



FRANCHISE DISCLOSURE DOCUMENT

Delah Coffee Franchising, LLC
a California limited liability company
7075 Commerce Circle
Pleasanton, California 94588
Tel: 510-688-3333
franchise@delahcoffee.com
www.delahcoffee.com

The franchise that we offer is for Delah Coffee, a coffee shop featuring traditional Yemeni coffee, teas, cakes, and other menu items. We offer individual unit shop franchises and franchises for the development of multiple shops within a development territory.

The total investment necessary to begin operation of a Delah Coffee Shop under a franchise agreement is \$282,300 to \$424,000. This includes \$42,000 to \$49,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Delah Coffee Shop under a multi-unit development agreement is \$342,300 to \$544,000. This includes \$42,000 to \$49,000 that must be paid to the franchisor or its affiliates, along with a \$30,000 development area fee for each additional Shop established under the multi-unit development agreement. The minimum amount you can purchase under a multi-unit development agreement are three Shops and the maximum amount are five Shops.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Majed Jahamee, Delah Coffee Franchising, LLC, 7075 Commerce Circle, Pleasanton, California 94588, and 510-688-3333.

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

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

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

Issuance Date: March 11, 2025

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in California. 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 California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Support 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.
5. **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.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisors. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

ITEM 3
LITIGATION

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement

When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of \$35,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document. All fees are payable in a lump sum and are nonrefundable.

Opening Inventory

You must purchase your opening inventory of certain System Supplies, including coffee, teas, evaporated milk, and pots, from us or our affiliate. We estimate that your initial opening inventory of System Supplies that you must purchase from us, or our affiliates will range between \$7,000 to \$14,000. Your initial opening inventory fees will be fully earned by us upon payment and are non-refundable.

Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement, you must pay a fixed non-refundable development area fee (the “Development Area Fee”) in the amount of \$30,000 for each additional Shop, over and above your first Shop, authorized for development under the Multi-Unit Development Agreement. The minimum number of Shops that you may agree to develop is three and the maximum is five. The Development Area Fee is in addition to the Initial Franchise Fee of \$35,000 that you will pay to us at the time of signing the Franchise Agreement for your first Shop. At the time of signing the Franchise Agreement for each additional Shop authorized by the Multi-Unit Development Agreement, over and above your first Shop, you will not be required to pay us an additional initial franchise fee. The Development Area Fee is fully earned by us upon payment, represents consideration for a designated development area, and is used to defray our costs for providing pre-opening assistance and to offset certain franchise recruitment expenses. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document.

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			reports and financial statements as required under Franchise Agreement.
Operations Non-Compliance	\$450 to \$1,000 per occurrence	14 days of invoice	Payable for failure to comply with operational standards plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	\$150 per occurrence	14 days of invoice	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations. <u>Not to exceed \$10,000 per audit.</u>
Quality Assurance Audit	Actual costs incurred by us or fees designated by us	As invoiced	Payable to us if we elect to perform or designate a third party to perform periodic quality assurance audits, including mystery shopper type inspections and programs.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
NSF Check Fee or Failed Electronic Fund Transfer	5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due to us.
Non-Compliance	Actual fees, costs, and expenses <u>not to exceed \$1,000 per occurrence</u>	On demand	Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement. <u>The Non-Compliance Fee is not a waiver of any claim for damages that we may have in the event your franchise agreement is terminated.</u>
Supplier Evaluation	Actual fees, costs, and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval. <u>not to exceed</u>

			<u>\$5,000 for each product you wish to have evaluated.</u>
Management Service	Actual costs incurred by us	As invoiced	Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager. <u>Not to exceed \$2,000 per day.</u>
Transfer	\$10,000	On demand	Payable if we approve your transfer request and upon signing our then current Franchise Agreement.
Renewal	\$5,000	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.

Explanatory Notes to Item 6

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Shops then these fees shall apply, respectively, to each Shop, subject to the terms of their respective franchise agreement. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit all receipts and Gross Sales of your Shop into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Shop. You must pay all fees charged by your bank in connection with our ability to debit your bank account.

Note 2: Royalty Fees – The royalty fee is a continuing weekly fee equal to 4.5% (the “Royalty Rate”) of your weekly Gross Sales (the “Royalty Fee”). If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly, and dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective Royalty Fees received by us is not less than 4.5% of your Gross Sales.

Note 3: Gross Sales – “Gross Sales” means the total dollar sales from all business and customers of your Shop and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Shop and/or your Shop Location, whether such business is conducted in compliance with or in violation of

laws, rules and regulations for the development and operation of your Shop. ~~We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity.~~ You should also consult with a lawyer to review lease agreements other contracts that you will enter into as part of the development and operation of your Shop.

Note 13: Licenses and Permits – This estimate is for customary and basic business permits and licenses required to operate a Shop. Licenses, license fees, and licensing obligations will vary depending on local, municipal, county and state regulations. You should investigate all licensing requirements and costs prior to signing a Franchise Agreement.

Note 14: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities for the initial three month period following the opening of your Shop. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you finance the development of your Shop. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a Shop. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Shop.

