

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 Michigan. 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 Michigan than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

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~~APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT.~~

EXHIBITS

- A LIST OF STATE ADMINISTRATORS AND LIST OF AGENTS FOR SERVICE OF PROCESS
- B FRANCHISE AGREEMENT
- C ADDENDUM TO FRANCHISE AGREEMENT – RENEWAL
- D-1 ADDENDUM TO FRANCHISE AGREEMENT – TRANSFER
- D-2 FRANCHISE TERMINATION AND RELEASE AGREEMENT -- TRANSFER
- E TABLE OF CONTENTS OF BRAND STANDARDS MANUAL
- F CONFIDENTIALITY/NON-COMPETITION AGREEMENT
- G LIST OF QAHWAH HOUSE™ COFEE SHOPS / LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM
- H FINANCIAL STATEMENTS
- I STATE SPECIFIC DISCLOSURES AND ADDENDA TO AGREEMENTS
- J STATE EFFECTIVE DATES
- K RECEIPT (2 COPIES)

~~APPLICABLE STATE LAW MAY REQUIRE CHANGES TO THE FRANCHISE AND OTHER AGREEMENTS. THESE CHANGES, IF ANY, ARE CONTAINED IN THE STATE SPECIFIC ADDENDA TO AGREEMENTS INCLUDED IN EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT.~~

The Qahwah House™ Coffee Shop Franchise

The Qahwah House™ Coffee Shop franchise is a unique specialty coffee shop concept offering made to order specialty Yemeni coffee, coffee drinks, pastries, desserts, and related products for dine-in or takeout, ~~which is operated in accordance with our specifications for operating a business (the "Franchise Systems") and under the tradenames and trademarks that are described in Item 13 of this Franchise Disclosure Document (the "Franchise Marks") (the Franchise Marks, trade dress, any copyrights relating to the Franchise Systems, any inventions or patents that are part of the Franchise Systems, and confidential information, proprietary rights, trade secrets, methods, or procedures that are part of the Franchise Systems are collectively referred to in this Disclosure Document as the "Intellectual Property").~~ The products and services we require to be provided at a Qahwah House™ specialty coffee shop (a "Coffee Shop") franchise are referred to as the "Required Products." A Qahwah House™ Coffee Shop franchise may, at your option and if approved by us, also offer additional approved products. These products are referred to as "Optional Products." ~~The Required Products and the Optional Products are together referred to as the "Approved Products."~~ The Qahwah House™ Coffee Shop franchise is sometimes referred to in this Franchise Disclosure Document as a "Coffee Shop."

~~_____ A Qahwah House™ Coffee Shop will operate under the tradenames and trademarks that are described in Item 13 of this Franchise Disclosure Document ("Franchise Marks") and in accordance with our specifications for operating a business ("Franchise Systems"). In the Franchise Agreement, the Franchise Marks, trade dress, any copyrights relating to the Franchise Systems, any inventions or patents that are part of the Franchise Systems, and confidential information, proprietary rights, trade secrets, methods, or procedures that are part of the Franchise Systems are collectively referred to as the "Intellectual Property" and that term is also used in this Franchise Disclosure Document when describing provisions in the Franchise Agreement.~~

_____ You acquire the right to operate a Qahwah House™ Coffee Shop franchise by signing our standard Franchise Agreement that is also countersigned by us (see Exhibit B). Under the Franchise Agreement, you will acquire the right to operate a single Coffee Shop at an approved location (the "Franchise Location"). In the Franchise Agreement, the specific Qahwah House™ Coffee Shop franchise licensed to you is referred to as the "Franchise Business" or "Coffee Shop" and that term is also used in this Franchise Disclosure Document when describing provisions of the Franchise Agreement.

If you ~~are~~ **renewing** your Qahwah House™ Coffee Shop franchise, you will sign our then-current standard Franchise Agreement as well as an Addendum to Franchise Agreement – Renewal ("Renewal Addendum") (see Exhibit C).- The Renewal Addendum modifies some of the provisions of the standard Franchise Agreement to reflect your status as an existing franchisee in a renewal term. If you acquire an existing Qahwah House™ Coffee Shop franchise by transfer from another franchisee, you will sign our then-current standard Franchise Agreement as well as an Addendum to Franchise Agreement – Transfer ("Transfer Addendum") (see Exhibit D-1).- The Transfer Addendum modifies some of the provisions of the standard Franchise Agreement to reflect the fact that you are acquiring an open and operating Qahwah House™ Coffee Shop franchise. ~~In a transfer situation, the selling franchisee will sign a Franchise Termination and Release Agreement Transfer (see Exhibit D-2).~~

Market and Competition

The Qahwah House™ Coffee Shop franchise will primarily serve the public within the vicinity of the Franchise Location. The market for specialty coffee shops offering specialty coffee, coffee drinks, pastries, desserts, and similar products is developed. There is substantial competition in the coffee shop business and a Qahwah House™ Coffee Shop will compete with other specialty coffee shops and other restaurants generally that sell specialty coffee and coffee drinks, including those that are nationally affiliated, regionally affiliated and local, franchised and independently owned.

Regulations

You must comply with all local, state, and federal laws and regulations relating to your Franchise Business and businesses in general. ~~Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws as well as the federal laws including without limitation the Americans with Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Federal Wage and Hour Laws, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Employee Retirement Income Security Act, and the Occupational Safety and Health Act.~~ Laws and regulations specific to the industry in which your Franchised Business will operate include You must become familiar with federal, state and local laws and health regulations regulating restaurants and food handling and labeling generally, including any requirements related to nutritional representations and menu labeling, such as United States Department of Agriculture (USDA) and Food and Drug Administration (FDA) standards; truth in menu and labeling laws; storage, preparation, and sale of food and beverage products; and health, sanitation, and safety regulations relating to food service. ~~These laws and regulations may vary significantly from state to state and even from locality to locality.~~ Some local agencies may require that employees who prepare your food products become certified food handlers. In order to obtain certification, your employees may be required to attend instructional courses, pass required tests and pay a fee. ~~You should check with city, township and county regulatory agencies to determine if certification will be required of your employees.~~ Laws exist in every state and most local units of government (cities, townships, villages, counties, etc.) that govern the food service industry including, without limitation, zoning, health, sanitation, and safety regulations regarding food storage, preparation, and safety. It is your sole responsibility to obtain, and keep in force, all necessary licenses and permits required by public authorities. The Federal Clean Air Act and various other state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including prohibiting the use of tobacco products in public places. It is your sole responsibility to maintain compliance with all applicable federal, state, or local laws, regulations, or ordinances.

In addition, you must ensure compliance with Payment Card Industry (“PCI”) Data Security Standard (“DSS”) Requirements and Security Assessment Procedures and other applicable PCI requirements (“PCI Requirements”). The purpose of the PCI Requirements is to ensure the protection and privacy of customer information and credit card numbers. The PCI Requirements require secured data connections and other steps to protect information. The PCI Requirements are substantial and complex and change regularly, so you must devote material business and management time and effort to your compliance efforts. You could incur significant liability if there is credit card fraud and you have not complied with the PCI Requirements.

There may be other laws and regulations applicable to your business and we urge you to make inquiries about any laws or regulations that may impact your business.

