and December 31, 2024 or who has not communicated with the us within ten weeks of the application date in disclosed in **Exhibit E**, a listing of former Coffee News publishers, which is attached to this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three years, publishers have signed the License Agreements containing the confidentiality clauses to protect our intellectual properties. In some instances, current and former publishers sign provisions restricting their ability to speak openly about their experience with Coffee News. You may wish to speak with current and former publishers but be aware that not all of those publishers will be able to communicate with you.

ITEM 21

FINANCIAL STATEMENTS

See Exhibit C for

1. audited Coffee News USA, Inc. and 2703203, Manitoba, Inc. Financial Statements for FYE, 12/31/2022, 12/31/2023, and 12/31/2024.
2. unaudited Coffee News USA, Inc. financial statements for the time period from January 1, 2025 to May 31, 2025.

With respect to unaudited financials, THE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22

CONTRACTS

See Exhibit A for a copy of the franchise agreement.

ITEM 23

RECEIPT

THE LAST TWO PAGES OF THE DISCLOSURE DOCUMENT ARE DETACHABLE DOCUMENT ACKNOWLEDGING RECEIPTS OF THE DISCLOSURE DOCUMENT BY THE PROSPECTIVE FRANCHISEE.

Coffee News USA

Profit & Loss YTD Comparison

May 2025

	May 25	Jan - May 25
Ordinary Income/Expense		
Income		
Coffee News Sales	3,459.20	4,189.20
Commission	184.80	554.18
Dividends	0.00	903.06
Franchise Fees Income	22,315.02	118,330.08
Franchise Sales	14,000.00	45,000.00
Franchise Seminars	5,700.00	15,400.00
Franchise World Fees	321.00	4,209.75
Northern Maine Sales	0.00	13,645.96
Product Income	617.50	2,662.00
Realized/Unrealized Gain Loss	-72.84	219.43
Web Edition Fees	100.00	525.00
Total Income	46,624.68	205,638.66
Cost of Goods Sold		
Cost of Goods Sold	0.00	0.00
Total COGS	0.00	0.00
Gross Profit	46,624.68	205,638.66
Expense		
Advertising	3,066.77	11,805.85
Automobile Expense	14.00	373.91
Bad Bebt	2,058.35	2,058.35
Bank Service Charges	0.00	49.95
Coffee News Editions	1,431.48	7,632.22
Confrence	1,213.72	1,213.72
Credit card fees	808.26	3,004.16
Dues and Subscriptions	103.53	656.65
Filing Fees	0.00	400.00
Insurance	5,111.88	9,292.38
Internet	407.37	2,462.33
Investment Cost	0.00	57.01
Lease expense	134.50	672.50
Northern Maine Expenses	400.00	9,632.83
Office Supplies	0.00	92.82
Payroll fees	110.00	635.00
Postage and Delivery	476.96	1,085.45
Products	100.00	200.00
Professional Fees	10,728.00	38,899.67
Software	-2,716.88	5,796.00
Supplies	0.00	161.77
Taxes	1,100.42	7,299.03
Telephone	729.17	3,612.86
Travel & Ent	145.95	713.05

Coffee News USA
Profit & Loss YTD Comparison
May 2025

	May 25	Jan - May 25
Wages	14,384.64	77,282.18
Total Expense	39,808.12	185,089.69
Net Ordinary Income	6,816.56	20,548.97
Net Income	6,816.56	20,548.97

Coffee News USA

Balance Sheet Prev Year Comparison

As of May 31, 2025

	May 31, 25	May 31, 24	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Key Bank 2	62,718.27	36,272.05	26,446.22	72.91%
Machias Savings - Co-Op	2,987.06	1,374.23	1,612.83	117.36%
Machias Savings Bank	4,584.89	39,654.74	-35,069.85	-88.44%
Means Investments	85,484.55	61,977.36	23,507.19	37.93%
Total Checking/Savings	155,774.77	139,278.38	16,496.39	11.84%
Accounts Receivable				
Accounts Receivable	116,597.66	159,380.64	-42,782.98	-26.84%
Total Accounts Receivable	116,597.66	159,380.64	-42,782.98	-26.84%
Other Current Assets				
Allowance for bad bebt	-80,000.00	-107,311.70	27,311.70	25.45%
Franchise License Inventory	17,500.00	17,500.00	0.00	0.0%
Total Other Current Assets	-62,500.00	-89,811.70	27,311.70	30.41%
Total Current Assets	209,872.43	208,847.32	1,025.11	0.49%
Fixed Assets				
Accum Depr - equipment	-5,939.65	-45,456.97	39,517.32	86.93%
Equipment	5,939.65	46,476.65	-40,537.00	-87.22%
Total Fixed Assets	0.00	1,019.68	-1,019.68	-100.0%
Other Assets				
Due to from Darter	74.69	37.92	36.77	96.97%
Total Other Assets	74.69	37.92	36.77	96.97%
TOTAL ASSETS	209,947.12	209,904.92	42.20	0.02%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
Deffered Franchise Sales	52,487.50	61,712.50	-9,225.00	-14.95%
Total Other Current Liabilities	52,487.50	61,712.50	-9,225.00	-14.95%
Total Current Liabilities	52,487.50	61,712.50	-9,225.00	-14.95%
Total Liabilities	52,487.50	61,712.50	-9,225.00	-14.95%
Equity				
Capital Stock	4,053.00	4,053.00	0.00	0.0%
Retained Earnings	132,857.65	188,056.31	-55,198.66	-29.35%
Net Income	20,548.97	-43,916.89	64,465.86	146.79%
Total Equity	157,459.62	148,192.42	9,267.20	6.25%
TOTAL LIABILITIES & EQUITY	209,947.12	209,904.92	42.20	0.02%

Coffee News CANADA

Profit & Loss YTD Comparison

May 2025

	May 25	Aug '24 - May 25
Ordinary Income/Expense		
Income		
45000 · Franchise Fees	17,273.21	164,416.74
45600 · Franchise Sales	0.00	6,000.00
45700 · Franchise Seminar	0.00	2,900.00
Total Income	17,273.21	173,316.74
Gross Profit	17,273.21	173,316.74
Expense		
60000 · Advertising and Promotion	0.00	790.18
60400 · Bank Service Charges	525.51	11,976.89
61400 · Commissions	623.81	7,618.49
61900 · Conference Fees	0.00	529.02
62100 · Content Provider	1,019.47	9,893.37
62150 · Contract Services	747.50	7,075.00
62800 · Dues and Subscriptions	0.00	150.00
64900 · Office Supplies	55.23	226.74
65200 · Payroll	2,582.44	24,591.05
66000 · Payroll Expenses	0.00	2,583.10
66400 · Postage and Delivery	0.00	170.94
66700 · Professional Fees	670.00	14,639.00
67300 · Software	88.22	3,588.59
68100 · Telephone Expense	151.52	1,956.24
68400 · Travel Expense	0.00	747.50
69000 · Web Master	115.00	1,150.00
Total Expense	6,578.70	87,686.11
Net Ordinary Income	10,694.51	85,630.63
Net Income	10,694.51	85,630.63

Coffee News CANADA

Balance Sheet Prev Year Comparison

As of May 31, 2025

	May 31, 25	May 31, 24	Change	% Change
ASSETS				
Current Assets				
Chequing/Savings				
10100 · OP 2	184,862.10	56,264.49	128,597.61	228.56%
10200 · Operating	0.00	9,999.00	-9,999.00	-100.0%
10300 · Scotia Bank	2,124.77	719.69	1,405.08	195.23%
Total Chequing/Savings	186,986.87	66,983.18	120,003.69	179.16%
Accounts Receivable				
11000 · Accounts Receivable	48,501.17	67,391.11	-18,889.94	-28.03%
Total Accounts Receivable	48,501.17	67,391.11	-18,889.94	-28.03%
Other Current Assets				
11005 · Reserve for Bad Debt	-40,000.00	-40,000.00	0.00	0.0%
Total Other Current Assets	-40,000.00	-40,000.00	0.00	0.0%
Total Current Assets	195,488.04	94,374.29	101,113.75	107.14%
Other Assets				
14010 · Intangible Assets	114,462.56	114,462.56	0.00	0.0%
Total Other Assets	114,462.56	114,462.56	0.00	0.0%
TOTAL ASSETS	309,950.60	208,836.85	101,113.75	48.42%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
25001 · Due to Bill Buckley	204,001.74	114,518.65	89,483.09	78.14%
25500 · GST/HST Payable	14,858.52	11,222.25	3,636.27	32.4%
25552 · PST Payable (ON)	90.14	0.00	90.14	100.0%
Total Other Current Liabilities	218,950.40	125,740.90	93,209.50	74.13%
Total Current Liabilities	218,950.40	125,740.90	93,209.50	74.13%
Total Liabilities	218,950.40	125,740.90	93,209.50	74.13%
Equity				
30100 · Capital Stock	100.00	100.00	0.00	0.0%
30800 · Paid In Capital	47,000.00	47,000.00	0.00	0.0%
32000 · Retained Earnings	-41,730.43	-70,180.98	28,450.55	40.54%
Net Income	85,630.63	106,176.93	-20,546.30	-19.35%
Total Equity	91,000.20	83,095.95	7,904.25	9.51%
TOTAL LIABILITIES & EQUITY	309,950.60	208,836.85	101,113.75	48.42%