

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 area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. Out-of-state mediation 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 Florida than in your own states.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise agreement and loss of your investment.
4. **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.

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.

number of Stores in accordance with a mandatory development schedule (the “Development Schedule”). You must sign your first Franchise Agreement under the Development Agreement at the time of the Development Agreement’s execution. You must sign a separate Franchise Agreement for each Store opened under the Development Schedule, which may differ from the one disclosed in this document.

Competition

The sale of spices, teas, herbs, blends, salts, sugars, olive oils, candles, honeys and related products and accessories is a moderately well-developed market. You will compete with national chains such as grocery stores and cooking stores, as well as regional and national chains, small local businesses, and Internet/mail order companies. The Products and Services that you offer to the general public, to individual consumers, primarily for on-site pick up. The market for specialty spice, tea and accessory stores is developed in some areas and developing in other areas, depending on the number of these types of stores in the particular area. Also, your business may be seasonal in nature.

Regulations

You will be required to comply with all applicable local, state, and federal safety, health, food handling, food safety and sanitation laws that apply to Store operations. In addition, certain states may have certification and registration requirements for such businesses that are considered to be selling nutritional or health products. You should investigate whether any of these certification or registration requirements will apply to your Store. You will also need to assume that your activities do not result in the making of health or nutritional claims that are regulated by the United States Food and Drug Administration. You must comply with federal and state truth in labeling laws and regulations. Additionally, every state has enacted laws, rules, regulations and ordinances which may apply to the operation of a Store, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; and (d) set standards and requirements for fire safety and general emergency preparedness. You must comply with laws regulating sexual harassment and discrimination, as well as, federal, state and local regulations concerning retail business practices. You will also be required to comply with immigration and social security laws regarding the personnel you hire.

ITEM 2 BUSINESS EXPERIENCE

Amy Parnell Freeman: CEO

Ms. Freeman has been our CEO since June 2016. Ms. Freeman has been the CEO and a Member of TSTE[®] Holdings, based in St. Augustine, Florida, since its inception on August 18, 2008.

Penny L.A. Rehling: President

Mrs. Rehling has been our President since July 2022 in St. Augustine, FL. Prior to that time, Mrs. Rehling was our Chief Operating Officer from June 2016 to July 2022. Mrs. Rehling has been a Member

AREA DEVELOPMENT PROGRAM				
Type of Expenditure¹	Amount	Method Of Payment	When Due	To Whom Payment is To Be Made
Area Development Fee ²	\$90,000	Lump Sum	Upon Signing the Development Agreement	Franchisor
INITIAL INVESTMENT FOR THE FIRST STORE	\$259,810 to \$483,500<u>493,400</u>	See Chart 7A above		
TOTAL	\$349,810 to \$583,400			

Explanatory Notes

1. All fees and payments are non-refundable and deemed fully earned upon payment.
2. The Area Development Fee is described in detail in Item 5 of this Disclosure Document. You will not be required to pay an initial Franchise Fee upon signing a Franchise Agreement for each Store developed under an Area Development Agreement. The estimate is based on a Development Agreement for three (3) Stores. The minimum number of franchises you must develop under an Area Development Agreement is three (3).
3. This range represents the total estimated initial investment required to open the first Store under your first Franchise Agreement (see the Single Unit estimated initial investment in the Item 7A chart above for additional details).

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

Purchase Restrictions

You must develop and operate your Store according to our system standards (“System Standards”). Our System Standards may regulate all of the purchases or expenditures made by your Store. Our System Standards regulate the Products and Services and, among other things, required, authorized, unauthorized and prohibited fixtures, furnishings, equipment, services, signs, marketing materials, inventory, supplies, and accessories to be used in establishing and operating the Store, as well as the designated or approved suppliers of such items (which may be limited to or include us or our affiliates).

Purchase from Us or our Affiliates

You are required to purchase the Establishment Package from us. You are currently required to purchase from our affiliate TSTE[®] Distribution, all of the Products and Services, supplies, and inventory

You (or at least one of your principals if you are a corporation or partnership) must at all times faithfully, honestly and diligently perform your obligations under any Franchise Agreement and Development Agreement, continuously exert your best efforts to promote and enhance THE SPICE & TEA EXCHANGE® brand, System and Stores and not engage in any other business or activity that conflicts with your obligations to operate your Store in compliance with the Franchise Agreement or any Development Agreement.

At all times, a Store must be managed by an owner that has completed Initial Training and staffed by employees that have either completed Spice UniversiTea or otherwise been properly trained on our operational standards. However, as long as you complete training prior to opening, we will allow additional designees to complete training within a designated period of time after opening. We require your owners and employees to sign Confidentiality and Restrictive Covenant Agreements with you that lists us as a third party entity in the form attached as Exhibit “H” to the Franchise Agreement.

If Franchisee is a business entity, your owners **and their respective spouses, if applicable**, must not only personally guarantee your obligations under the Franchise Agreement, but also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of Principal Owner’s Guaranty is attached as Exhibit “D” to the Franchise Agreement. We require you to complete a “Franchisee Entity Information Sheet,” in the form attached as Exhibit “C” to the Franchise Agreement, which describes all of your owners and their interests in you.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products, and perform all services, that we require from time to time for Stores. We reserve the sole right to decide if any supplier, vendor or item is authorized and reserve the right to disapprove or refuse to approve any supplier, vendor or item. Franchisees are not permitted, without our prior written approval, to use any inventory or order from any suppliers or vendors that have not been authorized by us. Under no circumstances may you offer, sell, promote, barter, display, give away, or endorse any products or perform any services that we have not previously authorized. Our System Standards also regulate required or authorized products, product categories and supplies. Pursuant to our System Standards, franchisees may not directly contact our or our affiliates’ suppliers or vendors. Offering or selling products or inventory that has not been approved by us is grounds for termination of the Franchise Agreement. We have the right to change the types of required and/or authorized goods and services from time to time. You may not engage in the wholesale sale and/or distribution of any products sold at your the SPICE & TEA EXCHANGE STORE® unless approved in writing or as permitted under the wholesale program that is described in the Manuals.

You are not allowed to solicit Customers, provide Products and Services, or distribute Products outside of your Market Area. Additionally, we reserve the right to prohibit or limit your use of Alternative Channels of Distribution. We may designate maximum and minimum retail prices to the extent permitted by governing law. We may add to, delete from or modify the services, products, equipment, programs and other items which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes. We may designate, prohibit or otherwise limit your use of music or other entertainment within your Store. Subject to the

Provision	Section in Development Agreement	Summary
		appropriate, the USDC for the Middle District of Florida (subject to state law).
(w) Choice of law	Section 11	The Development Agreement is governed by the laws of the state of Florida, without reference to this state’s conflict of laws principles (subject to state law).

The provisions summarized in this Item are subject to any applicable state specific addenda (See Exhibit “H” of this Disclosure Document and Exhibit “E” to the Franchise Agreement).

**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 certain circumstances.

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION

This Item sets forth certain historical data submitted by our franchisees. ~~We have not audited information nor independently verified this information.~~ Written substantiation for the financial performance representations will be made available to the prospective franchisee upon reasonable request.

Section I – All Comparable Units

The information below sets forth historical data collected from our franchisees and the single company-owned unit. The single criteria for inclusion was that the store be in operation for the full calendar under continuous ownership during the year reported. This criterion ensures that each data set is represented by all active units in each chart outlined below. This resulted in 8 of a total 94 units excluded from 2024 data, 9 of a total 90 units being excluded from 2023 data, and 12 of a total 87 units being excluded from 2022 data.

Chart II-B – Notes

1. In 2024 the following statistics hold true for the data included in Chart II-B. Maximum of \$881,875, Minimum of \$247,166, Median of \$386,200. Of the 35 units, 19 fell above average and 16 fell below average.
2. In 2023 the following statistics hold true for the data included in Chart II-B. Maximum of \$986,915, Minimum of \$247,907, Median of \$438,456. Of the 29 units, 15 fell above average and 14 fell below average.
3. In 2022 the following statistics hold true for the data included in Chart II-B. Maximum of \$884,055, Minimum of \$62,525, Median of \$397,085. Of the 28 units, 10 fell above average and 18 fell below average.

General Notes to Item 19

Some outlets have sold/earned this amount. Your individual results may differ. There is no assurance that you'll sell/earn as much.

1. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state, and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.
2. The information provided pertaining to Reporting Stores is based on data provided to us by the franchise owners of these Stores. ~~We have not verified the accuracy of the data provided, nor have they been audited by independent certified public accountants.~~
3. Other than the preceding financial performance representation, The Spice & Tea Exchange Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with 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 the Franchise Administration Department, Attn: Amy Freeman, 727-240-3221, franchising@spiceandtea.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 System-wide Outlet Summary For Years 2022, 2023 and 2024

RIDER TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this _____, 20__ (the “**Effective Date**”), between **THE SPICE & TEA EXCHANGE FRANCHISING, LLC**, a Florida limited liability company, (referred to in this Agreement as “**Franchisor**,” “**we**,” “**us**” or “**our**”), and _____ (referred to in this Agreement as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”):

Illinois law governs the Franchise Agreement.

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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~**Intending**~~ The following language is hereby added to ~~be bound, you and we sign and deliver this Rider in 2 counterparts effective on~~ the Franchise Agreement Date, ~~regardless~~ and Development Agreement:

“Payment of Initial and Development Fees will be deferred until the ~~actual date~~ Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of ~~signature~~, the Illinois Attorney General due to the Franchisor’s financial condition.”

The last sentence of Section 21.8 of the Franchise Agreement is hereby deleted and replaced with the following:

“Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.”

[Signature Page Follows]

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

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

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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE
SPICE & TEA EXCHANGE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT**

FOR USE IN MINNESOTA

1. Item 13 is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.12, Subd. 1(g) which requires us to indemnify you from any loss, costs or expenses arising out of any claims, suites or demands regarding your use of the Marks.

2. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, sbds. 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 for nonrenewal of the franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

3. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or 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.

55. Item 5 is amended by adding the following language:

Due to our financial condition, the Minnesota Department of Commerce requires that the payment of initial fees be deferred until such time as the franchisor completes its pre-opening obligations under the Franchise Agreement and the franchise is open for business. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

6. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

67. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

| 78. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

**VIRGINIA ADDENDUM TO THE
DISCLOSURE DOCUMENT**

1. The following statement is added to Item 5:

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.

~~1.2.~~ The following statements are added to Item 17.h.

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

~~2.3.~~ No statement, questionnaire, or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.