Prior Business Experience

We do not operate and have not operated a business of the type to be operated by our franchisees. Our affiliates have operated a business of the type to be operated by our franchisees since June 2019. We have offered franchises for the type of business to be operated by our franchisees since ~~October~~, February 2024. From 2019 to 2022, our affiliate Qahwah Trading offered and sold license agreements to operate coffee shops similar to that being operated by our affiliates and franchisees. Qahwah Trading no longer offers license agreements and does not intend to offer license agreements in the future. Our affiliates have not offered franchises for the same type of business to be operated by our franchisees. We and our affiliates have not offered franchises in any other line of business.

ITEM 2—BUSINESS EXPERIENCE

Chief Executive Officer: Ibrahim Alhasbani

Mr. Alhasbani has served as our Chief Executive Officer since January 2022. Since founding our affiliate Qahwah Trading in December 2016, to the present, Mr. Alhasbani has been employed as the Chief Executive Officer of our affiliate Qahwah Trading.

Senior Director of Operations: Rafat Mohamed

Mr. Mohamed has as our Senior Director of Operations since October 2024. Prior to this role, Mr. Mohamed was the Senior Finance Manager for Global Technology at Lineage Logistics in Novi, MI, from October 2022 to October 2024. From May 2021 to October 2022, Mr. Mohamed served as Finance Manager for Technology at Lineage Logistics. Mr. Mohamed also held roles at Blue Cross Blue Shield of Michigan, serving as a Senior Project Consultant from February 2021 to May 2021 and as a Senior Product Performance Analyst ~~as off from October~~ September 2019~~6~~ to February 2021.

Chief of Staff: Uzair Bandagi

Mr. Bandagi has served as our Chief of Staff since January 2023. From January 2023 to the present, Mr. Bandagi has been employed as the Chief of Staff for our affiliate Qahwah Trading. ~~Between October 2019~~ Prior and to January 2023, Mr. Bandagi was a full-time student, ~~and volunteer with certain political campaigns.~~

ITEM 3—LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4—BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5—INITIAL FEES

You must pay an initial franchise fee of \$80,000 for your first Qahwah House™ Coffee Shop franchise. The initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is earned at the time of payment and is not refundable under any circumstances. The initial franchise fee is uniform.

In addition, you must purchase certain equipment from our affiliate, Qahwah Enterprises, prior to the opening of your Coffee Shop. We expect the total cost of such equipment to be approximately \$87,000. You must also purchase certain initial inventory from our affiliate, Qahwah Trading, prior to the opening of your Coffee Shop. We expect the total cost of such initial inventory to be approximately \$32,000. ~~The types of equipment and initial inventory that you must purchase from our affiliates is described in Item 8 of this Disclosure Document. These fees are generally not refundable under any circumstances.~~

ITEM 6—OTHER FEES

Type of Fee⁽¹⁾	Amount	Due Date	Remarks
Royalty	8% of Gross Sales ;	Currently, on the tenth (10 th) day of each month by electronic funds transfer (EFT) based on your Gross Sales for the preceding month	“Gross Sales” includes all revenues from the Franchise Business minus sales taxes paid, discounts, and refunds. (2)
Brand Development Fund Contribution	Currently 2% of Gross Sales ;	Same as Royalty	Coffee Shops operated by us or our affiliates will contribute to the Brand Development Fund on the same basis as franchisee Coffee Shops.
Technology Fee	Currently \$300 ;	Same as Royalty	We will use Technology Fees for expenses related to the planning, design, development, maintenance, and/or support of our franchise technology and website. This fee includes your subscription fee to our proprietary mobile application.

			We reserve the right to increase this fee once each term year of the Franchise Agreement by an amount of up to 20% of the preceding year's Technology Fee.
Minimum Local Advertising	1% of Gross Sales or \$1,000, whichever is greater r .	Spent locally each month	This amount may be spent for you alone or through joint or cooperative advertising. ⁽³⁾ You will generally pay this amount to third-party suppliers, but we may require you to pay some or all of this amount to us, which we will spend on your behalf. We reserve the right to increase the flat minimum fee (currently \$1,000) up to 10% each year of the Franchise Agreement.
Grand Opening Advertising	An amount specified by us, up to \$10,000	As incurred, before opening	We will pay this amount to third party supplies or we may, in our discretion, collect up to the full amount of your grand opening advertising.
Inventory Purchases	<u>Actual cost to you of maintaining necessary levels of inventory and supplies to meet local market demands. Amount will vary under circumstances</u>	As incurred	You must purchase certain equipment, inventory, and supplies from our affiliate Designated Suppliers. This fee is payable to the Designated Suppliers.
Repairs and Maintenance	Actual cost to us, which will vary as incurred	As incurred	If you fail to repair and maintain the Franchise Business, we may do so at your expense. ⁽⁴⁾

Renovation and Modernization	Actual cost to us	As incurred	Renovation and modernization fees are payable to us only if you do not perform required renovation and modernization. ⁽⁴⁾
Gift Card and other Programs	Currently not assessed If we establish a program, we may periodically reconcile payments and we may charge an administrative fee	As incurred	<u>If we establish a program, we may periodically reconcile payments and we may charge an administrative fee.</u> You must pay these charges to us or to a third-party gift card vendor that we specify. ⁽⁵⁾
Initial Training for Additional Management Personnel or for Replacement Designated Owner or General Manager	Currently \$1,500 per person, plus your expenses incurred your employees' travel, lodging, and meals.	As incurred	We will charge this fee for every additional person beyond 3 that attends our initial training program, or in the event you replace your General Manager or Designated Owner. We reserve the right to increase the above fee up to \$2,500 per person.
Additional/Ongoing Training	Currently, \$300 per day, per trainee, plus our employees' or representatives' travel, lodging, and meal expenses.	As incurred	These charges must be paid for refresher or additional training that we may require from time to time throughout the term of the Franchise Agreement, held at a location that we specify. We reserve the right to increase the above fee up to \$550, plus our employees' or representatives' travel, lodging, and meal expenses. ⁽⁶⁾

Additional Operations Assistance	Currently \$350 per day, trainer, <u>plus our employees' and representatives' travel, lodging, and meal expenses.</u>	Upon scheduling of Additional Operations Assistance	These charges must be paid if you request and we agree to provide, or we require, that you receive additional operations assistance at your Location. In addition, you must reimburse us for our actual expenses incurred for employees' travel, lodging, and meals to visit your Coffee Shop and provide additional operations assistance. We may increase this fee from time to time based on reasonable inflationary increases.
Late Charge, NSF Fees, and Interest	\$50 late charge for each payment that is late, NSF the greater of the charge that we incur or \$50, interest on late payments of 1.5% per month or the maximum rate allowed by law, whichever is less.	As incurred	These charges must be paid on all overdue amounts, including without limitation amount unpaid due to an understatement revealed by an audit. We will charge you an NSF fee for all non- approved (ACH Debit) or returned payments made by you that do not fund or clear your bank.
Transfer Fee ⁽⁷⁾	\$5,000; 75% of the then-current initial franchise fee; or 50% of the then-current initial franchise fee depending on the nature of the transfer	Upon our approval of a request to transfer your franchise; except that we may require you to a pay a \$5,000 deposit upon your application for our approval of the transfer.	Paid if you transfer your franchise or an interest in your franchise.
Renewal Fee	25% of our then current Franchise Fee	At the time of renewal	You must pay this fee as a condition to renewal if you renew your franchise at the end of the initial term of the franchise.

Quality Assurance Inspections	Currently up to \$450 per quality assurance inspection. This fee may increase up to the then-current fee charged by the then designated third-party firm conducting the inspection.	As incurred, when service is provided	These charges must be paid if we conduct, or we retain a third-party firm to conduct, quality assurance inspections of your Coffee Shop. These fees are currently payable to us. You may be required pay these charges directly to such third-party.
Mystery Shopper Fee	Currently, up to \$150 per mystery shop. This fee may increase up to the then-current fee charged by the then designated third-party firm conducting the inspection.	As incurred, when service is provided	These charges must be paid if we conduct, or we retain a third-party to conduct, mystery shopping at your Coffee Shop. We intend to conduct no more than four (4) mystery shops per year, but reserve the right to conduct more if we deem necessary. These fees are currently payable to us. You may be required pay these charges directly to such third-party.
Indemnification	<u>The amount of any "claims, losses, liabilities and costs" incurred by us in connection with any civil, criminal, or governmental action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry.</u> ⁽⁹⁾ Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise.
Insurance Policies	Our actual costs	As incurred	If you fail to maintain insurance as required under the Franchise Agreement, we may obtain such insurance on your behalf. You must pay us the costs of such insurance, plus our costs and expenses of

			obtaining and maintaining such insurance.
Liquidated Damages for Certain Violations	\$250 for the first violation; \$500 for the second violation; and \$1,000 for the third or more violation or as stated in our Brand Standards Manual	Within 10 days of notice	You agree to pay us liquidated damages as a remedy for your failure to comply with certain contractual obligations and/or operational standards or procedures specified by us.
Liquidated Damages For Loss of Bargain Under Franchise Agreement	<u>As determined according to the formula described in Note 10 below</u> Amount will vary under circumstances⁽¹⁰⁹⁾	On demand	Payable as part of the damages due to us if you breach the Franchise Agreement and the Franchise Agreement is terminated.
Costs and Attorneys fees	<u>The actual costs and expenses incurred by us</u> Amount will vary under circumstances	As incurred	You must reimburse us for costs and attorneys fees if we prevail in a judicial proceeding or if we engage a lawyer because of your failure to comply with the Franchise Agreement.

Notes to Item 6 Table

- (1) Except as otherwise noted, all fees are imposed by and payable to us. All fees paid to us or our affiliate are non-refundable. - We intend to uniformly impose the fees described in the table.

You must make all payments to us by electronic funds transfers (automatic bank transfers). You must install, at your expense, and use pre-authorized payment and computerized point-of-sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. We may specify these requirements to fulfill any business purpose reasonably related to the operation of your Coffee Shop and the Franchise Systems and to allow us to access reports of Gross Sales and other information and to initiate electronic or other transfers of all payments you are required to make to us. We may specify that any or all required payments to us be made daily, weekly, monthly, or another interval, instead as otherwise provided in the Franchise Agreement. We may require you to make required payments at different intervals than other Qahwah House™ franchisees.

- (2) The Franchise Agreement defines Gross Sales as the entire amount of the franchisee's revenues from the ownership or operation of the Franchise Business and any business at or about the Franchise Location or any approved remote locations including the proceeds of any business interruption insurance and any revenues received from the lease or sublease of a portion of the Franchise Location, whether the revenues are evidenced by

proposed supplier, and not use by all QahWah House™ franchisees, the fee is non-refundable.

(9) The phrase “claims, losses, liabilities, and costs” includes: all claims; causes of action; fines; penalties; liabilities; losses; compensatory, exemplary, statutory, or punitive damages or liabilities; costs of investigation; lost profits; court costs and expenses; reasonable attorneys’ and experts’ fees and disbursements; settlement amounts; judgments; compensation for damage to our reputation and goodwill; costs of or resulting from delays; travel, food, lodging, and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts, arbitration, or other tribunals, or government or quasi-governmental entities (including those incurred by Indemnitees’ attorneys and/or experts); all expenses of recall, refunds, compensation, and public notices; and other amounts incurred in connection with the matters described.

(109) In addition to any other remedies available to us, if the Franchise Agreement is terminated before its expiration (other than termination by you for cause), we will be entitled to recover from you damages attributable to the loss of bargain resulting from that termination. Our damages for loss of bargain will be the Royalty fees and Brand Development Fund contributions that would have been payable to us for the balance of the term of the Franchise Agreement, but not more than 24 months. The aggregate amount of Royalty fees and Brand Development Fund contributions that would have been payable will be the greater of 1) One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) or 2) the product of multiplying the average monthly Royalty fees and Brand Development Fund contributions of the Franchise Business for the 12 month period (or lesser period if you were not in operation for a full 12 months) immediately preceding the date of termination or the date that you ceased to operate if earlier than the date of termination by 24.

ITEM 7—ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee ⁽¹⁾	\$80,000	Lump sum	On signing the Franchise Agreement	Us
Professional Services ⁽²⁾	\$12,000 to \$18,000	As agreed	As incurred	Professionals
Leasehold Improvements ⁽³⁾	\$240,000 to \$400,000	As agreed	Before opening as incurred	Contractors, and Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$200,000 to \$250,000	As agreed	Before opening as incurred	Our <u>Designated Supplier</u> affiliate(s) and Suppliers
Computer Systems and Point-of-Sale (“POS”) System ⁽⁵⁾	\$3,400 to \$4,000	As agreed <u>incurred</u>	Before opening as incurred	<u>Designated Suppliers and Suppliers</u>

Permits, Business Licenses ⁽⁶⁾	\$1,000 to \$2,000	As incurred	Before opening as incurred	Third Parties and Governmental Organizations
Signage (Indoor/Outdoor) ⁽⁷⁾	\$9,000 to \$11,000	As agreed	Before opening as incurred	Suppliers
Miscellaneous Travel and Living Expenses while Training ⁽⁸⁾	\$12,000 to \$13,000	As agreed	Before opening as incurred	Third Parties
Initial Inventory	\$35,000 to \$45,000	As agreed	Before opening as incurred	Our <u>Designated Supplier</u> affiliate(s) and Suppliers
Smallwares and Initial Operating Supplies	\$15,000 to \$25,000	As agreed	Before opening	<u>Designated Suppliers and Suppliers</u>
Grand Opening Advertising ⁽⁹⁾	\$5,000 to \$10,000	As agreed	As incurred	Advertising Providers, or Us
Initial Lease Payments (three months) ⁽¹⁰⁾	\$12,000 to \$78,000	As agreed	As specified in lease	Landlord, Suppliers
Insurance ⁽¹¹⁾	\$1,800 to \$2,200	As Agreed	Before opening as incurred	Insurance Companies
Miscellaneous Pre-Opening Expenses ⁽¹²⁾	\$15,000 to \$19,000	As agreed	Before opening as incurred	Third Parties
Pre-Opening Labor and Employee Payroll ⁽¹³⁾	\$15,000 to \$20,000	As agreed	Before opening as incurred	Your employees
Additional Funds (three months) ⁽¹⁴⁾	\$20,000 to \$30,000	As agreed	As incurred	Us, our affiliates, Suppliers and Employees
TOTAL ESTIMATED INITIAL INVESTMENT	\$67656,200 to \$1,007,200			

Notes to Item 7 Table

- (1) See Item 5 for an explanation of the amount and refundability of the initial franchise fee. The initial franchise fee is not refundable under any circumstances.
- (2) This estimate includes payments for architectural and design services, legal fees for creating your entity and negotiating your lease, mechanical and design services, site research company, and accounting and tax services. Whether these amounts are refundable depends upon your agreements with the professional.

The above table describes our estimate of your initial investment to develop one Qahwah House™ Coffee Shop franchise. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise. The estimate does not include an owner's salary or draw. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise.

Your actual investment may vary depending on local conditions peculiar to your geographic area or market. For example, real estate demand, availability and occupancy rates. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the property developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; whether you are converting existing premises and whether in the same business; costs of demolishing existing leasehold improvements; construction costs; other variable expenses and whether you currently hold a lease for an acceptable location.

We relied on our affiliates' and owners' experience in developing and operating similar businesses to compile these estimates. ~~You should, of course, review these figures carefully with a business advisor before making any decision to purchase the franchise.~~

Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreements with those parties.

We do not offer any financing for any part of your initial investment. You may, however, finance a portion of your initial investment with a third party. The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have, and the lending policies of financial or leasing institutions.

ITEM 8—RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

In order to maintain uniqueness, consistency, uniformity, quality and identity of Qahwah House™ Coffee Shops and the products and services sold by Qahwah House™ Coffee Shops and the group purchasing power of Qahwah House™ Coffee Shops, you must purchase all products and services used in the development and operation of your Franchise Business in accordance with our specifications and, when applicable, only from manufacturers, suppliers, or distributors designated or approved by us, as described in more detail below.

Obligations to Use Designated Products and Services

We will specify any applicable products and services used in the development and operation of your Franchise Business as "Designated Products or Services." Designated Products and Services must be purchased in accordance with our specifications (which may include brand names) and only from us or a manufacturer, supplier, distributor, or professional or other service provider specifically designated by us (which may be our affiliate, now or not yet in existence) (a "Designated Supplier"). We are not required to approve other suppliers for Designated Products and Services and we do not issue criteria to our franchisees for Designated Products or Services.

Your lease must be ~~approved~~ accepted by us. ~~However, we will not evaluate or be responsible for the commercial reasonableness or suitability of your lease. That is your sole responsibility and~~ We recommend that you engage independent counsel to assist you in the evaluation and negotiation of your lease. Also, unless we otherwise agree, you and your landlord must sign a Lease Addendum acknowledging certain rights we have under the Franchise Agreement that relate to your lease and you must sign a Collateral Assignment of Lease that assigns the lease to us at our option on the occurrence of certain events. A copy of our standard Lease Addendum is attached to the Franchise Agreement as Appendix G and a copy of our standard Collateral Assignment of Lease is attached to the Franchise Agreement as Appendix H.

In addition, your Franchise Location must be constructed or improved in accordance with any specifications we have issued for build-out, décor, signage, equipment layout, front of the house and back of the house space layout, etc. We must approve all drawings, plans and specifications relating to the design, construction and/or improvement of the Franchise Location. We must approve construction and architectural plans prior to construction. We will have the right to inspect and approve the construction before you open your Coffee Shop to make sure the approved plans and any specifications issued by us have been followed. If, in our opinion, the approved plans and any applicable specifications have not been followed, you must resolve any issues to our satisfaction before opening your Coffee Shop. Although we have the right to review and comment on and must approve all drawings, plans and specifications relating to the design, construction, and/or improvement of your Franchise Location, we are only acting to ensure compliance with the approved plans and any applicable specifications issued by us. We will not evaluate or be responsible for compliance with governmental requirements, legal requirements or adequacy of design and engineering relating to the design and construction and/or improvement of your Franchise Location and you are solely responsible for those matters.

You must acquire, maintain and update the equipment (including POS and computer systems), furniture, fixtures, signs, and other property that we specify for establishing and operating your Franchise Business. Also, all of these items must meet any standards and specifications issued by us.

You must purchase insurance coverage for your business in accordance with our standards and specifications. We currently specify the following insurance coverages:

- General Commercial Liability Insurance with the following limits: general aggregate--\$2,000,000; products/completed operations aggregate--\$2,000,000; personal and advertising injury--\$1,000,000; each occurrence--\$1,000,000; fire damage (any one fire)--\$100,000; and medical expense (any one person)--\$10,000.
- Commercial Property Insurance
- Coverage Enhancements, including expanded glass coverage; fire extinguisher recharge coverage; fire department service charge coverage; code update coverage; off-premises interruption of service; re-keying lock cylinders; consequential loss to merchandise; extended loss adjustment; pollutant clean up and removal--\$10,000.
- Non-owned and hired automobile liability insurance with minimum limits of \$1,000,000 per occurrence or the highest attainable limit available in the state in which the Franchise Business is located, if less than \$1,000,000.

- Business interruption sufficient to cover at least six (6) months of interrupted operations, including without limitation your obligations to us under the Franchise Agreement and to your suppliers.
- Business Owner's Umbrella Policy with limits of \$1,000,000 each occurrence and annual aggregate.
- Cyber Security Liability insurance with minimum limits of liability of \$1,000,000.
- Employer Practices Liability insurance with limits of liability as provided in our Brand Standards Manual.
- Worker's Compensation and/or Employer's Liability Insurance as required by law.

We may revise these insurance specifications in the future. You must purchase the specified insurance coverage from a supplier designated or approved by us and which meets our standards and specifications, including without limitation carrying an AM Best's Rating of not less than A-IX. Evidence of this insurance must be initially provided at least 14 days before you begin operating your Franchise Business. Certificates of renewal must be provided no later than 14 days before the expiration date of each policy. If you do not provide us with evidence of these insurance policies at any due date, we may purchase that insurance at your expense. You must immediately pay for any insurance obtained by us. Each required policy of insurance must name us as an additional insured and must provide that we will be given 30 days' notice before cancellation, modification or amendment of the policy. Your lease may require higher limits or additional coverages.

We formulate and modify our specifications based on our experience in the business. Factors that we consider include reliability and practicality of equipment for the intended use, and quality and uniformity of products and services. Except as described above with respect to the approval of products or suppliers, we are not required to issue our specifications to our franchisees. We may issue our specifications, changes to our specifications and lists of approved products and suppliers to you through an on-line web-based communication portal or in emails, memos, bulletins, and/or in our Brand Standards Manual.

Right to Refuse to Sell Products

~~Other than the sale of certain advertising and promotional items, inventory, and equipment by our affiliates Qahwah Enterprises and Qahwah Trading, we currently do not sell or lease any products or services to our franchisees but reserve the right to do so in the future. If we sell or lease any products or services to you and you commit any of the defaults listed below, we have the right to refuse to sell products to you and to cause Designated or Approved Suppliers to refuse to sell products to you and/or to withhold our support services from you. The defaults giving rise to this remedy include: (1) you fail to make a payment to us or our affiliates for more than 30 days after the due date of the payment; (2) you owe us or any Designated or Approved Supplier \$5,000 or more in past due payments; or (3) you commit any other default under the Franchise Agreement and fail to cure the default within the applicable cure period. In addition, if you fail to satisfy all the conditions of renewal but continue to operate your Franchise Business after the end of the term of the Franchise Agreement, we have the right to refuse to sell products to you and to cause Designated or Approved Suppliers to refuse to sell products to you and/or to withhold our support services from you.~~

ITEM 10—FINANCING

We do not offer direct or indirect financing for your franchise. We do not guaranty any of your notes, leases or other obligations.

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

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

Before Opening

Before you open your business, we will:

1. ~~Approve~~ ~~Accept~~ the area in which you will select the site for your franchise. We will also review your proposed location for our ~~approval~~ ~~acceptance~~ (Section 6.1 of Franchise Agreement).

We do not select the site for your franchise. You will generally lease your Franchise Location from an unrelated third party. You are responsible for the selection of the site of your franchise, subject to our ~~approval~~ ~~acceptance~~. The factors that we consider when we recommend or ~~approve~~ ~~accept~~ a site include, without limitation, the surrounding population density, income levels, vehicle traffic counts, pedestrian traffic counts, visibility, ingress and egress, space dimensions, parking availability, signage restrictions, use restrictions, economic terms, the proximity to competitor specialty coffee shops, and the proximity to other Qahwah House™ locations (see Item 12). We will provide you with guidelines to assist in your site selection process and designate a lead real estate broker familiar with the Qahwah House™ Franchise System to work with a local real estate broker in your local geographic market. It is your sole responsibility to find a suitable location for your Coffee Shop and to evaluate the commercial value of the location for operation of your franchise. ~~Our location assistance, recommendations and/or our acceptance of your location do not constitute a representation or guaranty of the commercial value, profitability or success of your location or your business.~~

You must submit to us a site selection package that we specify or approve, which must include pictures of the site, site plan, traffic counts, evidence confirming your prospects for obtaining the site, demographic information, economic terms, use clause, and any other materials and information we specify before we consider ~~approving~~ ~~accepting~~ the location. We will make our determination of whether to ~~approve~~ ~~accept~~ the proposed location within 14 days after receiving all required materials and information from you. If we cannot agree on a site and you do not obtain a site for the Coffee Shop within two (2) months of the date of the Franchise Agreement, we may terminate the Franchise Agreement and your initial franchise fee is non-refundable.

2. Provide written specifications for the Franchise Location. (Section 5.1 of Franchise Agreement).

3. Review the lease for your Franchise Location. Although we have the right to review and comment on your lease for the Franchise Location, we will not evaluate or be responsible for the commercial reasonableness or suitability of the lease. You must evaluate and be solely

requested by you (Sections 5.7 and 10.3 of Franchise Agreement). The result of the visit could result in required changes to the operation of your Coffee Shop.

6. Provide guidance on the pricing of your products and services (Section 8.7 of Franchise Agreement). You must follow any maximum or minimum pricing guidelines specified by us, subject to applicable laws (Section 8.7 of Franchise Agreement).

7. Administer and control the Brand Development Fund for the benefit of ~~the~~the tradenames and trademarks that are described in Item 13 of this Franchise Disclosure Document ("Franchise Marks") and our specifications for operating a Coffee Shop ("Franchise Systems") ~~Franchise Marks and Franchise Systems~~ and review for approval any local advertising proposed by you (Sections 4.3 and 5.8, and Article 9 of Franchise Agreement).

8. Make all modifications to or substitutions of our Intellectual Property on a uniform basis for all similar situated franchisees in a particular market (Section 11.6 of Franchise Agreement).

9. If your initial location becomes unusable, review for ~~approval acceptance~~ any alternative location proposed by you (Section 6.1 of Franchise Agreement).

10. Review proposed transferees of your Coffee Shop for approval (Article 14 of Franchise Agreement).

Advertising

We require that you make periodic contributions to a Brand Development Fund in the amount of 2% of your Gross Sales, whichever is greater. We are not obligated to continue the Brand Development Fund and may change the amount or suspend contributions to or operations of the Brand Development Fund or terminate the Brand Development Fund (or reinstate the Brand Development Fund if it is terminated). All Qahwah House™ Coffee Shop franchises will contribute to the Brand Development Fund at the same rate. Qahwah House™ Coffee Shops owned and operated by our affiliates will contribute to the Brand Development Fund at the same rate as franchise Coffee Shops.

We will administer and control the Brand Development Fund in our discretion. We may use the Brand Development Fund to maximize general public recognition and patronage of the Franchise Marks and Qahwah House™ Coffee Shops; formulate, develop, and produce marketing, advertising and sales support materials for use by our franchisees; conduct marketing, advertising, and promotional programs on a national, regional, or local level; provide marketing support services to franchisees; develop, maintain, and support the Franchise Technology and Digital Marketing (as defined in the Franchise Agreement) for us and our franchisees; obtain public relations services; obtain marketing and advertising services to administer, create, distribute, place, publish, or otherwise provide marketing products and services to the Brand Development Fund; pay the expenses of the Brand Development Fund, including without limitation salaries and other employment expenses of our marketing staff, administrative costs, overhead, and other expenses we incur in connection with the administration of the Brand Development Fund; and other uses as we determine at our discretion. We are not required to spend your Brand Development Fund contributions to place advertising in your market or in any specific media. All expenses of the Brand Development Fund will be paid from the Brand Development Fund. The Brand Development Fund may borrow money and pay interest or establish credit from us or other entities. Payments of principal and interest on those loans may

be deducted from the Brand Development Fund. The Brand Development Fund will not be used for marketing that is principally a solicitation for the sale of franchises but the Brand Development Fund may be used for ancillary or incidental uses for the solicitation or sale of franchises by us or other franchisees, including an area on our website or on print advertisements created or distributed by the Brand Development Fund or an advertising cooperative. We will submit to you, on request, an annual report of the receipts and disbursements of the Brand Development Fund, unaudited, prepared by our management, and provided in the manner we specify. ~~Neither we nor an agency engaged by us will be liable for consequential or incidental damages resulting from administration of the Brand Development Fund or resulting from any marketing or advertising materials produced or placed by or on behalf of us or you, including any claims for loss of business.~~

We may, in our discretion, administer the Brand Development Fund for some or all markets by disbursing a portion of the Brand Development Fund to one or more individual franchisees or cooperative groups of franchisees for marketing or advertising expenditures in their markets. You must spend any of those disbursements to you on local or regional advertising and media as we determine. You must document these advertising expenditures at the times and in the manner specified by us.

We will use reasonable efforts to spend Brand Development Fund fees contributed to the Brand Development Fund during the fiscal year in which the contributions are made, taking into account reasonable reserves for advertising promotions and campaigns, repayment of debt, and other reasonable business needs in the next fiscal year. If we spend less than the total amount of funds available in the Brand Development Fund during any fiscal year, we will spend the unused funds during a future fiscal year. If we spend an amount greater than the amount available to the Brand Development Fund, and we have contributed the additional amounts to the Brand Development Fund, we will be entitled to be reimbursed by the Brand Development Fund for all those excess expenditures.

We have the right to incorporate the Brand Development Fund or manage the Brand Development Fund through a separate entity whenever we deem appropriate. We may assign some or all of our rights and duties related to the Brand Development Fund to the separate Brand Development Fund entity. We may change the separate Brand Development Fund entity or assign management of the Brand Development Fund back to us at any time in our discretion. Regardless of the entity, you consent to the automatic withdrawal of Brand Development Fund fees by electronic funds transfer on a weekly basis in the same manner as Royalty.

We did not collect Brand Development Fund payments from franchisees during 2023. As a result, we do not have any data on the portions of the advertising fees used for media placement, production of advertising, administrative costs, or other costs during 2023 or the portion of Brand Development Fund payments that were used for advertising that is principally a solicitation for the sale of franchises.

We currently require you to spend a minimum of 1% of your Gross Sales or \$1,000, whichever is greater, each month for advertising in your local market. You must provide us with documentation, at the times and in the form and manner specified by us, to prove that you spent the required amount on local advertising or, in our discretion, we may require you to pay the minimum local advertising amounts to us for advertising in your local market. If we require you to pay the minimum local advertising amounts to us, we may use these amounts, in our discretion, for local advertising and promotion for you (including but not limited to Digital Advertising, flyers, promotions, mailers, etc.) or as part of joint advertising or cooperative advertising. Your minimum

franchisees, and customers. You must acquire and use the Franchise Technology specified by us in the Coffee Shop and in the manner specified by us. Your access to and use of the Franchise Technology provided by us or our affiliates is subject to your compliance with the terms and conditions of use and other policies and procedures specified by us. ~~You agree to comply with those terms, conditions, policies, and procedures.~~ You must pay all required license fees, service fees, and support, maintenance, update, and upgrade costs to use and maintain the Franchise Technology in the manner specified by us or a third-party supplier. We may change or modify the Franchise Technology in the future, including changes in the specifications and components relating to the Franchise Technology. In that case, you must obtain and begin to use the changed or modified Franchise Technology within 30 days after you receive written notice from us. There are no contractual limitations on the frequency or cost of these obligations. ~~The Franchise Technology and its content are provided "AS-IS."~~ We disclaim all warranties with respect to the Franchise Technology.

The Franchise Technology that we currently specify for establishing a Qahwah House™ Coffee Shop includes a computerized Point of Sale System ("POS"), generally two main stations that will each include a register and computer screens with 3 to 4 printers, and a separate computer and monitor. The specified computer equipment and software will be used in your business to record sales transactions, including providing a break-down of credit card, check and cash sales, discounts, products sold, labor dollars spent, etc., be the time clock of the business (time/attendance), be the method of delivering the order to the production line, be used for receipts of transactions, be used for receiving and displaying online and delivery orders, be used to manage gift card and loyalty programs, be used to provide sales data to our home office, and be used for other back-of-house needs. We estimate that the initial cost for purchasing and installing the POS and computer systems for a Qahwah House™ Coffee Shop will range from \$3,400 to \$4,000, depending on the number of terminals, online ordering, location, and discounts. This estimate includes the first three monthly payments for the designated POS software. The POS Systems must be acquired from a Designated Supplier, some of which are proprietary to us or our affiliates. We do not have an obligation to maintain, update, upgrade, or support the hardware or software; however you must enter into a maintenance agreement with a Designated Supplier. The annual costs of required or optional maintenance to the POS Systems are included in the Technology Fee payable to us. We may require you to upgrade and/or update the Franchise Technology during the term of your Franchise Agreement as we deem necessary in our discretion, and there are no contractual limitations on the frequency or costs of this obligation.

We will have the right to independently access the sales and other data generated or stored by the Franchise Technology, including your POS systems. There are no contractual limitations on our right to access the information and data. You must provide us access to the information contained in or produced by the Franchise Technology in the manner specified by us and must supply us with any security codes necessary to obtain that access. We may retrieve, analyze, download and use the software and all data contained in or produced by the Franchise Technology at any time as long as the access does not unreasonably interfere with the operation of your Coffee Shop.

You must maintain high-speed Internet access at all times in the manner specified by us for communication with us, use of the Franchise Technology, and to allow us to access information from the Franchise Technology. Our rights to use the Franchise Technology data includes the right to deliver the data to any third party we deem appropriate in our sole discretion; provided that the identity and other personal information of your employees, agents, and customers are not improperly disclosed.

~~We currently implement a Technology Fee. When implemented by us, you must pay us a periodic technology fee~~ (see Item 6). We may use the ~~T~~technology ~~F~~ees for expenses relating to planning, design, development, maintenance, and/or support of the Franchise Technology. Although you ~~may~~ pay ~~T~~technology ~~F~~ees to us, you will still be responsible for any license fees and the expense of maintenance and updates, including service contracts, relating to POS Systems and computer system software and other technology used in your Coffee Shops.

You are responsible for securing the data of your customers. You must comply with industry standards and all applicable laws relating to the protection of customer information and other personal information. You must comply with the PCI Requirements in connection with your Coffee Shop. It is recommended that you also comply with the ISO/IEC 27000-series information security standards (or other comparable third party information security standards) ("Information Security Standards") in connection with the Coffee Shop. It is your responsibility to research and understand the PCI Requirements and Information Security Standards, other industry standards, and applicable laws and to ensure that your business policies and practices comply with these requirements. You must periodically participate in audits of your information technology systems and data security policies by third party auditors as specified by us. We have the right to engage a vendor to consult with and advise Qahwah House™ Coffee Shops franchisees on compliance with the PCI Requirements and Information Security Standards and to require you to pay a portion of the cost of the vendor's services as determined under our policies or to directly engage the vendor for these purposes. Also, we will have the right to acquire a cyber insurance policy for the Qahwah House™ franchise system and to require you to pay a portion of the cost of the cyber insurance policy as determined under our policies and procedures.

Brand Standards Manual

Our Brand Standards Manual provides detail concerning the methods of operation of the Coffee Shop. As of the date of this Franchise Disclosure Document, the Brand Standards Manual consists of a total of approximately 247 pages. The Table of Contents of the Brand Standards Manual is attached as Exhibit E, which shows the number of pages dedicated to each subject matter. You will be given a paper copy, an electronic copy, or access on-line to an electronic copy of the Brand Standards Manual after signing the Franchise Agreement. You will be provided updates as they become available (Sections 5.3 and 8.2 of the Franchise Agreement).

Training

You must not begin to operate the Coffee Shop unless a Designated Owner, and the General Manager, if the Designated Owner is not the General Manager (see Item 15) has attended and completed our initial training program. The training program must be completed to our satisfaction no less than 30 days prior to the opening of your Franchise Business.

The instructional materials used in our training program include training manuals and the Brand Standards Manual. Hadi El-Mawla will oversee our entire training program. Mr. El-Mawla has approximately 6 years of experience in the specialty coffee shop industry, all of which has been with the Qahwah House™ system.

The length of our training program will be approximately two (2) weeks depending on your experience in the food service and coffee shop industry. The training program will be conducted without charge for up to three persons (at least 1 Designated Owner and 1 General Manager). We will train additional management personnel if you request, but you must pay us a charge of \$1,500 for each additional management personnel. The training program will be conducted at a

You shall not relocate your franchise without our approval. If your lease or sublease for the Franchise Location expires or terminates without your fault or if the Franchise Location is condemned, destroyed, or rendered unusable or you have other reasonable business reasons to relocate, you may request that we consent to the relocation of the Franchise Location. If the new location proposed by you is ~~approved~~ by us as a viable location and you have submitted a lease to us for review as provided in Section 6.2 of the Franchise Agreement, we will not unreasonably withhold consent to the relocation of the Franchise Location. The factors we consider for approving a new location are the same factors we consider for your initial location, which include, without limitation, the surrounding population density, income levels, vehicle traffic counts, pedestrian traffic counts, visibility, ingress and egress, space dimensions, parking availability, signage restrictions, use restrictions, economic terms, the proximity to competitor specialty coffee shops, and the proximity to other Qahwah House™ locations. We will not be required to consent to a new location if the location is outside of your Protected Area or if we believe the new location will encroach on the location of another Coffee Shop. If the Franchise Location becomes unusable for the Coffee Shop through no fault of yours (not including expiration of the Lease term) and a substitute location is not available within a reasonable period of time, the Franchise Agreement will terminate on conclusion of operation of the Coffee Shop at the Franchise Location.

No Exclusive Territory

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

Rights in Protected Area

As long as your Franchise Agreement is in effect and you are not in default, we will not open or authorize any other person to open a Qahwah House™ Coffee Shop at a location within the area that is within your “Protected Area.” Your Protected Area will be a geographic area surrounding your Coffee Shop represented by zip code or portion of a zip code, which will generally include a population of approximately 50,000 people. If the Franchise Location is in a densely populated area, the geographic area contained in your Protected Area may be smaller than a single zip code in a less densely populated area, or you may receive no Protected Area. The specific Protected Area granted to you will be determined by us, in our sole discretion, and will be described in Item 2 of Appendix A to the Franchise Agreement, which will generally be completed only after you have identified, and we have ~~approved~~, a location for your Coffee Shop. Your limited rights in your Protected Area relate to location only and do not grant you any exclusivity of marketing or customers.

As exceptions to your limited rights in your Protected Area, we and our affiliates may operate or authorize other persons to operate businesses under the Franchise Marks and Franchise Systems and/or to offer and sell products and services offered at Coffee Shops at the following types of locations in the Protected Area: corporate cafeterias; institutional accounts (including grocery stores and warehouse clubs); offsite events (e.g. art fairs, fundraisers, etc.); stadiums; and locations with relatively fixed populations (e.g. airports, military bases, college campuses, hospitals and other medical facilities, indoor regional malls, certain large office buildings where a substantial portion of the inhabitants do not leave the building for breakfast/lunch and few people from outside the building come in for lunch); and similar locations. We may also license or authorize a ghost or virtual kitchen within your Protected Area.

Franchisee Options; Additional Franchises

You will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories. We may allow you to acquire additional franchises if you meet our qualifications in place at that time for acquiring a franchise and ownership of multiple locations. These qualifications may include standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, availability of management personnel, etc.

ITEM 13—TRADEMARKS

Principal Trademarks

You receive the right to operate your Coffee Shop under the name Qahwah House™, which is the primary Franchise Mark used to identify our Franchise System. You may also use any other current or future Franchise Marks to operate your Coffee Shop that we designate, including the logo on the front of this Disclosure Document and the service mark listed below. By “Franchise Marks,” we mean any trade name, trademark, service mark, or logo licensed to you to identify your Franchise Business.

The following is a description of the principal Franchise Marks we will license to you. The following table discloses the Franchise Marks that are either registered or pending on the U.S. Patent and Trademark Office (“USPTO”) Principal Register and the Franchise Marks for which we have filed applications for registration on the Principal Register. Our Licensor intends to file all required affidavits and renewals as the same become due.

Mark	Registration Number	Application Number	Principal or Supplemental Register of the USPTO	Registration Date	Application Date
 (Design plus words, letters, and/or numbers)	6,219,218		Principal	December 15, 2020	

<p style="text-align: center;">QAHWAH HOUSE PREMIUM ORGANIC COFFEE (Standard Character Mark)</p>		<p style="text-align: center;">98,046,777</p>	<p style="text-align: center;">Principal</p>		<p style="text-align: center;">June 16, 2023</p>
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Our Managing Member, Mr. Alhasbani (“Licensor”) owns the trademarks listed in this Item. Pursuant to an Intellectual Property License Agreement, effective October 31, 2024 (the “License Agreement”), Licensor has licensed us the right to use the Trademarks listed in this Item and to sublicense the use of the trademarks listed in this Item. The term of the License Agreement is perpetual unless terminated in accordance with its terms, including if we no longer desire to use the trademarks, we fail to perform our obligations under the License Agreement, or by mutual agreement. If the License Agreement is terminated, your franchise agreement will not be affected and you will continue to be able to operate your franchised Coffee Shop under the terms of your franchise agreement. The License Agreement may only be modified in a writing signed by us and Licensor. If you fail to comply with the quality control standards set by Licensor with regard to the use of the trademarks, Licensor may terminate your Franchise Agreement.

~~We do not have a federal registration for the last principal trademark listed in the above table or the standard characters for our principal trademark “Qahwah House™.” Therefore, those trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

You retain no rights in the Franchise Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Franchise Marks unless we direct in writing. We may change the System presently identified by the Franchise Marks including the adoption of new Franchise Marks, new Approved Products, new equipment, or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, within a reasonable time, if we notify you to discontinue or modify your use of any Franchise Mark. We will have no liability or obligation as to your modification or discontinuance of any Franchise Mark.

Material Determination of the USPTO

On December 15, 2017, our Managing Member, Mr. Alhasbani filed a trademark application to register the words “Qahwah House” (Serial No. 87,722,968) in connection with coffee beans and coffee shops. While Mr. Alhasbani disputed the USPTO’s position, that application ultimately did not register because it was refused on the basis that “Qahwah House” was descriptive of the goods and services listed in the application and that the mark was likely to cause confusion with a trademark registration that existed at that time for “Kahwa Coffee Roasting.”

On December 15, 2017, Mr. Alhasbani also filed a trademark application to register the words “Qahwah House” (Registration No. 6,219,218) in the stylized form incorporating the crescent shapes as shown on the cover page of this disclosure document. This application was also initially refused on the basis that it was likely to cause confusion with the same trademark registration for

The URL address for the QAHWAH HOUSE FRANCHISOR, LLC Website is <http://www.varajuice.com>. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

HAWAII

1. The following is in addition to the disclosure in Item 8 of the Franchise Disclosure Document:

The requirement for you to purchase products from us or some other entity as we designate in writing, may be unlawful under Hawaii Law. If, and to the extent, that requirement is found to be unlawful, that requirement will be void (to the extent unlawful) and you must purchase those products from approved suppliers.

2. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

Any release signed by you as a condition of renewal or transfer will not exclude claims you may have under the Hawaii Investment Law.

ILLINOIS

~~1. The following Special Risks About This Franchise are in addition to those Special Risks listed on Page 5 of the Franchise Disclosure Document:~~

~~**Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), call into question the franchisor's financial ability to provide services and support to you.~~

~~**Short Operating History.** The franchisor is at an early state of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.~~

~~12.~~ The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

The Franchise Agreement, as amended for the State of Illinois, provides that:

~~(a) Section 20 of the Illinois Franchise Disclosure Act of 1987 (the "Act") will control over any inconsistent provisions in the Agreement relating to renewal of the Agreement.~~

~~(b) Section 19 of the Act will control over any inconsistent provisions in the Agreement relating to termination of the Agreement.~~

(ae) Illinois law governs the Agreement~~franchise agreements~~.

~~(bd)~~ In conformance with Section 4 of the Illinois Franchise Disclosure Act, aAny provision of the Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is voidspecifying a state other than Illinois as the forum for litigation is void with respect to any cause of action that is otherwise enforceable in the State of Illinois. However, the Agreement may provide for arbitration to take place outside of Illinois.

(c) Your rights upon Termination and Non-Renewal of the Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~(de)~~ 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.

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

4. ~~Deferral of Initial Franchise Fee.~~ Franchisee's payment of initial franchise fees will be deferred until Franchisor has met all of its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.

INDIANA

1. **REGISTRATION OF THIS FRANCHISE IN THE STATE OF INDIANA DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER.**

2. The following is in addition to the disclosure in Item 8 of the Franchise Disclosure Document:

The requirement for you to purchase products from us or some other entity as we designate in writing, may be unlawful under Indiana Law. Under the Franchise Agreement amended for use in Indiana, if, and to the extent, that requirement is found to be unlawful, that requirement will be void (to the extent unlawful) and you must purchase those products from approved suppliers.

3. The following is in addition to the disclosure in Item 12 of the Franchise Disclosure Document:

(a) Under the Franchise Agreement amended for use in Indiana, we are prohibited from establishing a Franchisor owned outlet engaged in a substantially identical business to that of the Franchise Business within your Protected Area, whether or not the business is operated under the Franchise Marks.

4. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

(a) Under the Franchise Agreement amended for use in Indiana, the post-termination non-competition covenant only applies to your Protected Area and does not include the areas within a radius of any other Qahwah House™ Coffee Shop location.

(b) The Franchise Agreement amended for use in the State of Indiana specifies that the Agreement and the construction of the Agreement will be governed by the laws of the State of Michigan except that the Indiana Franchise Law (Indiana Code 23-2-2.5 and 23-2-2.7) will control where applicable.

MARYLAND

1. The following language is deleted from Item 7 of the Franchise Disclosure Document:

“Your costs during this initial phase will depend on factors including: how much you follow our procedures; your management skill, experience, and business abilities; local economic conditions; the local market for the franchise’s product; competition; and the sales level reached during this initial phase.”

~~1.~~

2. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

ANY RELEASE CONTAINED IN THE FRANCHISE AGREEMENT OR ANY OTHER AGREEMENT REQUIRED AS A CONDITION OF THE SALE, RENEWAL OR TRANSFER OF THE FRANCHISE WILL NOT APPLY TO ANY LIABILITY UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

THE FRANCHISE AGREEMENT SPECIFIES THE APPLICATION OF MICHIGAN LAWS AND MICHIGAN VENUE FOR LITIGATION, HOWEVER, YOU MAY BRING AN ACTION UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW IN ANY COURT OF COMPETENT JURISDICTION IN MARYLAND.

ANY CLAIM ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW MUST BE BROUGHT WITHIN THREE YEARS AFTER THE GRANT OF THE FRANCHISE.

3. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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

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

MINNESOTA

1. The following is in addition to the disclosures in Items 13 and 17 of the Franchise Disclosure Document:

(a) MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce: (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C; or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases):

(i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and

(ii) that consent to the transfer of the franchise will not be unreasonably withheld.

(c) MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, other than with respect to the voluntary settlement of disputes between us.

(d) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

(e) The Limitations of Claims section of the Franchise Agreement must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

(f) Service charges on NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

(g) 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 with the franchise.

(h) Franchisee's payment of the initial franchise fees shall be deferred until franchisee's franchise business opens.

NEW YORK

(a) 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.

(b) Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

2. Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$\$676,200 to \$1,007,200. This amount exceeds the franchisor's stockholder's equity as of October 24, 2024, which is \$97,600."

32. No statement, questionnaire, or acknowledgement 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.

WASHINGTON

1. The following is in addition to the disclosure in Item 17 of the Franchise Disclosure Document:

(a) The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.

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

(c) A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

(d) Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

WISCONSIN

**ADDENDUM TO THE QAHWAH HOUSE FRANCHISOR, LLC
FRANCHISE AGREEMENT FOR USE IN THE STATE OF ILLINOIS**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by QAHWAH HOUSE FRANCHISOR, LLC, a Michigan limited liability company (“Franchisor”) and _____ (“Franchisee”).

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. State. §§ 705/1 to 705/44 (the “Act”), the parties agree as follows:

1. Renewal. Section 3.2 of the Franchise Agreement is amended by adding the following paragraph:

Section 20 of the Act will control over any inconsistent provisions in this Agreement relating to renewal of the Agreement.

2. Termination. Article 15 of the Franchise Agreement is amended by the addition of the following Section 15.9:

15.9. Section 19 of the Act will control over any inconsistent provisions in this Agreement relating to termination of the Agreement.

3. Applicable Law. Section 18.3 of the Franchise Agreement is amended by adding the following:

Illinois law governs this ~~is a franchise~~ agreement.

4. Venue. Section 18.4 of the Franchise Agreement is amended by adding the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in this Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, this Agreement may provide for arbitration to take place outside of Illinois. ~~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.~~

5. Illinois Franchise Disclosure Act. The Franchise Agreement is amended by the addition of the following paragraph as Section 20.17:

20.17 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 Illinois Franchise Disclosure Act or any other law of Illinois is void. ~~any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.~~

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

on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under 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.~~

7. Deferral of Initial Franchise Fee. Franchisee's payment of initial franchise fees will be deferred until Franchisor has met all of its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Attorney General's Office due to Franchisor's financial condition.

8. Effectiveness of Amendment. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

QAHWAH HOUSE FRANCHISOR, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

6. Fee Deferral. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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

8. Effectiveness of Amendment. Each provision of this Amendment is 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.

QAHWAH HOUSE FRANCHISOR, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. To the extent this Agreement requires you to waive these rights, this Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.

5. Injunctive Relief. Section 18.5 of the Franchise Agreement is modified to read as follows:

We will have the right to request specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. We will have the right to request injunctive relief to prevent you from engaging in the following acts, which you acknowledge would cause irreparable harm to us: (a) using any of the rights granted by this Agreement in any manner not authorized in this Agreement; (b) engaging in operations in violation of the in-term or post-term restrictions on competition in Article 13; (c) disclosing to any person or using our trade secrets or confidential information in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing our goodwill. Our rights to obtain injunctive relief are in addition to all other remedies available to us under applicable law.

6. Limitation of Claims. Section 18.8 of the Franchise Agreement is deleted.

7. NSF Checks. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

8. Questionnaires and Acknowledgments. 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 with the franchise.

9. Deferral of Initial Franchise Fee. Franchisee's payment of the initial franchise fees shall be deferred until franchisee's franchise business opens.

107. Effectiveness of Amendment. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat., §§ 80C.01 through 80C.22, and the Rules and Regulations promulgated under the Act by the Minnesota Commissioner of Commerce, Minn. Rule §§ 2860.0100 through 2860.9930, are met independently without reference to this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

**ADDENDUM TO THE QAHWAH HOUSE FRANCHISING, LLC
FRANCHISE AGREEMENT OR USE IN THE COMMONWEALTH OF VIRGINIA**

THIS ADDENDUM is made this ____ day of _____, 20____, and modifies a Franchise Agreement of the same date entered into by QAHWAH HOUSE FRANCHISOR, LLC, a Michigan limited liability company ("Franchisor") and _____ ("Franchisee").

In recognition of the requirements of the Virginia Retail Franchising Act, the parties agree as follows:

1. A provision of the Franchise Agreement that terminates the Franchise Agreement upon the bankruptcy of Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq*).

~~1.~~

2. Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgement 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.

QAHWAH HOUSE FRANCHISOR, LLC

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____