Note 15: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a Delah Coffee Shop. We have based these estimates on the experiences of our affiliate in developing a Delah Coffee Shop. These are only estimates and your costs and, the range of those costs, may vary. Factors that may influence your costs include: the size of your Shop; local geographic market and economic conditions including rent, labor, and construction rates; local licensing costs; competition; the facilities and existing build-out of the Shop Location that you select; landlord funded tenant improvements and allowances; the capabilities of your management team; and the level of sales achieved by your Shop. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Shop that you develop.

B. Multi-Unit Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee ^(Note 1)	\$60,000 – \$120,000	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	Us
Estimated Initial Investment to open one Shop ^(Note 2)	\$282,300 – \$424,000	Estimated Initial Investment is based on the estimate contained in <u>Table A</u> of this <u>Item 7</u> for a Franchise Agreement.		
Total Estimate ^(Note 3)	\$342,300 – \$544,0400			

Explanatory Notes to Item 7 - for a Franchise Agreement with a Multi-Unit Development Agreement

if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value and with a deductible not more than \$5,000;

b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate. There may be no products liability or completed operations exclusion. There may be no "injury to subcontractor employee," or its equivalent, exclusion. The commercial general liability policy must provide coverage to you for the hold harmless and indemnity clauses contained in your Franchise Agreement;

c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;

d) Business automobile insurance, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least \$1,000,000 per occurrence;

e) Business interruption insurance equal to 12 months of your net income and continuing expenses including Royalty Fees;

f) Commercial umbrella liability insurance with total liability limit of at least \$1,000,000;

g) Cyber insurance, including data breach expense, with coverage for first party and third party claims, in the amount of not less than \$1,000,000;

h) Employment practices liability insurance with a limit of at least \$2,000,000, including actions of a third party and a minimum limit of \$100,000 for wage and hour disputes; and

i) All other insurance that we require in the Operations Manual or that is required by law or by the lease or sublease for the Franchised Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Shops under the System. We may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Presently, there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and our affiliates may receive rebates, payments and other material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. As of the ~~Issuance Date of this Disclosure Document~~ March 11, 2025, we have not received revenue from suppliers from franchisee purchases of source restricted products or services. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

Computer System

You must purchase, license and use the computer, point of sale, business management, and ordering systems that we designate. Currently, the designated point of sale system that you must license, and use is Toast, and as may be otherwise designated by us in the Operations Manual. The price range for the point of sale system is \$3,000 to \$3,500. You are required to purchase and operate one configured and licensed point of sale hardware terminal. You must also purchase tablets, which will integrate with our mobile applications and which will facilitate mobile ordering and customer pick-up. Additionally, you must purchase and maintain a computer system on-site at your Shop Location. You are responsible for maintaining updated and current versions of all software systems designated by us. You are responsible for the maintenance and repair of all computer equipment and computer systems that we designate and require. Estimated costs for the maintenance, repair and update of the designated computer systems ranges from \$500 to \$1,000 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You are required to provide us with independent access to all of the information and data that is transacted, collected, and stored by the Franchised Business on the Business Management Systems, your computer systems, and otherwise. There are no contractual limitations on the frequency and costs of the obligation to upgrade and update any system during the term of the franchise. Customer data will be transacted, collected, and stored in the computer system.

Initial Training

If this is your first Shop we will provide initial training for you, or if you are a Corporate Entity, your Managing Owner, plus one designated manager. You or your Managing Owner and your general manager must successfully attend and complete the initial training program to our satisfaction no later than 45 days before the opening of your Shop. The initial training program takes place over an approximate two-week period. If more than two individuals attend initial training you will be charged an additional fee per additional persons attending initial training. Although we provide you and your general manager with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following table summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation, History of our Brand, Understanding Delah Coffee	3	0	Pleasanton or San Fra, California
Marketing, Advertising, Customer Service	4	0	San Francisco, California
Food Safety and Store Visit Report	0	10	San Francisco, California
Opening and Closing	0	2	San Francisco, California
In Store Training and Inventory	0	40	San Francisco, California
Leadership Skill/Maintenance	0	5	San Francisco, California
In Store training	0	16	San Francisco, California
Subtotal Hours	7	73	
Total Hours	80		

q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6, 17.E.	No involvement, ownership, or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Shop; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Operations Manual or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments. <u>Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.</u>
u. Dispute resolution by arbitration or mediation	18.G.	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Alameda County, California and, if mediation is unsuccessful, then to binding arbitration in Alameda County, California. This provision is subject to applicable state law.
v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, state court of general jurisdiction that is within or closest to Alameda County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	18.F.	California law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit I</u> to this Disclosure Document.

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n.	Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable.
o.	Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p.	Death or disability of franchisee	Not applicable	Not applicable.
q.	Non-competition covenants during the term of the franchise	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Shop developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Shop developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.
s.	Modification of the agreement	5.3, 7.11	Only by written agreement between you and us or if governing law requires a modification. We can change the form of the Franchise Agreement for future Shops which will not alter your obligations under the Multi-Unit Development Agreement.
t.	Integration/merger clauses	7.12	The Multi-Unit Development Agreement is the entire agreement between you and us relating to the development of the Exclusive Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. <u>Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.</u>
u.	Dispute resolution by arbitration or mediation	7.5, 7.6	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Alameda County, California and, if mediation is unsuccessful, then to binding arbitration in Alameda County, California. This provision is subject to applicable state law.
v.	Choice of forum	7.5, 7.6	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Alameda County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w.	Choice of law	7.5, 7.6	California law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit I</u> to this Disclosure Document.

- (o) Paper Goods Cost – means the direct costs incurred by the Shop for all paper goods including cups, utensils, packaging, and materials used to serve menu items. Paper Goods Cost does not include Food Cost, Direct Labor Cost, or other expenses.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Company Owned Outlets is based on information reported to us by our affiliates. We do not have any open Franchise Outlets. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLETS

During the 2023 Calendar Year we had three Company Owned Outlets. Of these three Company Owned Outlets, one Outlet was an Operational Company Owned Outlet and two Outlets were New Company Owned Outlets. During the 2024 Calendar Year we had four Company Owned Outlets. Of these four Company Owned Outlets, three Outlets were Operational Company Owned Outlet and one Outlet was a New Company Owned Outlet. Our Company Owned Outlets are described in Table 1 below. In Tables 2, 3 and 4 we disclose financial data regarding our Company Owned Outlets for the year(s) that they qualified as Operational Company Owned Outlets.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlets operate; and (c) no obligation to pay ongoing fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees. The table below provides a summary of our Company Owned Outlets.

Table 1

Company Owned Outlet Summary	
Outlet	Outlet Description
San Francisco #1 – Fourth Street	Our San Francisco #1 Fourth Street Outlet opened for business in June 2022 and is located at 370 4 th Street, San Francisco, California 94107. This Outlet operates in a Shop Location that is located in a corner store located in a retail building. This Outlet is approximately 1,800 square feet and has seating for 34 people. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.
Oakland W. Grand Ave.	Our Oakland W Grand Street Outlet opened for business in Feb 2023 and is located at 420 W Grand Ave, Oakland 95612. This Outlet operates in a Shop Location that is located in a Commercial Complex Building. This Outlet is approximately 1780 square feet and has seating for 32 people. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2024 Calendar Years.
Berkeley	Our Berkeley Euclid Ave Outlet opened for business in September 2023 and is located at 1807 Euclid Ave, Berkeley, Ca 94709 . This Outlet operates in a Shop Location that is located in a Commercial One story Building (Retail) next to UC Berkeley. This Outlet is approximately 1860 square feet and has seating for 40 people. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2024 Calendar Years.
San Francisco #2 – Sansome	Our San Francisco #2 – Sansone Outlet opened for business in July 2024 and is located at 450 Sansome Street, San Francisco, California 94111. This Outlet operates in a Shop Location that is

List of State Administrators (continued)

North Dakota

Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Department 414
Bismarck, ND 58505
701-328-4712

Wisconsin

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota

Franchise Office
Division of Securities
~~940 E. Sioux Avenue~~ 124. S. Euclid Avenue
Pierre, SD 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Agents for Service of Process

Delah Coffee Franchising, LLC
7075 Commerce Circle, Pleasanton, California 94588
Attn: Majed Jahamee, CEO

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
866-275-2677

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Department 414
Bismarck, ND 58505
701-328-4712

Rhode Island

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
~~445 East Capitol Avenue~~ 124 S. Euclid Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE DELAH COFFEE FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

7.8 LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

7.9 WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM: (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

7.10 WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

7.11 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

7.12 COMPLETE AGREEMENT

This Agreement and the Schedule A Development Information Term Sheet, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

7.13 ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

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.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Indiana FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations," are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

Item 5, "Initial Fees," is supplemented, by the addition of the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Michigan FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

Item 5, "Initial Fees," is supplemented, by the addition of the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owned by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Michigan FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

B. Item 13, “Trademarks”. Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given 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.

C. Item 17, “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days-notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit 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 the jurisdiction.

F. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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.

G. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

New York FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

1. . The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Rhode Island FDD Amendment

Amendments to the Delah Coffee
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

South Dakota FDD Amendment

Amendments to the Delah Coffee
Franchise Disclosure Document

Item 5 is supplemented to disclose that the initial fees and payments to franchisor shall be deferred until such time as the franchisee completes training and commences business operations.

Virginia FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17(h) is supplemented by the addition of the following:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in Delah Coffee Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$282,300 to \$424,000. This amount exceeds the franchisor’s stockholder’s equity as of January 2, 2025, which is \$500.00.

Washington FDD Amendment
Amendments to the Delah Coffee
Franchise Disclosure Document

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Delah Coffee Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: Delah Coffee Franchising, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Delah Coffee Franchise and Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Delah Coffee Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Delah Coffee Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

5. 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.

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Article 18.Q of the Franchise Agreement is hereby deleted.

9. Section 7.16 of the Multi-Unit Development Agreement is hereby deleted

10. The Maryland Attorney General's Office (the "Office") has imposed a bond requirement due to our financial condition. A copy of the Surety Bond has been filed with the Office.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

14. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Delah Coffee Franchising, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: Delah Coffee Franchising, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated