


## FRANCHISE DISCLOSURE DOCUMENT

	Gregory's Coffee Franchise LLC 755 Schneider Drive South Elgin, Illinois 60177 (847) 608-8500 <a href="mailto:franchising@craveworthybrands.com">franchising@craveworthybrands.com</a> <a href="https://theGregory'sCoffee.com">https://theGregory'sCoffee.com</a>
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As a Gregory's Coffee® franchisee, you will operate a coffee shop serving coffee, tea, pastries, and other related food and beverage items.

The total investment necessary to begin operation of a Gregory's Coffee® franchised business is \$459,150 to \$972,500. This includes \$35,000 to \$48,000 that must be paid to the franchisor or its affiliates. The total investment necessary to enter into an area development agreement ranges from \$1,357,450 to \$2,897,500 (numbers based on a 3-territory area development agreement although there is no required minimum to enter into an area development agreement). This includes the \$100,000 to \$133,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Gregg Majewski at [gregg@craveworthybrands.com](mailto:gregg@craveworthybrands.com) and (847) 608-8500.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: February 3, 2026, as amended April 13, 2026

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit “C.”
<b>How much will I need to invest?</b>	Items 5 and 6 list fees that you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit “B” includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Gregorys Coffee® business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Gregorys Coffee® franchisee?</b>	Item 20 or Exhibit “C” lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit “E.”

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. 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 Nevada than in your own state.
2. **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.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **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.
7. **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 marital and personal assets, perhaps including your house, at risk if your franchise fails.
8. **Franchisor's Right to Buy Back Franchise for Any Reason.** The franchise agreement gives the franchisor a unilateral right to buy your business for any reason or no reason before the franchise expires or is terminated. As a result, you may be required to

sell your business for a price that might be below the value of the business if you sold to a third party instead.

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.

**ADDENDUM TO GREGORYS COFFEE® FDD  
FOR THE STATE OF MICHIGAN**

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

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### EXHIBITS

- A. Franchise Agreement and its Exhibits
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- C. Schedule of Franchisees
- D. List of Agents for Service of Process
- E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
- F. Table of Contents for Operations Manual
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### RECEIPTS

# FRANCHISE DISCLOSURE DOCUMENT

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

#### The Franchisor

The name of the franchisor is Gregory's Coffee Franchise LLC. In this disclosure document Gregory's Coffee Franchise LLC is referred to as "we" or "us" or "our" or "Gregory's Coffee;" "franchisee," "you" or "yours" means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchisee that is a corporation, partnership, or other entity.

Our limited liability company was organized on December 29, 2025, in the state of Nevada under the name Gregory's Coffee Franchise LLC. Our principal place of business is 755 Schneider Drive, South Elgin, Illinois 60177.

Our agents for service of process in various states are disclosed in Exhibit "D."

#### Franchisor Business Activities

We do not do business under any name other than Gregory's Coffee Franchise LLC, or Gregory's Coffee®. We do not operate a business of the type offered to you in this disclosure document. As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business. We began offering and selling Gregory's Coffee® franchises in February 2026.

#### Parent, Affiliate, and/or Predecessor Business Activities Involving Gregory's Coffee®

##### Parent

Our parent, Craveworthy LLC, a Nevada limited liability company, was organized on December 19, 2022, in the State of Nevada. Its principal place of business is 755 Schneider Drive, South Elgin, Illinois 60177. Craveworthy LLC became our parent company in January 2023 through an asset purchase. Our parent has offered and sold franchises through multiple restaurant brands since 2021.

Other Craveworthy brands franchise systems include:

- The Budlong Franchise Nevada LLC, a Nevada limited liability company, with a business address 755 Schneider Dr, South Elgin, Illinois 60177, has offered The Budlong Hot Chicken franchises since April 2023. As of December 31, 2025, there were no open Budlong franchise units.
- Taim Mediterranean Kitchen Franchising LLC, a Delaware limited liability company, with a business address 755 Schneider Dr, South Elgin, Illinois 60177, has offered Taim Mediterranean Kitchen franchises since May 2025. As of December 31, 2025, there were no open Taim Mediterranean franchise units.
- Dirty Dough Franchising LLC, a Utah limited liability company with a business address of 632 N. 2000 W., Unit 110, Lindon, Utah 84042, has offered Dirty Dough franchises since 2021. As of December 31, 2025, there were 39 open Dirty Dough franchise units.
- WIO Franchising LLC, a Nevada limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Wing It On! franchises since 2023. As of December 31, 2025, there were 7 open Wing it On! franchise units.

- Genghis Grill Franchise LLC, a Nevada limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Genghis Grill franchises since July 2023; its predecessor offered franchises from January 2005 to July 2023. As of December 31, 2025, there were 2 open Genghis Grill franchise units.
- Sigrí Franchise LLC, a Nevada limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Sigrí Indian BBQ franchises since March 2025. As of December 31, 2025, there were no open Sigrí Indian BBQ franchise units.
- BC Licensing LLC, a Nevada limited liability company, with a business address 10845 Griffith Peak Drive, Ste 520, Las Vegas, Nevada 89135, has offered Big Chicken franchises since August 2021. As of December 31, 2025, there were 19 open Big Chicken franchise units.
- BD's Mongolian Grill Franchise LLC, a Nevada limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered bd's Mongolian Grill franchises since July 2023; its predecessor offered franchises from December 1995 to July 2023. As of December 31, 2025, there were 6 open bd's Mongolian Grill franchise units.
- The Lucky Cat Poke LLC, an Illinois limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Lucky Cat Poke franchises since 2023. As of December 31, 2025, there were no open Lucky Cat Poke franchise units.
- Krafted Burgers Franchise LLC, an Illinois limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Krafted Burger Bar + Tap franchises since 2023. As of December 31, 2025, there were no open Krafted Burger Bar + Tap franchise units.
- Taffer's Tavern Franchise LLC, an Illinois limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, has offered Taffer's Tavern franchises since 2021. As of December 31, 2025, there were 2 open Taffer's Tavern franchise units.
- Fresh Brothers Franchising LLC, a Nevada limited liability company, with a business address 755 Schneider Drive, South Elgin, Illinois 60177, began offering Fresh Brothers pizza franchises in 2026 and has no operating Fresh Brothers franchise units as of February 1, 2026.

#### Predecessor

Our predecessor Gregorys Coffee Inc., a Delaware C-Corporation was registered in 2015 as a successor to Gregorys Coffee Inc., a New York corporation registered in 2010. Gregorys joined the Craveworthy portfolio in July 2025. Its principal place of business was 263 West 38TH Street, Apt. 15E, New York, NY, 10018. This predecessor does not operate any business and does not offer franchises in this or any other line of business.

We have no other affiliates, parents or predecessors required to be disclosed in this Item.

#### Franchise Offered

We license and train others to operate Gregorys Coffee® businesses. As a Gregorys Coffee® business you will offer a coffee shop business serving coffee, tea, pastries, and other related food and beverage items. The grant of a franchise authorizes you to engage in our complete system under the name Gregorys Coffee® and other proprietary marks.

For qualified franchisees, we grant the right to enter into an area development agreement with us for the development of additional franchise units according to a development schedule (see Exhibit “G”). The size of the development area, the number of units to be developed, and the development schedule are negotiable. You will be required to sign our then-current franchise agreement for the first unit upon signing the area development agreement and our then-current franchise agreement for each unit as developed, which terms may differ from the current franchise agreement included with this FDD. Unless specifically stated otherwise, the disclosures for an area development are the same as for a single unit.

#### General Description of Market and Competition

The general market for coffee shops is well-developed and competitive. You will typically compete with other established coffee businesses. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Gregorys Coffee® franchises operated by us or other franchisees outside your territory.

#### Laws and Regulations

You are required to follow all laws and regulations that apply to business generally. In addition to laws and regulations that apply to businesses generally, your business is subject to federal, state, and local health and consumer protection laws and other regulations and guidelines governing the food service industry, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations.

The Food and Drug administration, the United States Department of Agriculture and food industry organizations, including the National Restaurants Association, have established rules affecting this industry. To operate your franchise, you or one of your management employees must have a current food handler permit/license. Some states also require a manager to have a food safety manager certification. The Clean Air Act and similar state implemented laws to the Clean Air Act, may also limit emissions on carbon monoxide and other chemicals on businesses in certain geographic areas and have them attain and maintain certain air quality standards.

You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. In many jurisdictions, you will also be required to obtain a sign permit. You should also be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. Some state jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses and may have higher restrictions and requirements as it relates to other areas of employment law such as leave and vacation, non-compete agreements and discrimination and accommodations requirements based on a protected class which can include maternity and paternity leave. Some jurisdictions may also have higher disability accommodation and non-discrimination requirements for the general public and consumers as a whole when visiting a business and you must ensure that your franchise business is compliant with all state and federal disability accommodation requirements.

The details of state, county and local laws and regulations vary from place to place. You should investigate the application of these laws further.

## **ITEM 2 BUSINESS EXPERIENCE**

Unless otherwise specified, each title below represents the title with our parent, Craveworthy LLC.

Gregg Majewski – Manager (Craveworthy LLC)

Gregg Majewski has been Craveworthy LLC’s Manager since its inception in June 2022 and has been the Manager of Golden Road Food Services, L.L.C. since October 2024. Mr. Majewski has also served as the Chief Executive Officer of Mongolian Concepts, LLC (“MC”) in Irving, Texas since September 2021, and is located in South Elgin, Illinois. Gregg has served as the Manager of Gregory’s Coffee Franchise LLC since January 2026, and is located in South Elgin, Illinois. Mr. Majewski has also served as the Chief Executive Officer of Craveworthy Brands LLC (“CW”), located in South Elgin, Illinois, since January 2023. Mr. Majewski has been the Chief Executive Officer of Wildcat Investment, LLC in South Elgin, Illinois since December 1999.

Gregory Zamfotis – Founder & Brand President

Mr. Zamfotis founded Gregory’s in 2006 serving as its CEO from 2006 until July 2025, and Gregory’s Coffee Brand President from July 2025, to present he acts as an advisor for menu innovation, store operations and supply chain.

Kirk Hillabrand – Senior Vice President of Franchise Operations (Craveworthy LLC)

Mr. Hillabrand has been Craveworthy LLC’s Senior Vice President of Franchise Operations since June 2024. He previously held the position of Chief Operating Officer for a different Craveworthy Brand, Dirty Dough. Before that, from 2017 to 2024, he served as Regional Director of Franchise Operations for American Dairy Queen. Previously, he was a Company Director of Operations for Buffalo Wild Wings from 2007 to 2017, managing all corporate locations in Tennessee, Indiana and parts of Kentucky.

Justin Egan – Vice President of Franchise Marketing (Craveworthy LLC)

Mr. Egan has been Craveworthy LLC’s Vice President of Marketing since February 2023. He has been Chief Marketing Officer of WIO Franchising Inc. since January 2020. He was previously Director of Marketing for the predecessor company Wing It On Franchising LLC from February 2014 to January 2020. Prior to working with Wing It On Franchising LLC, Mr. Egan held multiple leadership roles in both Product Marketing & Brand Management for The Hartford Insurance Company, located in Connecticut, from September 2008 to April of 2018.

Alexis Gillette, Vice President of Brand Management (Craveworthy LLC)

Ms. Gillette has been Craveworthy LLC’s Vice President of Brand Management since June 2025. Most recently, she was Vice President of Marketing for Minneapolis based Dunn Brothers Coffee from January 2024 to May 2025. She ran an independent strategy consulting business from November 2020 to December 2023 with various clients, including JCPenney and 7-ELEVEN. Previously, she served as Vice President of Marketing Communication at Raising Cane’s from September 2019 to October 2020.

Joshua Halpern – Chief Business Officer (Craveworthy LLC)

Joshua Halpern has served as Craveworthy LLC’s Chief Business Officer since March 2025. He has also served as the Chief Executive Officer of BC Licensing LLC since May 2021 in Las Vegas, Nevada. Previously, Mr. Halpern served from February 2018 to January 2021 as the Chief Sales Officer for FIFCO USA in Buffalo, New York.

Nick Waeltz – Senior Vice President, Real Estate and Construction (Craveworthy LLC)

Mr. Waeltz has been Craveworthy LLC’s Senior Vice President of Real Estate and Construction since May 2025. He has also served as Principal of IRON Development Consulting in Medinah, Illinois, providing services to multiple restaurant and retail brands from June 2023 to May 2025. Prior to that, he was Senior Director of Store Development for Green Thumb Industries in Chicago, Illinois from 2021 to 2023, Director

of Construction at Bottleneck Management in Chicago, Illinois from 2017 to 2020, and also helped develop Roti Mediterranean and Jimmy John's.

Samuel Stanovich – Senior Vice President, Franchise Leadership (Craveworthy LLC)

Samuel Stanovich has served as Craveworthy LLC's Senior Vice President, Franchise Leadership since March 2025. He is also the Senior Vice President, Franchise Leadership at BC Licensing LLC since June 2021 in Las Vegas, Nevada. Previously, Mr. Stanovich worked with Firehouse Subs as an Area Representative and Franchisee for the Firehouse Subs brand from November 2015 to March 2021 in Chicago, Illinois.

Cassie Miller—Senior Vice President of Training and People (Craveworthy LLC)

Ms. Miller has been Craveworthy LLC's Vice President of Training and People since July 2024, was our Senior Director of Training and People from January 2023 to July 2024 and has served as Senior Director of Training and People of another Craveworthy brand, Mongolian Concepts ("MC") in Sterling Heights, Michigan since March 2020. Prior to that, she was the Director of Training for MC from March 2018 to March 2020, and was the Operations Support Manager for DK Flat Top Grill, LLC in Burnsville, MN from January 2016 to March 2018.

Kyle Sampson – Operations Manager (Craveworthy LLC)

Kyle Sampson has been Craveworthy LLC's Operations Manager since our inception in June 2023. Since January 2018 Kyle has also served as the Operations Manager for WIO Franchising LLC, a franchisor of Wing It On Franchising LLC, in Waterbury, Connecticut.

Christopher Gumprecht -Vice President of Marketing and Information Technology (Craveworthy LLC)

Christopher Gumprecht has been Craveworthy LLC's Vice President of Marketing and Information Technology since March 2025. In addition, Mr. Gumprecht was the Vice President of Technology of Roti Restaurants, LLC, based in Chicago, Illinois from December 2021 to December 2024; and the Vice President of Guest Technology for Lettuce Entertain You Enterprises based in Chicago, Illinois from August 2001 to December 2021.

Minhee Hwang – Director of Food and Beverage (Craveworthy LLC)

Minhee Hwang has been Craveworthy LLC's Director of Food and Beverage since June 2022. In addition, Ms. Hwang was the Director of Operation/Food for Wasabi Sushi Bento based in New York, New York from February 2014 to July 2022.

Rene Puerta – Director of Marketing (Craveworthy LLC)

Rene Puerta has been Craveworthy LLC's Director of Marketing since December 2023. From June 2023 to June 2024, Mr. Puerta was a consultant for HopeTowns Initiative a non-profit in Port Hope, Ontario, Canada. In addition, Rene was the Director of Marketing for Hudson Bay Company based in Toronto, Canada from September 2022 to May 2023. Rene was also a Market Manager for Kraft Heinz based in Toronto, Canada from July 2017 to September 2022.

Matt Ensero –Vice President of Franchise Operations & Development (Craveworthy)

Matt Ensero has served as the Craveworthy Brands VP, Franchise Operations since April 2025, and was the Operations and Development Manager from June 2023 to April 2025. He is also the brand President for 3 Craveworthy Brands: Wing it One, Sigri Indian BBQ, and Taim Mediterranean Kitchen; and has held this position since our inception in June 2023. Since January 2020, he has served as president of WIO Franchising, Inc. in Apex, North Carolina, and as President of the WIO Franchising predecessor company, Wing It On Franchising LLC in Waterbury, Connecticut since 2014.

### **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

*In re Roti Restaurants, LLC.*, United States Bankruptcy Court for the Northern District of Illinois, Case No. 24-13827, filed on August 23, 2024. On August 23, 2024, Roti Restaurants, LLC (“Roti”), which has a principal place of business of 445 N. Wells Street, Suite 404, Chicago, IL 60654, filed a petition to reorganize under subchapter 5a of Chapter 11 of the U.S. Bankruptcy Code in the Northern District of Illinois. Roti operated a fast-casual restaurant chain, but the business ultimately failed due to rising costs, mixed location performance, and difficult market conditions. Christopher Gumprecht, Big Chicken’s and Craveworthy’s Vice President of Marketing and Information Technology, was the Vice President of Technology of Roti at the time of this filing. On February 26, 2025, the Court issued a plan confirmation order.

Other than the above, no bankruptcy is required to be disclosed in this Item.

### **ITEM 5 INITIAL FEES**

#### Initial Franchise Fee

On the signing of the franchise agreement, you must pay an initial franchise fee of \$35,000, which is payable in one lump sum. To honor those men and women who have served our country in the U.S. Armed Forces, if your operating principal is a veteran, we will offer a 10% discount off the initial franchise fee for your first unit, contingent upon verification of honorable separation. Discounts cannot be combined.

#### Additional Franchise Purchases

During the term of your franchise, you may purchase additional franchises for the reduced franchise fee of \$30,000, and you must sign our then-current franchise agreement. This option will only be available to you if there are franchise territories available, you meet our then-current criteria for new franchisees, you are current and not in default of your franchise agreement, and, in our sole discretion, we determine to sell you another franchise.

#### Initial Training

There is no training fee for up to 3 attendees. We also allow extra attendees to attend the same initial training for an additional fee of \$1,000 per person. All initial training fees are due and payable 45 days prior to your scheduled training.

#### Rescheduling Fee

If you reschedule the initial training or the opening assistant training within 14 days of the scheduled date, you will be charged a rescheduling fee of \$500 upon our billing. In our sole discretion, we may allow you to reschedule the same training up to 3 times.

### Grand Opening Marketing

You are not required to advertise your grand opening. However, we recommend you allocate and spend between \$5,000 and \$10,000 to promote and advertise your grand opening. This amount is paid to us and we or a third party of our choosing will conduct your grand opening marketing.

### Failure to Timely Open

If you fail to open your franchise business within 12 months from signing the franchise agreement, due to fault of your own, we may charge you a \$2,500 fee for each month that your franchised business is not open and operational, for up to 6 months in our sole discretion which is due upon our billing.

### Area Development Agreement

If you enter into an area development agreement, you must pay the initial franchise fee of \$35,000 for your first unit (to be paid upon signing the franchise agreement for your first unit), and the initial franchise fee is \$25,000 for each additional unit to be developed. You must pay an upfront development fee of \$35,000 for your first unit plus \$12,500 for each additional unit to be developed, which is credited towards the initial franchise fee of each franchise as developed. You will pay the remaining initial franchise fee for each unit as developed, and you must sign our then-current franchise agreement.

### Uniformity and Refunds

These costs and fees are uniform and are non-refundable for all franchisees. The amounts payable to us or an affiliate are payable in one lump sum.

## **ITEM 6 OTHER FEES**

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty <sup>1</sup>	6% of monthly gross revenue	Payable monthly to be received by the 15 <sup>th</sup> of each month	Gross revenue includes all revenue from the franchise business but does not include sales tax or bona fide credits or returns. It also includes proceeds from business interruption insurance and/or eminent domain recovery. We reserve the right to require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed.
Marketing Fund Fee <sup>1,3</sup>	2.5% of monthly gross revenue payable to us	Payable monthly to be received by the 15 <sup>th</sup> day of the following month	See Note 3.
Successor Franchise Fee <sup>1,2</sup>	\$15,000	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time of your timely election to enter into a successor agreement.

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Site Selection Support <sup>1,7</sup>	Up to \$200 per hour	As incurred	At our discretion, you may be charged this fee if you desire additional support in locating and selecting a site beyond the 14 days provided by us.
Relocation Fee <sup>1,7</sup>	\$100 per hour, plus legal fees	Upon billing	Payable if you wish to relocate your business and we agree, you must pay this fee to us in order to defray our costs. You must also bring your new premises up to our then-current standards at your own cost and expense and pay for retraining. You will also be responsible for all food, travel and expenses of our representatives.
Local Marketing Fee <sup>1</sup>	1.5% of monthly gross revenue	Payable monthly to be received by the 15 <sup>th</sup> day of the following month	See Note 3.
Advertising Cooperative <sup>1</sup>	2.5% of gross revenue payable to the co-op, if established by us	Payable in accordance with the advertising cooperative's governing documents	If we form a local advertising co-op in your area, any marketing expenditures you make through the co-op is credited towards fulfilling your local advertising obligation.
Late Charges <sup>1,7</sup>	\$25 per day (up to \$500 per month, per instance of late fee and/or late report)	Payable with royalty or upon billing	Charges begin to accrue after the due date of any required payment or report.
Non-sufficient Fund Fees <sup>1,7</sup>	\$50 per bounced check or insufficient or disputed draft	Payable with royalty or upon billing	If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum).
Interest Charges <sup>1,7</sup>	1.5% of the amount owing per month, per instance or maximum rate permitted by state law, whichever is less	Payable with royalty or upon billing	Interest begins to accrue after the due date of any required payment.
Sales or Use Tax <sup>1</sup>	Sum equal to tax imposed	Upon billing	If a sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced.
Audit Charge <sup>1</sup>	Cost of audit	Upon billing	Payable only if an audit shows an understatement of 2% or more of the amounts owing to us or an affiliate for the period audited, or if records are unorganized or unavailable

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
System Non-Compliance Fines and Charges <sup>1,4,7</sup>	\$250 for the first violation; \$300 for the second violation; \$500 for the third and each subsequent violation	As incurred	See Note 4.
Technology Fee <sup>1,7</sup>	\$50 per month	Monthly	We reserve the right to increase this fee as our tech stack further develops. If we choose to increase this fee, it will be capped at \$99 per week through 2030; and capped at \$200 per week through 2035.
Replacement Training <sup>1,7</sup>	\$250 per day, per person	Before training	Any new operating principal must complete the initial training program before taking over as operating principal or manager. New managers may be trained by your operating principal within 14 days of hire, but we can also require your managers to be trained by us if we believe such training would be in the best interest of your franchise. You must pay all associated travel, food, and lodging for your attendees or our representatives as applicable.
Additional In-Person Training <sup>1,7</sup>	\$250 per day, per person	Upon billing	Depending on advanced notice (at least 30 days from you) and our availability, you may request additional in-person training. We can also require you to attend refresher training classes if you are in default, do not pass our inspections or otherwise determined by us in our sole discretion. You must pay all associated travel, food, and lodging of your attendees or our representatives as applicable.
Rescheduling Fee <sup>1,7</sup>	\$500	Upon billing	If you postpone or reschedule a training or opening assistance within 14 days of the scheduled date, or if you fail to complete certain requirements prior to a training or opening assistance.
Insurance Reimbursement Fee <sup>1,7</sup>	Reimbursement of premium amount, plus \$100 per hour	Upon billing	You are required to hold and maintain your own insurance, but if you fail to do so, we have the right to obtain insurance on your behalf.
PCI and DSS Audit Reimbursement Fee <sup>1</sup>	Costs of the audit	Upon billing	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Conference or Seminar Fee <sup>1,7</sup>	Currently \$0 per person	At time of registering for the conference or seminar	We may hold conferences at various locations chosen by us and you may be required to attend and pay a registration fee in the future. You will also be required to pay all travel, lodging, food, and other expenses for each of your attendees.
Compliance Re-Inspection Fee <sup>1,7</sup>	\$250 per hour	Upon billing after inspection	Payable if you fail any inspection and we determine a need to conduct a re-inspection for compliance.
Interim Management Fee <sup>1,7</sup>	\$250 per person, per day	Time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death, or after you have been given a notice of default and failed to cure. The expenses include applicable travel, lodging, food, and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees, and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Replacement Costs <sup>1,7</sup>	Our costs, plus \$100 per hour for our time	Within 15 days of invoicing	If you fail to replace equipment, furniture, tools, etc., that is outdated, damaged, obsolete, etc., and we determine to replace those items for you.
Physical Copies of Marketing Materials <sup>1,7</sup>	Our costs, plus 10%, and the costs for shipping and handling	Time of delivery	We may develop and provide you physical copies of marketing and promotional materials.
Marketing Materials Creation Assistance <sup>1,7</sup>	\$100 per hour	Upon billing	We may assist you in the development of your marketing materials and have the right to charge this fee.
Fees on Default <sup>1</sup>	Our costs associated with your default	Upon billing, as incurred	Paid in addition to other payments to us.
Gift Card; Prepaid Services Reimbursement Fee <sup>1</sup>	Amount of unredeemed customer gift cards and gift certificates purchased from you	Upon billing	Due upon termination of your franchise agreement. Outstanding gift cards and pre-paid services must also be taken into account if you transfer your franchise agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Early Termination Liquidated Damages <sup>1</sup>	For cooperative franchisees: the average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of your franchise agreement If you have less than 12 months of royalty history, the monthly average will be calculated or projected based on your operating history or reasonably projected operations. For non-cooperative franchisees or franchisees who failed to cure any default at termination: the average monthly royalty calculated or projected based on a 90 day run rate for the remaining term of your franchise agreement	Within 10 days of termination	See Note 8.
Post-Termination De-Identification Non-Compliance Fee <sup>1,5,7</sup>	\$50 per day, plus reimbursement of our costs	Upon billing	See Note 5.
Post-Termination Fees <sup>1</sup>	Actual Costs	As incurred	You will be responsible for paying us all post-termination expenses, including attorneys' fees and costs to enforce your post-term obligations. This is in addition to your post-termination de-identification compliance fee.
Minority Interest Transfer Fee <sup>1</sup>	Our legal fees and administrative costs related to the transfer	Upon billing	This fee applies to transfers of up to 40% of your franchisee entity--cumulative during the term of the franchise agreement. All transferee owners of the franchise must personally guarantee the franchise agreement for us to approve the transfer. The transfer fee is subject to state law.

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Transfer Review Deposit <sup>1</sup>	\$2,500	At the time of notice of a potential transfer	You must pay us this non-refundable deposit for us to review a proposed transferee. If the transfer is approved, the deposit will be applied towards the applicable transfer fee.
Transfer Fee <sup>1</sup>	\$10,000	At time of approved transfer	Payable when you sell your franchise, substantially all your assets, or a controlling interest in your franchise and prior to our signing any approval or new agreement. All transferee owners of the franchise must personally guarantee the franchise agreement for us to approve the transfer. The transfer fee is subject to state law.
Transfer Training Fee <sup>1</sup>	\$1,500 per person, after first 2 individuals	At time of approved transfer	There is no training fee for the first two individuals attending, but all additional attendees must pay the per person fee. You or the transferee are responsible for paying all travel, lodging, food, and other expenses associated with this training.
Transfer for Convenience Fee	Our legal fees	Within 10 days of notice to you	Payable if you are an individual and transfer the franchise agreement to a corporation or limited liability company formed for the convenience of ownership.
Area Development Agreement Transfer Fees <sup>1</sup>	\$10,000	At the time of approved transfer	The fee includes the transfer of undeveloped units; transferred developed units will incur the franchise agreement transfer fee. Payable when you sell your area development agreement and prior to our signing any approval or new agreement with the transferee. All transferee owners of the franchise must personally guarantee the franchise agreement for us to approve the transfer. Subject to state law.
Area Development Transfer Training Fee <sup>1,7</sup>	\$1,500 per person, after first 2 individuals	At time of approved transfer	There is no training fee for the first two individuals attending, but all additional attendees must pay the per person fee. You or the transferee are responsible for paying all travel, lodging, food, and other expenses associated with this training.
Indemnification <sup>1,2</sup>	Our damages and costs	As incurred or upon billing	See Note 2.
Non-Compete Violations Liquidated Damages <sup>1,6</sup>	\$500 per day for each competing business	Upon billing	See Note 6.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Dispute Resolution Fees <sup>1</sup>	Our legal fees and costs if we prevail	As incurred or upon billing	You are required to pay half of the mediation and arbitration fees. Additionally, the prevailing party will be entitled to reimbursement of its legal fees and expenses.

**NOTES**

<sup>1</sup> Royalty and Fees. Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable.

At all times you must maintain a minimum of \$10,000 in your operating account even after royalties have been paid.

<sup>2</sup> Indemnification. You must indemnify us from damages and costs related to your acts, errors, or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public accommodations for persons with disabilities.

<sup>3</sup> Marketing Fund Fees. The Marketing Fund Fee may be used by us for one or more national or regional marketing and brand development programs, as we choose. We will control and provide all your local marketing to advertise your franchise business locally. We may increase the required local marketing amount upon 60 days’ notice to you by up to an additional 1.5% during the term of your franchise agreement, and also have the right to choose to have local marketing performed by you or a designated third party.

<sup>4</sup> System Non-Compliance. If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdrawal program.

<sup>5</sup> Post-Termination De-Identification, Non-Compliance Fee. In the event you fail to comply promptly with any of your post termination de-identification obligations: (a) you must pay us \$50 per day for each day that you are in default, as a reasonable estimate of the damages suffered by us; and (b) to prevent further injury, we may hire a third-party or use our own personnel to de-identify your unit and/or to carry out any other obligations on your behalf, for which costs you will be responsible. To ensure that we will receive any de-identification fee, immediately prior to termination, we will have the right to automatically debit your operating account up to \$5,000 in anticipation of the costs associated with enforcing your post-termination obligations. We will deduct any amounts owing to us for your non-compliance and return the remaining amount, if any, within 30 days of our completing the applicable post-termination obligations. This post-termination fee obligation will not affect our right to obtain appropriate injunctive relief and other remedies to enforce the franchise agreement and your obligations.

<sup>6</sup> Liquidated Damages for Breach of Non-Competition. This fee is applied if you violate the non-compete covenants in the franchise agreement or any related agreements, or if you use our system without our express written permission or approval.

<sup>7</sup> Fee Increases. If a fee is subject to increase by us (rather than a third party), the increase will not be more than the equivalent of 10% per year (cumulative) during the term of your franchise agreement to adjust to

increased costs. If a fee is currently \$0, the fee will be capped at \$1,000 through 2035. This only applies to fees that are subject to change by us. If we do not designate that a fee is subject to change, the fee will remain the same during the term of the franchise agreement. Costs charged by third parties are subject to change at any time and do not have an annual cap.

<sup>8</sup> Early Termination Liquidated Damages. Payable if your franchise agreement is terminated prior to the expiration of the term. This is only to compensate us for lost royalties and is not our only remedy. For clarity, if there is a gap between the date the franchise business ceases operations and when the franchise agreement is terminated, then the period for calculating the average royalty will be based on the trailing 90-day period from when the franchise business closed (as compared to the date of termination). A franchisee will be deemed cooperative if they provide profit & loss statements throughout the term of the franchise agreement and upon request at termination and are not otherwise in default; a non-cooperative franchisee will be a non-communicative franchisee, one who fails to allow us to provide support, failure to provide profit & loss statements, or who has failed to cure after notice of default.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial franchise fee <sup>1</sup>	\$35,000	Lump sum	Upon signing the franchise agreement	Us
Initial training fee <sup>2</sup>	\$0 to \$3,000	Lump sum	45 days prior to training	Us
Travel, lodging, food, and other expenses while training <sup>2</sup>	\$150 to \$15,000	As negotiated	Prior to and during training	Airlines, hotels, and restaurants
Real estate improvements <sup>3</sup>	\$150,000 to \$300,000	As negotiated	As negotiated	Suppliers and contractors
Rent <sup>4</sup> (3 months of rent, plus a security deposit)	\$50,000 to \$150,000	As negotiated	As negotiated	Landlord
Equipment, furniture, fixtures, décor, and supplies <sup>5</sup>	\$125,000 to \$210,000	As negotiated	As negotiated	Suppliers
POS system, computer hardware, security system and software <sup>6</sup>	\$10,000 to \$25,000	As negotiated	As negotiated	Suppliers
Signs <sup>7</sup>	\$30,000 to \$100,000	As negotiated	As negotiated	Suppliers
Miscellaneous opening costs <sup>8</sup>	\$15,000 to \$25,000	As negotiated	As negotiated	Suppliers, utilities, government departments, etc.
Professional Fees <sup>9</sup>	\$7,000 to \$18,000	As negotiated	As negotiated	
Insurance Premiums <sup>10</sup>	\$2,000 to \$5,000	As negotiated	As negotiated	Insurance company
Opening inventory <sup>11</sup>	\$10,000 to \$15,000	Lump sum	As negotiated	Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Rescheduling Fee <sup>12</sup>	\$0 to \$1,500	Lump sum per request	With rescheduling request	Us
Failure to Timely Open Fee <sup>13</sup>	\$0 to \$15,000	Lump sum per month	Monthly upon billing	Us
Advertising <sup>14</sup> (3 months)	\$5,000 to \$15,000	As negotiated	As negotiated	Us
Additional funds <sup>15</sup> (3 months)	\$20,000 to \$40,000	As negotiated	As negotiated	Suppliers, employees, etc.
Total <sup>16</sup>	\$459,150 to \$972,500			

#### NOTES

<sup>1</sup> **Initial Franchise Fee.** The initial franchise fee is non-refundable, and we do not finance any portion of the fee. If your operating principal is a veteran, we will offer a 10% discount off the initial franchise fee, contingent upon verification of honorable separation. Veteran ID cards, a DD-214, and other documentation will be required to provide proof of honorable discharged status.

<sup>2</sup> **Initial Training.** The range listed is per person with the high only applicable for the individual attending the 56 day apprenticeship training program portion. We estimate that you will have 3 people attend training and there is no fee for the first 3 attendees, and 1 management-level person attending the apprenticeship training. You are responsible for paying all travel, lodging, food, and other expenses for your attendees during training directly to the supplier (hotels, airlines, restaurants, car rental companies, etc.). These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation.

<sup>3</sup> **Real Estate Improvements.** This estimate includes the cost for construction to build out your location according to our specifications and includes architect/engineering fees. Costs of improvements vary based on location, terms of the lease, the total area of your space, as well as construction and material costs. You must hire your own architect and mechanical engineer and we must approve your architect's plans and renderings. We do not have an estimate for a local architect or engineer. Your landlord may provide you with a tenant improvement allowance as part of your lease, which has not been included as part of these estimates. You should review these costs with a local contractor, commercial real estate agent and other professionals. We provide standard design plans and specifications for construction and improvements. If you locate your center to a newly constructed space, the landlord may require significantly greater additional expenditures to cover leasehold improvements. You are not required to lease newly constructed space.

<sup>4</sup> **Rent.** Your space will vary depending on your needs, but we estimate you will need approximately 1200 to 2000 square feet, and we estimate your lease to be \$20 to \$100 per square foot, per annum. Our estimate includes a security deposit and 3 months of rent. You are encouraged to negotiate a rent-free period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. We have not included an estimate for the cost to purchase and build a location in the table above.

<sup>5</sup> **Equipment, Furniture, Fixtures, Décor, and Supplies.** Included in this estimate are the cost of kitchen equipment, tables, chairs, lighting, decals, décor, and small wares.

<sup>6</sup> POS System, Computer Hardware, and Software. Included in this estimate is the cost to purchase or lease the required POS system, subscriptions to all required software, purchase an office computer, and the purchase and installation of a security system.

<sup>7</sup> Signs. At least 1 exterior sign(s) displaying the trademark and 2 interior signs (including a 4-panel menu board) are required. These signs may be made locally. All signs must conform to our specifications. All purchase agreements or leases must be negotiated with your suppliers. You must use the location's monument or marquee sign if available.

<sup>8</sup> Miscellaneous Costs. These miscellaneous costs include utility set up fees, deposits, licenses, and other miscellaneous startup costs.

<sup>9</sup> Professional Fees. These costs include legal fees, business entity organization, and accounting fees. Rates for professionals can vary significantly based on locale, area of expertise, and experience.

<sup>10</sup> Insurance Premiums. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history.

<sup>11</sup> Opening Inventory. Opening inventory items include your food and beverage products. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

<sup>12</sup> Rescheduling Fee. If you reschedule initial training within 14 days of training, we may charge you \$500 per incident, up to 3 rescheduling requests.

<sup>13</sup> Failure to Timely Open. In the event you fail to open within 12 months of signing the franchise agreement, we can charge you \$2,500 per month, for up to six months in our sole discretion.

<sup>13</sup> Advertising. This estimates the cost of advertising for your grand opening and the first 3 months of operations. We recommend you plan to spend \$5,000 to \$10,000 on your grand opening marketing. If you institute a marketing program or create any marketing materials, we must pre-approve it in writing.

<sup>14</sup> Additional Funds. This estimates your operating expenses during your first 3 months of operations, not including cash flows. Employee compensation and staffing levels is between you and your employees and may vary. This estimate includes \$10,000 to \$25,000 to pay up to 8 part-time employees but we do not control or make recommendations about staffing levels or compensation. You must maintain a minimum of \$10,000 in your operating account even after royalties and other required fees to us have been paid or have a \$10,000 line of credit at all times for business emergencies; except that if you do not have the required line of credit, then in any 30-day period, the operating account may have less than such amount for a period of up to 5 days. You are required to provide us with view-only access to your operating account, and you cannot have more than one operating account or change operating accounts without our consent. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the experience of our principals in opening and operating Gregorys Coffee® units since 2006 to compile these estimates.

<sup>15</sup> Total. These figures are estimates for the development of a single franchise unit. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the

landlord or utility provider. You should verify with third-party payees whether such payments, deposits, or fees are refundable or not.

**YOUR ESTIMATED INITIAL INVESTMENT  
(3-Restaurant Area Development)**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Area Development fee <sup>1</sup>	\$85,000	Lump Sum	Upon signing the area development agreement	Us
Estimated initial investment to open three units <sup>2</sup>	\$1,272,450 - \$2,812,500	Estimated based on the single unit estimates (minus the initial franchise fee) in the above Item 7 chart for a single unit.		
<b>Total</b>	<b>\$1,357,450 - \$2,897,500</b>			

Notes:

<sup>1</sup> Area Development Fee. There is no minimum required number of units to develop under the area development agreement. This fee is determined based on the total number of units to be developed for a fee of \$35,000 for the first unit, and half of the \$25,000 initial franchise fee per unit and assumes you will develop three units. When you sign an area development agreement, you must also sign the franchise agreement for your first unit to be developed under the area development agreement.

<sup>2</sup> Estimated Initial Investment. Except for the initial area development fee, all fees in the above area development, 3-unit chart are based on the single unit estimates, multiplied by three. If you develop more than three units, the fee will be higher.

<sup>3</sup> Total. These figures are estimates for the development of three franchise units. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

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

Approved Suppliers, Proprietary Products and Required Purchases

You must operate your franchise business according to our system, including purchasing, leasing, or subscribing to certain items or services according to our specifications and/or from approved suppliers. You may not deviate from these methods, standards and specifications or purchase from unapproved suppliers without our prior written consent.

You must purchase, lease, or subscribe to the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this item?	Is the franchisor or an affiliate the only approved supplier of this item?
POS	No	No
Food & Beverage Inventory	Yes	No

Computer	No	No
Hardware & Software	No	No
Furniture and Fixtures	No	No
Soft Goods Inventory	No	No
Branded Items	No	No
Equipment	No	No

### Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc., which minimums may be adjusted from time to time in our sole discretion:

<b>Type of Insurance</b>	<b>Minimum Required Amount(s)</b>
Commercial general liability insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate or leasehold minimum, whichever is greater
Property insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage.
Business interruption insurance	\$100,000
Government required insurances	All workers’ compensation and employment insurance on your employees as required under all federal and state laws (cannot exclude owner-operator requirement)

These policies (excluding workers’ compensation) will insure you, us, and our officers, directors, and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance, or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment prior to you beginning operations. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain or maintain insurance, we may obtain insurance for you, and you will pay us the premium costs, plus an administration fee of \$100 per hour for our time. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. We do not derive revenue from your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement. We have the right to require that you obtain from your insurance company, and subsequently provide to us for our review, a report of claims made and reserves set against your insurance (commonly known as “loss runs”). If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition within 160 days of receiving the proceeds, unless we consent otherwise in writing.

### Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you must purchase items or services from approved suppliers. All currently approved suppliers and specifications are made available to you before the beginning of operations. You must receive our prior written approval to deviate in any manner from our specifications.

### Ownership in Approved Suppliers

Some of our officers have an ownership interest in WIO Franchising LLC, Dirty Dough Franchising LLC, Genghis Grill Franchise LLC, Taim Mediterranean Kitchen Franchising LLC, The Budlong Franchise Nevada LLC, Sigri Franchise LLC, BC Licensing LLC, BD's Mongolian Grill Franchise LLC, The Lucky Cat Poke LLC, Krafted Burgers Franchise LLC, Taffer's Tavern Franchise LLC, and Fresh Brothers Franchising LLC, each a designated supplier for certain food and beverage products. Additionally, Gregory's Coffee LLC is the supplier of roasted beans, and certain other beverage and food items.

### Proportion of Required Purchases and Leases

We estimate that the proportion of required purchases or leases will represent 10% to 20% of your overall purchases in opening your franchise business and 10% to 20% of your overall purchases in operating your franchise business.

### Revenue to Us and Our Affiliates from Required Purchases

We or our affiliates may derive revenue from the sale of goods and supplies sold directly to you, or we may receive a fee or rebate from approved suppliers based off purchases from our franchisees. However, because we are a new franchise, we have not received any revenue from franchisee purchases from designated sources.

### Non-Approved Suppliers

We do not allow you to submit alternative suppliers to be included on our list of approved suppliers.

### Standards and Specifications

We may issue new specifications and standards for any aspect of our brand or system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose).

### Negotiated Arrangements

At this time, there are no purchasing or distribution cooperatives.

### Benefits Provided to You for Purchases

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers (e.g., grant renewals or additional franchises based on your purchases).

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2	Item 11
b.	Pre-opening purchases/leases	Section 8.1 and paragraphs 6.1.3, 6.1.11, and 6.1.13	Item 8
c.	Site development and other pre-opening requirements	Sections 4.2 and 4.3	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and sections 7.4 and 7.5	Item 11

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
e.	Opening	Sections 4.4 and paragraph 7.4.1	Item 11
f.	Fees	Article V of the franchise agreement and Article 4 of the area development agreement	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6.2, and article IX	Items 8 and 11
h.	Trademarks and proprietary information	Article III of the franchise agreement and Article 7 of the area development agreement	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Item 8 and 16
j.	Warranty and customer service requirements	Paragraphs 6.1.2 and section 8.5	Item 11
k.	Territorial development and sales quotas	Sections 1.1 and 6.8 of the franchise agreement and Sections 2.1 and 3.1 of the area development agreement	Item 12
l.	Ongoing product/service purchases	Article VIII	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraphs 6.1.2 and 6.1.9	Item 11
n.	Insurance	Paragraph 6.1.11	Item 8
o.	Advertising	Article X	Items 6, 7 and 11
p.	Indemnification	Section 15.2 of the franchise agreement and Section 6.5 of the area development agreement	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.7, 6.1.8, 6.1.10, 6.1.14 and 6.2.3	Items 11 and 15
r.	Records and reports	Sections 5.4 and 5.5 of the franchise agreement and Section 6.4 of the area development agreement	Item 6
s.	Inspections and audits	Paragraphs 5.5.2 and 6.2.2(iv)	Items 6 and 11
t.	Transfer	Article XIV of the franchise agreement and Article 11 of the area development agreement	Item 17
u.	Renewal	Section 2.2 of the franchise agreement and Section 3.5 of the area development agreement	Item 17
v.	Post-termination obligations	Section 12.1 of the franchise agreement and Article 9 of the area development agreement	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with government regulations	Sections 4.1 and 6.1	Item 12
z.	Guarantee of franchisee obligations	Section 6.3	Item 15

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

**Except as listed below, Gregory's Coffee Franchise LLC is not required to provide you with any assistance.**

### Pre-Opening Assistance

Before you open your franchise business, we will:

1. Designate your search area. This is not the protected territory that you will eventually be given but is merely an area within which you may seek a location. Once a site is approved, we will designate your territory [franchise agreement section 1.1].
2. Approve your site. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. We must approve your site before a lease is entered into. We provide up to 14 hours of assistance to help you select your approved site. Our approval is based upon the following general criteria: lease terms, access, appearance, visibility, traffic, general daytime and nighttime population of the area, number of and types of businesses in the territory, parking, square feet, access, and general vicinity. We will provide you with general guidance regarding our standards for selecting a site, but we do not prepare demographic studies or otherwise determine a need for our services or products within your territory evaluate or guarantee the potential success of your proposed site. Site approval or disapproval should be completed by us and notice provided to you in writing within 30 days or less after you have submitted a proposed site for our review. We do not own properties that we lease to you. If you and we disagree about the proposed location, you must locate another acceptable site for your franchise business and repeat the process [franchise agreement section 4.1]. If you enter into an area development agreement, we must approve of the site for each of your units. Our approval or disapproval of a proposed site will be based on our then-current standards for approving sites. Until you receive our written approval, you have no rights to any particular location.
3. Make available general written specifications for necessary equipment, signs, fixtures, opening inventory, supplies and other items listed in Item 8. Unless we are an approved supplier of an item and you purchase the item directly from us, we do not provide these items to you directly, but we do provide you with the names of the approved suppliers for these items. We do not assist in the installation of any item. For purchase, delivery and installation, you are required to work directly with the manufacturer or supplier of these items [franchise agreement sections 7.1, 7.2 and 8.5].
4. Provide you preliminary design/layout plans for your franchise business. You must adapt your franchise business to our general specifications at your own expense, in accordance with local, state and federal laws, rules and ordinances. You are responsible for obtaining any required licenses and permits [franchise agreement section 4.3 and 7.1].
5. We do not assist in the actual construction, remodeling, or decorating of your franchise business [franchise agreement section 4.3].

6. Loan you a copy or provide electronic access to our confidential manuals containing mandatory policies, operating procedures, and other information. The table of contents for the operations manual is included as Exhibit “F” to this disclosure document. Our operations manual is approximately 125 pages [franchise agreement article IX].

7. Provide an initial training program for your operating principal and other owners and managers, described at the end of this Item 11 [franchise agreement paragraph 6.1.4].

8. Provide you with 14 days of assistance at or prior to the opening of your franchise business. We will not send our representatives to provide you with opening assistance until you: 1) send us a valid certificate of occupancy; 2) have sufficient staff hired; 3) obtain all necessary permits to operate the business; and 4) confirm that all necessary equipment has been installed and is functioning properly [franchise agreement paragraph 7.4.1].

#### Lease, Construction and Commencing Operations

You will have 180 days to have a site approved and your lease signed for your franchise business [franchise agreement sections 4.1 and 4.2]. If you and we cannot agree on a site, we may, in our sole discretion, provide you with an additional 30 days to locate a proposed site and all other deadlines will be extended by 30 days. After any provided extension if you and we cannot agree on a site, your franchise agreement may be terminated. We do not assist you in negotiating the purchase of your lease; however, we must approve your lease. If we review your lease, our review may be limited to adherence to our requirements rather than a review of the underlying terms of the lease. Additionally, you are required to include our standard consent to assignment and lease rider which are attached to the franchise agreement as part of your lease. You must deliver a copy of the lease with the signed lease rider to us within 15 calendar days after execution [franchise agreement section 4.2; Exhibit “A-6” and Schedule “A-6.1”].

Construction must be started within 60 days of the date of the lease and be completed within 4 months from the date of the lease [franchise agreement section 4.3].

You are required to begin operations within 1 month after construction is complete and no later than 1 year from the date of signing the franchise agreement. You must give us at least 30 days prior written notice before opening your franchise business [franchise agreement sections 4.3 and 4.4]. You must have a certificate of occupancy at least one week prior to the date of our scheduled opening assistance [franchise agreement paragraph 7.4.1].

#### Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 180 days to one year. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance, training, and delivery and installation of furniture, fixtures, equipment, signs, supplies, and opening inventory items.

If you can show a good faith effort to meet these deadlines, we may agree to extend a specific deadline at our discretion. If you fail to open your franchise business within 12 months from signing the franchise agreement, due to fault of your own, we may charge you a \$2,500 fee for each month that your franchise business is not open and operational [franchise agreement section 4.6]

## Assistance During Operation

### During the operation of your franchise business, we will:

1. Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of or change in products and services [franchise agreement section 9.1]. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement paragraph 6.2.2(iii)].
2. At your reasonable request or at our discretion, provide assistance either remotely or in person [franchise agreement paragraph 6.1.4 and section 7.3].
3. Provide you with a required email format which must be used in all correspondence and communications involving your franchise business. We have the right to access any email account that we provide to you. You are not allowed to use a non-approved email for business purposes involving the franchise business. You must at all times maintain and frequently check a valid and approved email address, known and available to us, to facilitate our communication with you [franchise agreement paragraph 6.2.2(i)].

### During the operation of your franchise business, we may:

4. Maintain a website or similar electronic media for the Gregorys Coffee® brand that will include your business information and telephone number for your franchise business [franchise agreement section 7.6].
5. Make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider. Inspections may be conducted without prior notice to you. Upon our request, at all reasonable times, you must provide us with video and/or digital images of the interior and exterior of your franchise business as set forth in the manuals [franchise agreement paragraph 6.2.2(iv)].
6. Conduct conferences and seminars, which may be through online webinars, videos, live video conferencing, phone conferences or in person, to discuss improvements, new developments, mutual concerns, business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. At this time attendance at conferences and seminars is not mandatory for your operating principal but this policy may change in the future, and you are required to pay the registration fees, travel, and living expenses for your attendees. In-person conferences and seminars will be held at various locations chosen by us [franchise agreement paragraph 6.1.14].
7. Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.5].
8. For items purchased through third parties, you must work directly with the supplier or manufacturer of those items regarding warranties, defective products, training and support [franchise agreement section 8.5].
9. At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises from time to time as we may reasonably direct, but not more often than every 5 years, and we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement (except for

required changes to the trademarks, or changes due to health or government mandates, guidelines, or public concerns which we may require at any time). This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment, fixtures, furniture, and technology at any time. You will also be required to complete any day-to-day maintenance issues as they occur during the term of the franchise agreement [franchise agreement section 6.1.9]. You must also make these updates if you relocate your franchise business. You must implement all changes within the time frames required by us.

10. Refine and develop products or services that you will offer to your customers [franchise agreement paragraph 6.2.2(iii)].

11. To the degree permitted by law, we may suggest retail prices and specify maximum and minimum pricing above and below which you cannot sell any goods or services [franchise agreement paragraph 6.1.12].

#### Advertising and Promotion

You are required to participate in all marketing programs as directed by us and to use all materials, mediums, and other information made available to you in doing so.

We may provide you with copies of marketing materials developed by us and provide new marketing techniques as developed [franchise agreement section 10.3]. You may develop marketing materials for your use, at your cost, but all marketing material developed or used by you must have our prior written approval. If you do not receive written approval or disapproval within 14 days of the date we received your submission of marketing materials, the materials submitted are deemed unapproved. We can revoke our approval of any marketing materials at any time in our sole discretion [franchise agreement sections 3.9 and 10.3 to 10.4].

#### Advertising Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system or to spend any amount on advertising in your territory, we have the right to and currently do maintain and administer a national advertising, marketing and development fund (referred to as the “Marketing Fund” in the franchise agreement) for local, regional or national marketing or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system [franchise agreement section 10.1].

You must contribute 2.5% of your monthly gross revenue to the Marketing Fund. We and our affiliates do not contribute to this fund on the same basis as the franchisees. Contributions by our franchisees to the marketing fund may not be uniform [franchise agreement section 10.1].

We are responsible for administering the Marketing Fund, but we are not a fiduciary or trustee of the Marketing Fund. We will direct all uses of the fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (that may include television, Internet, social media, radio, print, and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (that may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement, timing, and allocation of these programs (that may be local or regional); 4) the composition of all geographic territories and market areas for the development and implementation of these programs; and 5) all other uses of the fund for marketing purposes [franchise agreement paragraph 10.1.1].

We are not required to spend any amount on marketing directly in the area or territory where you are located. We make no representations that expenditures to the Marketing Fund will benefit you or any other franchisee directly, on a pro-rata basis, proportionally, or at all. We will not use the brand fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “franchises available” or similar phrasing [franchise agreement paragraph 10.1.2].

#### Advertising Expenditures in the Last Fiscal Year

Because we are a new franchise, we do not have an accounting of the use of marketing funds in our prior fiscal year. Any unused marketing funds in any calendar year will be applied to the following year’s fund. The Marketing Fund is unaudited. Once each calendar year, you may send us a written request to receive an unaudited annual report of marketing expenditures from the previous fiscal year but such written request cannot be made until after 120 days of our fiscal year end [franchise agreement paragraph 10.1.2].

#### Marketing Fund Council

No franchisee advertising council is anticipated at this time.

#### Advertising Cooperative

You are not required to participate in a local or regional advertising cooperative. However, we reserve the right to require it if we determine that it is in the best interest of the system. If established, the area of any cooperative marketing association will be based on regions determined by us. Your marketing area is defined as a market with multiple Gregorys Coffee® locations, as determined by us. Upon the formation of an advertising cooperative, you will be deemed to be a member of that association as covers the area where your franchise is located, and you will be bound by any decisions made by the association upon a majority vote by voting members. You and other franchisees in the cooperative will be responsible for the administration of the association. Governing documents will be provided by us or by the cooperative and approved by us. At this time, these governing documents are not available. Voting will be on the basis of one vote per company-owned location and one vote per franchise in good standing within the cooperative. If we or an affiliate of ours control the voting in a cooperative, we will not require individual contributions to be more than your local marketing requirement each month unless otherwise agreed by all the members of the cooperative. Members of the cooperative must make contributions pro rata based on the number of units in the cooperative. The timing and amount of contributions you make may vary according to the vote and rules of the advertising cooperative, but will not exceed your required annual local marketing percentage in any single year, unless a majority of the members in your advertising cooperative vote to increase the contribution percentage. This is in addition to your contributions made to the marketing fund. Contributions to the cooperative will count towards your local marketing requirement. Our affiliates within the cooperative will contribute to advertising cooperatives on the same basis as the franchisees. The cooperative will not be required to prepare unaudited annual financial statements and these will be available for review by members in the cooperative and us. We have the power to require cooperatives to be formed, changed, dissolved, or merged at any time. You are not required to join or contribute to more than one advertising cooperative for the same franchise business [franchise agreement section 10.2].

#### Other Marketing Funds

At this time, you are not required to participate in any other marketing funds.

#### Internet and Social Media

We may allow you to place pre-approved information concerning your franchise business on our website or a subdomain, as developed by us. We will own the social media accounts related to the brand, but we may decide to provide you with access to the social media account for your location for certain management

responsibilities and functions. You must follow our policies regarding use of the internet and social media related to the brand and your franchise business [franchise agreement section 10.5].

#### Computer / Point-of-Sale System

We require the use of a point-of-sale (POS) system designated by us and that meets our specifications, to be purchased or leased from our designated supplier. The POS system currently provides, generates, and stores the following information: reporting of sales; customer database; credit card payment; coupon/gift card tracking; and employee time keeping.

The POS system must have at least 2 terminals. The estimated cost of purchasing or leasing the POS system is \$3,500 to \$5,000.

You must also have an office computer or laptop for your franchise business that must meet our specifications and be capable of interfacing with our computer system and software. We estimate the amount for your purchase of those items to be \$500.

We will have independent access to the information and data collected or generated by the computer and the POS system. We can require you to obtain a static IP address from your internet provider. There are no contractual limits on our rights to do so. You must keep these systems available for our access 24 hours a day, 7 days a week. All data collected or provided by you, downloaded from your POS system, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you [franchise agreement paragraph 6.1.13].

We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. There are no contractual limitations on our right to do so. We estimate the annual costs to maintain, upgrade and support your computer and POS system to be \$1,750 to \$3,000. We are not required to maintain, repair, update, and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.13]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement section 8.5].

#### Loyalty Programs

You are required to participate in the loyalty, gift card, discount, memberships, subscription, and coupon programs we develop. You are not allowed to implement any sort of loyalty, coupon, membership, gift card or subscription model without our prior written permission. The method of sales and pooling and reconciling the funds for all such programs will be determined by us as set forth in the manuals [franchise agreement paragraph 6.2.2(ii)].

#### Accounting

You must use the accounting software designated by us, and we can require that we have independent view-only access to your account [franchise agreement paragraph 6.1.13(ii)].

### Security System

You are required to use a security system to protect your franchise business. We do not designate a specific type of security system or a specific brand you must use, but you must have both inside and outside cameras, and the security system must have the ability to record and store data for at least 30 days. We have the right but are not required to designate the number of cameras. You are required to provide us with notice of its installation. We estimate the cost of such system to be between \$800 and \$5,000 for initial installation, and depending on the number of cameras, an ongoing cost of approximately \$50 to \$175 per month [franchise agreement paragraph 6.1.13(v)].

### Area Development Agreement

Your rights under the area development agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide an area where you must develop the set number of Gregorys Coffee® franchise businesses provided in the area development agreement. We must approve the potential site for each franchise business location before you may sign a lease for that location. Our approval will be based on our then-current standards for approving sites [area development agreement article 2; franchise agreement section 1.1].

### Initial Training

We provide an initial training program. The initial training program is held at a Gregorys Coffee® certified training location in the New York Metro Area, or another location designated by us. The length of training depends on the prior experience of your attendees but should last a minimum of 14 days (each day is defined as a 10-hour work day). The training program is held as needed [franchise agreement paragraph 6.1.4].

Your “operating principal” is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us. The operating principal must also be involved with the business as described in Item 15 [franchise agreement Article XXI].

Your operating principal and your manager are required to attend and successfully complete the training program. Successful completion of training must be completed 45 days before you may open your franchise business. Successful completion will be determined by our trainers and is based on your attendees’ knowledge and demonstration of competency in the various aspects of operating a Gregorys Coffee® franchise business.

In addition, and as part of your initial training, at least one management-level employee (may be your operating principal at your discretion) is required to attend a pre-opening apprenticeship where you will spend 56 days in an operating Gregorys Coffee business in the New York Metro area or an approved franchise location. Upon our approval, you may split time for this apprenticeship program in multiple locations. During this training you will be responsible for your travel, food, lodging and other expenses. If you enter into an area development agreement or open a subsequent location, you can apply for a waiver to this apprenticeship program if the manager for the subsequent location can demonstrate mastery of the Gregorys Coffee system.

There is no training fee for up to 3 people to attend training, but we charge a training fee of \$1,000 per additional person trained (up to 3 additional people). You are responsible for paying all travel, food, living, and other expenses for each attendee during training directly to the supplier (hotels, airlines, restaurants, car rental companies, etc.) The estimated per person cost for your attendees to attend the initial training is between \$150 and \$1,500 and up to \$15,000 for the apprenticeship portion [franchise agreement paragraph 6.1.4].

Below is a table listing the subjects taught and the amount of classroom and onsite training provided as part of the initial training.

**TRAINING PROGRAM<sup>1</sup>**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Accounting & Insurance	2	0	NY Metro or another location we designate
Preparing to Open	2	2	NY Metro or another location we designate
Personnel & Training	3	0	NY Metro or another location we designate
Items Offered for Sale	2	2	NY Metro or another location we designate
Preparation of Products	2	14	NY Metro or another location we designate
Daily Operations	3	20	NY Metro or another location we designate
Paperwork & Controls	2	3	NY Metro or another location we designate
Evaluation & Compliance	2	2	NY Metro or another location we designate
Cleaning & Maintenance	1.5	10	NY Metro or another location we designate
Security & Safety	1	0	NY Metro or another location we designate
Promoting & Marketing	2.5	3	NY Metro or another location we designate
Apprenticeship Training Program	0	448	NY Metro or an approved franchise location
Totals	23	504	

<sup>1</sup> The training program for franchisees may be changed due to updates in materials, methods, manuals, and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to you and personnel may vary based on the experience of those persons being trained.

The initial training is provided by instructors whose experience is described below and in Item 2 if the trainer is part of management.

<b>Trainers</b>	<b>Subject(s) Taught</b>	<b>Length of Experience in the Field</b>	<b>Length of Experience with the Franchisor</b>	<b>Experience Relevant to Subject(s) Taught and Franchisor's Operations</b>
Cassie Miller	All	Since 2010	Since 2023	Vice President of Training and Operations Support, Certified Hospitality Trainer (CHT) through the American

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
				Lodging and Hotel Education Institute (ALHEI)
Mario Martinez	All	Since 2005	Since 2010	Operations Support Manager and Regional Director

Materials Provided at the Initial Training

We will provide access to our manuals during the initial training and other handouts to facilitate training. All attendees at any training must sign a non-disclosure agreement acceptable to us before attending the training.

Replacement Training

Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, and the training must be completed within 14 days of hire or taking over management responsibilities, but we can also require your managers to be trained by us or require that they participate in our apprenticeship program if we reasonably believe such training would be in the best interest of your franchise. Our fee for this additional training is currently \$250 per person, per day. You will also be responsible for covering the cost of travel, food, and lodging for your attendees or our representatives (as applicable) [franchise agreement paragraph 6.1.4(i)].

Additional Trainings

Depending on availability and 30 days' advanced written notice, if you would like additional in-person training, we may provide this training to you, or we may have such additional training provided by a qualified franchisee. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. We can also require your operating principal and/or other key personnel to attend additional trainings if you are in default, do not pass an inspection, or if we reasonably believe such training would be in the best interest of your franchise. Our fee for additional training is currently \$250 per person, per day, and you will be responsible for the costs of travel, food, lodging and compensation of your attendees or our representatives for additional trainings [franchise agreement paragraph 6.1.4(ii)].

Professional Development

We have the right to require that you hire or engage our designated business coach or professional development firm at your own expense. We will not require you to engage in professional development more than once every 5 years [franchise agreement paragraph 6.1.4(iv)].

At this time, other than listed above, no additional trainings or refresher courses are required.

**ITEM 12  
TERRITORY**

Non-Exclusive Territory

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

### Grant of Territory

Under the franchise agreement, we will grant you the right to use the system and proprietary marks at a specific location within your territory, the boundaries of which will be negotiated prior to signing the franchise agreement and are described in the franchise agreement.

### Size of Your Territory

The specific size of your territory is set by us based upon the population density, the business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors. The size of a franchise territory is usually up to 2 driving miles from the franchise location in all directions and have a minimum population base of approximately 30,000 people. Densely populated areas will have different territory restrictions and will be negotiated on a case-by-case basis. The territory may also be smaller based on demographics and geographical boundaries. If your franchise business is located within a shopping mall or similar facility with a captive market, your territory may be limited to the physical boundaries of the mall or facility. The written boundaries of your territory will be included in your franchise agreement. In determining the total population within your territory, we generally consult the United States Census estimate, available via the Internet website located at [census.gov/quickfacts](http://census.gov/quickfacts).

### Adjustment of Territory Boundaries

We have the right, in our sole discretion, to adjust the boundaries of your territory for increases of more than 50% as demonstrated by demographic data available to us at the time of the territory adjustment. In such case, we may readjust the boundaries of your territory, but any adjustment will not result in your territory having less than your original population base. We also have the right to adjust the boundaries of your territory based on inadvertent error in the creation of your territory, or in an effort to more accurately reflect the target market population after your premises location has been selected and approved.

### Territory Restrictions

You are restricted to operations from the approved franchised premises and may not, without our prior written approval, open or operate another outlet whether inside or outside the territory.

### Relocation

You do not have the automatic right to relocate your franchise business, and we have the right to deny any relocation request. You must obtain our prior written permission if you want to relocate your franchise premises, and you must also be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is determined on a case-by-case basis and is based on factors such as your operational history, our then-current criteria used in approving a new franchisee's proposed site, and other factors that are relevant to us at the time of the relocation request. You must reimburse us our costs associated with reviewing and approving the new territory or site at a cost of \$100 per hour for costs associated with updating documentation, reviewing new sites, and editing our website and promotional materials, plus any legal fees associated with the relocation. Additionally, prior to opening your new location, you will be required to pay for two of our representatives to visit your new premises for up to two days and you must pay our then-current fee for additional in-person training. You will also be responsible for the transportation, food and lodging for each representative.

### Minimum Sales Requirement

Your franchise agreement is dependent upon achievement of a minimum sales volume, market penetration or other contingency. Specifically, you must achieve \$350,000 in annual gross revenue starting after 6 months of operations. The first year's minimum sales volume requirement will be based on average run rate based on the last 6 months of the first year. Failure to meet this requirement may result in the creation of a sales performance plan with us in which you will be given a period of time in which to increase sales to achieve this requirement or face possible termination of the franchise agreement.

After the second consecutive default, in lieu of immediate termination, we have the right to allow you to continue to operate your franchise for up to 3 months under the terms of the franchise agreement while we attempt to broker the sale of your franchise business. If we broker the sale of your franchise business, we will be entitled to a fee equal to 10% of the sales price to compensate us for time and expenses to broker the sale. You will also be required to pay the transfer fee, and the buyer must pay us the training fee for us to train the new franchisee. If you have not sold or we have not terminated your franchise within 3 months of us giving you notice of your second consecutive default, we have the right to immediately terminate your franchise.

#### Catering

You have the right to provide catering services within your territory and in contiguous areas outside of your territory so long as that area has not been awarded to another franchisee. You must give written notice to us each time you provide any catering services outside of your territory.

#### Advertising Within and Outside the Territory

Neither you nor other franchisees may actively market within another franchisee or any of our affiliates territory.

#### Servicing Customers Within and Outside the Territory

You may only service customers at your business premises.

#### Options to Acquire Additional Franchises

You do not receive the right or option to acquire additional franchises.

#### Non-Traditional Outlets

We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell Gregorys Coffee® outlets through non-traditional franchises at our discretion, both within and outside your territory, without paying compensation to you. These outlets may include locations at: convention centers, military bases, universities, sporting arenas, airports, transportation facilities (including rail or bus terminals, toll road plazas and highway rest stops), urban office buildings, supermarkets, carnivals or street fairs, government facilities, shopping malls, educational facilities, casinos, resort properties, amusement parks or amusement centers, and other similar locations.

#### Our Rights and Your Rights to Use Channels of Distribution in Your Territory

We and our affiliates exclusively reserve the right to market, sell, and distribute products and services under Gregorys Coffee® marks and under other brands or trademarks, both within and outside your territory using distribution channels such as through the Internet, websites, apps, television, radio, social media, direct marketing, co-branding with other outlets, etc. We do not pay you for soliciting or accepting orders for any products or services under Gregorys Coffee® brand through these channels inside your territory.

You do not have the right to sell products or services through other channels of distribution, including the Internet, apps, or social media without our written permission.

#### Our Previous Activities in Your Territory

In the past, we or an affiliate have used one or more of the following distribution channels to sell and distribute products and services in your territory under the Gregorys Coffee® brand: websites and social media.

### National Accounts

We will control all national accounts in your territory. A “national account” is defined as a company with multiple units or outlets located in more than one geographical area or market. We will designate if and how franchisees will sell or service national accounts but there is no obligation on us to provide you with any national accounts or to compensate you for our providing services to any national account within your territory.

### Competition by Us Under Different Trademarks

We or an affiliate have the right to own and operate a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark.

### Area Development Agreements

As an area developer, you will not receive an exclusive area for your development business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You will be provided with a first right of refusal to develop within the development area and the ability to open the required number of franchise units within the development area, but we, our affiliates, and other franchisees may also develop within the development area.

The size of the development area is to be negotiated and the written boundaries will be included in your area development agreement. The schedule of units to be developed in your area are negotiated between you and us. To maintain your area development rights, you must develop the agreed-upon set number of franchise businesses by the deadlines listed in your development schedule. We must approve of the site for each of your units. Our approval or disapproval of a proposed site will be based on our then-current standards for approving sites.

If you do not meet the development deadlines, we may terminate your development agreement. However, if you can show a good faith effort to meet your development deadlines, we may agree to extend a specific deadline at our discretion. In case of termination, you may continue to own and operate all units that you have developed and that faithfully perform the terms of each franchise agreement but will lose all rights to develop the undeveloped units, and you will forfeit any deposits and other fees you have paid towards the undeveloped units.

The area development agreement automatically terminates once you develop your last unit under the development schedule or upon your breach. Upon termination, you will cease to have any ongoing development rights, and we will be free to own, operate or franchise Gregorys Coffee® businesses anywhere in the development area unless prohibited by any existing franchise agreement you sign.

We, and our parent and affiliates, either personally or through agents and representatives, reserve the right to sell and market Gregorys Coffee® outlets in non-traditional locations and large institution-type locations both within and outside your development area. These outlets may include locations at: convention centers, military bases, universities, sporting arenas, airports, transportation facilities (including rail or bus terminals, toll road plazas and highway rest stops), urban office buildings, supermarkets, carnivals or street fairs, government facilities, shopping malls, educational facilities, casinos, resort properties, amusement parks or amusement centers, and other similar locations. Non-traditional units, whether or not owned by you, will not count towards your development schedule.

We or our affiliate also reserve the right to sell, market and distribute products and services under Gregorys Coffee® marks or other marks both within and outside your area using distribution channels, such as through websites, the Internet, social media, national accounts, apps, wholesale outlets, retail outlets, etc., within your development area. We do not pay you for soliciting or accepting orders for any products or

services under Gregorys Coffee® brand or other marks through these channels inside your development area.

### **ITEM 13 TRADEMARKS**

#### Non-Exclusive Grant of the Trademark





Under the franchise agreement, we grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.

#### Agreements Regarding the Trademark

Under a license agreement entered into between Gregorys Coffee Trade LLC in 2024, we were granted the right to use and sublicense the trademarks for 50 years, which license will automatically renew for one year terms for up to 25 additional years. The license may be terminated only for our uncured material defaults; however, all franchisees in good standing will be able to continue to use Gregorys Coffee® trademarks through the end of their respective then-current franchise agreement term. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

#### Registered Trademarks

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office on the Principal Register or the mark has not been filed for registration, but we claim common law rights in the mark]. All required affidavits and renewals have been filed.

Registration	Word or Design Mark	Registry	Registration Date	Status
4445463	GREGORYS COFFEE® (word mark)	Principal	December 10, 2013	Registered
6260355	 (design mark)	Principal	February 2, 2021	Registered
4373967	 (design mark)	Principal	July 30, 2013	Registered
5527364	 (design mark)	Principal	July 31, 2018	Registered
N/A	 (composite mark)	N/A	N/A	Common law rights claimed

We do not have a federal registration for our principal logo trademark composite mark). Therefore, our logo trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

### Use of the Trademark

You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it, and you have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark, or we require you to use a different trademark.

### Government Determinations Regarding the Trademarks

There are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

### Superior Prior Rights and Infringing Uses

We are unaware of any superior rights in or infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

### Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We have the right to control any administrative proceedings or litigation involving the trademarks, and you must proceed in strict coordination and oversight by us. We will have the discretion to take the action we deem appropriate. The franchise agreement does not require us to take any affirmative action when we are notified of such uses or claims.

If you use our trademarks in accordance with the franchise agreement, we will indemnify you against any legal action by a third party alleging infringement by your use of the trademark, and will reimburse you for all direct damages, but not special damages, including consequential damages (consequential damages include but are not limited to, loss of revenue and/or loss of profits) for which you are held liable in any proceedings arising out of the use of any trademark pursuant to and in compliance with the franchise agreement, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of any claim or proceeding and have otherwise complied with the franchise agreement.

You may not contest, directly or indirectly, our rights or interest in our trademarks, names or marks, trade secrets, methods, and procedures that are part of our business. Any goodwill associated with the trademarks or system belongs to us.

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

### Patents

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

### Copyrights

We have not registered our manuals or logos with the United States Copyright Office, but we claim copyright and consider the information proprietary, and we, or our parent, or an affiliate, claim protected trade secrets and copyrights in parts of our franchise system. We claim other copyrights in sales literature and marketing materials that we or our franchisees develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us. We or an affiliate may

develop software or apps. If so, we claim copyright protection on all such items. You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, at our reasonable discretion.

#### Proprietary Information

You may use the proprietary information in our manuals and then only in connection with the system and only during the term of your franchise agreement. The manuals may not be copied and may not be used for any purpose outside the scope of the franchise agreement. The manuals must be returned to us or permanently deleted by you upon termination, transfer, or non-renewal of your franchise agreement. Portions of the “system,” including certain processes, recipes, mixes, products, customer lists, etc., are a trade secret or confidential and proprietary to us. With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us, (b) disclose this information to your employees and contractors only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

#### Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between Gregorys Coffee Trade LLC and us in 2024, we were granted the right to use and sublicense the patents, copyrights, and other intellectual property for 50 years, which license will automatically renew for one year terms for up to 25 additional years. The license may be terminated only for our uncured material defaults; however, all franchisees in good standing will be able to continue to use Gregorys Coffee® intellectual property through the end of their respective then-current franchise agreement term. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

#### Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of our patents, our copyrights, manuals, or challenge to your use of any of our other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate.

So long as you use our patents, copyrights, manuals and any other proprietary information in compliance with the franchise agreement, we agree to indemnify you against and to reimburse you for all direct, but not special damages, including consequential damages (consequential damages include but are not limited to, loss of revenue and/or loss of profit) for which you are held liable in any proceedings arising out of the use of any copyrights and proprietary information pursuant to and in compliance with the franchise agreement, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of any claim or proceeding and have otherwise complied with the franchise agreement. We have the right to control any administrative proceedings or litigation involving the patents or copyrights, and you will proceed in strict coordination and oversight by us.

#### Government Determinations Regarding Patents and Copyrights

There are presently no effective determinations by the United States Patent and Trademark Office, the United States Copyright Office, or any court regarding a patent or copyright. There are no agreements currently in effect that significantly limit our rights to use or license the use of any patent or copyright.

#### Infringing Uses

There are presently no known infringements of the copyrights or patents.

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

Participation and “On Premise” Supervision

We recommend but do not require on-premises supervision by your operating principal. However, your operating principal must be your primary point of contact with us. We require on-premises supervision by your designated manager who must be trained by us to manage your franchise business unless your operating principal acts as the full-time manager of the franchise business.

Although we do not require your operating principal to be involved in the day-to-day on-premises management, at all times during the term of your franchise agreement, your operating principal is required to participate in your franchise business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the franchise business; (ii) oversee attendance and completion of all training and retraining courses required by us; (iii) attend all annual and special meetings of franchisees required by us; (iv) be directly involved with site selection, construction, remodeling; (v) be directly involved in all personnel decisions affecting the franchise business; and (vi) conduct frequent inspections of the franchise business operations to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods. If you are an approved equity group franchisee, you are required to ensure that your operating principal appoints people to oversee each of the above requirements but may not be required to personally fulfill the duties. We must receive notice of each person appointed to oversee these required duties.

Unless your operating principal acts as the full-time manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours. However, your operating principal must work sufficient hours to operate your franchise or supervise your managers so that your franchise business is operating at maximum capacity and efficiency.

Who Must Attend and Successfully Complete Initial Training

Your operating principal and your managers must attend and successfully complete our initial training program.

Restrictions on the On-Premises Manager

We do not put a limitation on whom you can hire as your on-premises general manager.

No Competing Enterprises

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any direct competing business in the coffee shop business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 [franchise agreement, exhibit A-4].

Personal Guarantees

Any individual who owns an interest in the franchise business (and their respective spouse or domestic partner) must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

### Area Developers

If you have an area development agreement and are a legal entity, you are required to designate one of your owners as your operating principal. Your operating principal will be primarily responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning the area development agreement and all the units that you develop and are developing as part of the area development agreement. Your operating principal must have the full authority to act on your behalf in regard to performing, administering or amending the area development agreement and all franchise agreements executed as a result of your exercising your rights under the area development agreement. The operating principal may be the same person as the operating principal of one of your units.

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

You must provide and sell only those products and services specified and approved by us in writing. We do not put limitations on customers frequenting your business. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you may offer. There are no limits on our right to do so. You must strictly follow our policies, procedures, specifications, methods and techniques concerning all our products and services.

## **ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

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

	<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement.
b.	Renewal or extension of the term	Section 2.2	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement. If you are in good standing at the end of the franchise term, you can enter into a successor franchise agreement for an additional term of 10 years. Your successor agreement may also provide an option to enter into a subsequent successor franchise agreement.

	<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
c.	Requirements for franchisee to renew or extend	Section 2.2	In order to renew, you must, among other things, not be in default, pay a successor franchise fee, modernize your franchise business to our then-current standards, and sign our then-current franchise agreement. When renewing, you may be required to sign a contract with materially different terms and conditions than your original contract. You are required to give us notice of whether or not you intend to renew between 6 and 12 months prior to the expiration of your franchise agreement (subject to state law).
d.	Termination by franchisee	Sections 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. However, some states may allow you to terminate as permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f.	Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure (see (h) below). Subject to applicable state law.
g.	“Cause” defined – curable defaults	Paragraphs 11.1 O-Z	You have between 24 hours and 30 days to cure certain material defaults of the franchise agreement. Subject to applicable state law.
h.	“Cause” defined - non-curable defaults	Paragraphs 11.1 A-N	Non-curable defaults include insolvency, bankruptcy, conviction of a felony, fraud, repeated defaults even if cured, harm or threat of harm to the public, abandonment, trademark misuse, etc. Subject to applicable state law.
i.	Franchisee’s obligations on termination/non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, and compliance with the brand protection agreement, etc., (see also (r) below). Subject to applicable state law.
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, transfer of ownership interest, the sale of substantially all your assets, etc. Subject to applicable state law.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold approval. Subject to applicable state law.

	<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
m.	Conditions for franchisor approval of transfer	Sections 14.4 - 14.8	Conditions to transfer include you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for the new transferee arranged, new transferee signs our then-current franchise agreement, a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to applicable state law (see state specific addenda.)
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We can match any offer for your franchise business or business assets within 60 days of written notice to us of the offer.
o.	Franchisor's option to purchase franchisee's business	Sections 13.1 and 14.12	We do not have the option to purchase your business assets upon termination or expiration of the franchise agreement. However, if we receive an offer to acquire a majority of the franchises or an offer to purchase a majority of our assets or stock, or to merge or go public or similar transactions, we have the option to purchase all your rights and interests in and under the franchise agreement and your franchise business at fair market value. Subject to applicable state law.
p.	Death or disability of franchisee	Section 14.10	Within 180 days of death or disability of your majority owner, your personal representative must be approved, and a new operating principal and/or a new manager must be trained, if applicable, or the franchise must be assigned to an approved buyer.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in a competing business anywhere without our written consent. Non-competition provisions are subject to state law.

	<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3 – 16.4	No competing business for 2 years within your former territory, or within 10 miles of your territory, or within 5 miles of any other Gregorys Coffee® franchise, company or affiliate owned Gregorys Coffee® business (including after assignment). If you compete within the restrictive period, then this non-compete period will be tolled for the period of your competition. Non-competition provisions are subject to state law. For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you cannot on your own behalf or on behalf of a competing business solicit, divert, or attempt to divert any business or customer of your franchise business that you serviced or with whom your business interacted during your term as a Gregorys Coffee® franchisee, from us, an affiliate, or our franchisees, or injure our goodwill.
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures and the manuals are subject to change by us.
t.	Integration / merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits and amendments. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes, there must be a face-to-face meeting, mediation, and arbitration (see state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Carson City, Nevada or the county where our then-current headquarters is located (subject to applicable state law).
w.	Choice of Law	Sections 19.1 and 19.5	Nevada law, the Federal Arbitration Act, and the United States Trademark Act apply (subject to applicable state law).

## THE FRANCHISE RELATIONSHIP

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

### Area Development Agreement

	<b>Provision</b>	<b>Area Development Agreement</b>	<b>Summary</b>
a.	Length of the Area Developer Agreement	Sections 3.1, 3.6 & Exhibit B	The term depends on the number of units you will develop.
b.	Renewal or extension of the term	Not Applicable	There are no rights to renew.
c.	Requirements for developer to renew or extend	Not Applicable	See above (subject to state law).
d.	Termination by developer	Not Applicable	Rights to terminate are subject to state laws.
e.	Termination by franchisor without cause	Not Applicable	We must have cause to terminate the area development agreement.
f.	Termination by franchisor with cause	Section 8.1	We can terminate only if you are in default of your agreement.
g.	“Cause” defined – curable defaults	Paragraphs 8.1.2, 8.1.3 and 8.1.4	You have 5 to 45 days to cure certain material defaults of the area development agreement.
h.	“Cause” defined – non-curable defaults	Paragraph 8.1.1	Non-curable defaults: insolvency, repeated defaults even if cured, abandonment, your obligations under the area development agreement; for 4 consecutive months, or any shorter period that indicates an intent by you to discontinue your development of units within the development area, and termination of any of your franchise agreements, etc.
i.	Developer’s obligations on termination/non-renewal	Article 9	You may continue as a franchisee pursuant to your signed franchise agreements. In the event we terminate your area development agreement, you may continue to own and operate all units that you have developed and that are faithfully performing under the terms of the franchise agreement.
j.	Assignment of contract by franchisor	Article 10	No restrictions on our right to assign.
k.	“Transfer” by developer - defined	Article 10	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Article 10	We have the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Article 10	You are not in default, the transferee is trained and signs our then-current area developer agreement, and a release signed by you.

	<b>Provision</b>	<b>Area Development Agreement</b>	<b>Summary</b>
n.	Franchisor's right of first refusal to acquire developer's business	Article 10	Not applicable.
o.	Franchisor's option to purchase franchisee's business	Article 10	We do not have the option to purchase your business assets upon termination or expiration of the area development agreement.
p.	Death or disability of developer	Article 11	The heirs or personal representative will have the right to continue to fulfill the area developer's obligations under the agreement; provided that a personal representative be approved or area development agreement must be assigned to an approved buyer within a reasonable time, not to exceed 180 days (subject to state law).
q.	Non-competition covenants during the term of the Area Developer Agreement	Article 11	No involvement in a competing business. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the developer is terminated, transferred or expires	Article 11	No competing business for 2 years within your former development area, or within 25 miles of your development area or within 5 miles of another then-existing Gregorys Coffee® franchise or company or affiliate owned business (including after assignment). If you compete within the restricted time period then this non-compete time period will be tolled and extended for the period of your competition. Non-competition provisions are subject to state law. For a period of 3 years from termination, transfer, or expiration of your area development agreement, you cannot, on your own behalf or on behalf of a competing business solicit, divert or attempt to divert any business or customer from us, an affiliate, or our franchisees, or injure our goodwill.
s.	Modification of the agreement	Article 11	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Article 11	Only the terms of the area developer agreement are binding (subject to state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits and amendments. Any representations or

	<b>Provision</b>	<b>Area Development Agreement</b>	<b>Summary</b>
			promises made outside of the franchise disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article 11	Except for certain claims, for all disputes there must be a face-to-face meeting, mediation, and arbitration (see state specific addenda).
v.	Choice of forum	Article 11	All dispute resolution must be held in Carson City, Nevada or the county where our then-current headquarters is located (subject to applicable state law).
w.	Choice of Law	Article 11	Nevada law, the Federal Arbitration Act, and the United States Trademark Act apply (subject to applicable state law).

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The below table is an historic performance representation for 47 of our 51 company/affiliate owned locations that were open and operating for the full trailing 52 weeks from December 1, 2024, through November 30, 2025. We have not included any location that was not open for the full 52 week period. The table also shows historical performance for locations in each of the various settings for where a Gregorys Coffee can be located from in-line (location outside of a mall but without a drive thru), locations with drive thru, and locations in malls.

The table sets forth the average revenue, median revenue, together with the highest and lowest revenue figures for the 52 week time period. The company/affiliate locates operate businesses that are substantially similar to those that you as a franchisee will operate and follow the same Gregorys Coffee® system. Other than time in operation, our affiliate owned locations do not differ materially to the anticipated characteristics of our franchisees’ locations. Our affiliate’s locations offer products and services similar to what our franchisees will offer and follow the same Gregorys Coffee® system that our franchisees are required to follow.

Package	Total # of Stores	Low Revenue	High Revenue	Average	Median	% Stores higher than Average
Total Chain	47	\$193,037	\$1,602,042	\$853,755	\$822,667	42.6%
In-Line	32	\$240,171	\$1,602,042	\$975,638	\$1,016,476	53.1%
Drive-Thru	1	\$1,408,509	\$1,408,509	\$1,408,509	\$1,408,509	N/A
Malls	14	\$193,037	\$982,709	\$535,565	\$461,006	42.9%

NOTES:

1. “Revenue” means the total dollar amount of all sales generated by an outlet for a given period, including payment for any services or products sold, whether for cash or credit and the value of any services bartered or done on trade. Revenues do not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in revenue).
2. “Average” means the sum of all data points in a set, divided by the number of data points in that set.
3. “Median” means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the 2 numbers in the middle, adding them together, and dividing by 2.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

The information in this Item 19 was taken from financial statements from our company owned locations. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Gregory’s Coffee Franchise 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 Gregg Majewski at 755 Schneider Drive, South Elgin, Illinois 60177; (847) 608-8500, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2023 to 2025**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company Owned	2023	33	36	3
	2024	36	52	16
	2025	52	51	-1
Total Outlets	2023	33	36	3
	2024	36	52	16
	2025	52	51	-1

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor)  
For Years 2023 to 2025**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2023	0
	2024	0
	2025	0

**Table No. 3  
Status of Franchised Outlets  
For Years 2023 to 2025**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations for Other Reasons</b>	<b>Outlets at End of Year</b>
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2023 to 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
California	2023	0	0	0	0	0	0
	2024	0	2	0	0	0	2
	2025	2	2	0	0	0	4
Connecticut	2023	1	1	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
DC	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
	2025	5	0	0	0	0	5
Florida	2023	0	0	0	0	0	3
	2024	0	3	0	0	0	3
	2025	3	0	0	0	0	3
Illinois	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
Minnesota	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
New Jersey	2023	5	0	0	0	0	5
	2024	5	1	0	0	0	6
	2025	6	1	0	0	0	7
New York	2023	22	2	0	0	0	24
	2024	24	2	0	0	0	26
	2025	26	0	0	3	0	23
Pennsylvania	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
Tennessee	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Texas	2023	0	0	0	0	0	0
	2024	0	2	0	0	0	2
	2025	2	0	0	2	0	0
Washington	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	1	0	0	0	2
Total	2023	33	3	0	0	0	36
	2024	36	16	0	0	0	52
	2025	52	4	0	5	0	51

**Table No. 5**  
**Projected Openings as of January 1, 2026**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
New Jersey	2	0	2
<b>Total</b>	2	0	2

List of Franchisees

Exhibit “C” contains a list of our current franchisees. This is a new franchise offer, and no franchises were sold, transferred, terminated, not renewed, reacquired or left the system at time of preparation of this disclosure document. If you buy this franchise, your contact information and financial information may be disclosed when you leave the franchise system.

Sale of Previously Owned Outlet

We are not selling a previously owned franchised outlet now under our control.

Confidentiality Agreements

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Franchisee Organizations

We do not know of any trademark specific franchisee organization associated with our system that is required to be disclosed in this Item.

**ITEM 21**  
**FINANCIAL STATEMENTS**

We are a start-up franchise. Our audited balance sheet dated January 27, 2026, is attached as Exhibit “B.” Our fiscal year ends on December 31 of each year. The franchisor has not been in business for 3 years or more and cannot include all the financial statements required by the Rule for its last 3 fiscal years.

## **ITEM 22 CONTRACTS**

We have attached the following contracts: as Exhibit “A,” the Franchise Agreement and its Exhibits; including Exhibit “A-10” as the Franchisee’s Report; as Exhibit “G,” the Area Development Agreement; as Exhibit “H,” the Form Release Agreement; and as Exhibit “I” the Proof of Concept Acknowledgement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

## **ITEM 23 RECEIPT**

The last 2 pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this Franchise Disclosure Document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Gregg Majewski at 755 Schneider Drive South Elgin, Illinois 60177, or by emailing it to [franchise@craveworthybrands.com](mailto:franchise@craveworthybrands.com).

**ADDENDUM TO GREGORY'S COFFEE® FDD  
STATE REGULATIONS**

**SCHEDULE "A-1"  
TO THE FDD**

**STATE REGULATIONS  
FOR THE STATE OF CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

1. The California Franchise Investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.
2. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
4. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The franchise agreement requires binding arbitration. The arbitration will occur at Carson City, Nevada with the costs being borne by you for travel to, and lodging in, Carson City, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of Nevada. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
9. Neither franchisor nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling this or these persons from membership in such association or exchange.

10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.

11. Our website at [www.theGregory's Coffee.com/](http://www.theGregory'sCoffee.com/) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov)

12. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

13. **Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy.** Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

14. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

15. 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.

16. Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

17. Item 5 is amended to include the following:

"The Department has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open."

18. Item 6 under Late Fees is amended to include the following: “The highest interest rate allowed in California is 10% annually.”

19. 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.

20. We do not have a federal trademark registration for our principal logo. Therefore, such trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

21. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor’s business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

22. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable

**ADDENDUM TO THE FDD  
FOR THE STATE OF ILLINOIS**

Illinois law governs the franchise agreement(s).

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

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

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

**STATE REGULATIONS  
FOR THE STATE OF INDIANA**

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

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

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

**STATE REGULATIONS  
FOR THE STATE OF MINNESOTA**

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute ' 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, 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 that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Minnesota Rule Part 2860.4400D prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.
6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. 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. Items 5 and 7 of the Disclosure Document is amended to add the following: "Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the Franchise Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business."

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Franchisee (Signature)

**STATE REGULATIONS  
FOR THE STATE OF NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil, or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.(4) and 687.(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**STATE REGULATIONS  
FOR THE STATE OF RHODE ISLAND**

The following language applies to any franchise agreement issued in the State of Rhode Island:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act dictates that, “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.”

Section 19-28.1-15 of the Rhode Island Franchise Investment Act states that, “A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by a right provided by this Act or a rule or order under this Act is void. An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act

**STATE REGULATIONS  
FOR THE COMMONWEALTH OF VIRGINIA**

The following Risk Factor is added:

**Estimated Initial Investment.** The franchisee will be required to make an initial investment ranging from \$459,150 to \$946,000. This amount exceeds the franchisor's stockholder's equity as of January 27, 2026, which is \$0.

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, any 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.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Gregory's Coffee Franchise LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and area developer agreement does 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.

Under 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 and area developer 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.

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**19. Deferral of all Initial Franchise Fees and Development Fees.** The franchisor will defer collection of all initial franchise fees until the franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business. The development fee will be prorated such that the franchisee will pay the franchisor the development fee proportionally upon the opening of each franchise unit.

The undersigned parties do hereby acknowledge receipt of this Addendum.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**ADDENDUM TO THE DISCLOSURE DOCUMENT  
FOR THE STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
  - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
  - b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT "A"**  
**TO THE FDD**  
**FRANCHISE AGREEMENT**



**FRANCHISE AGREEMENT**

By and Between

GREGORY'S COFFEE FRANCHISE LLC

and

---

(Franchisee)

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**GREGORYS COFFEE®  
FRANCHISE AGREEMENT**

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**GREGORYS COFFEE®**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into and made effective as of \_\_\_\_\_ by and between **GREGORY’S COFFEE FRANCHISE LLC**, a Nevada limited liability company (“Franchisor” or “We,” “Us” or “Our” as further defined in Article XXI below) and \_\_\_\_\_ (“Franchisee” or “You” or “Your” as further defined in Article XXI below).

WHEREAS, We have developed or have been licensed a system for the operation of a coffee shop known as Gregorys Coffee® or “Gregorys Coffee®”, utilizing the Marks and System, and offering to the public a coffee shop serving coffee, tea, pastries, and other related food and beverage products and services (“Franchise Business”); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Franchise Business using the System.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

**ARTICLE I**  
**AWARD OF FRANCHISE**

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-sublicensable, personal right to establish and conduct a Franchise Business as a Gregorys Coffee® franchisee and the right to use the System and the Marks only as specifically set forth herein. This right is granted for use only at a single location approved by Us (“Premises”) within Your Territory listed on Exhibit “A-1” (“Territory”). You must operate Your Franchise Business in strict compliance with the terms and conditions of this Agreement and the Manuals.

1.1.1 Territory Rights. You understand that We have the right to establish and/or operate traditional and non-traditional Gregorys Coffee® outlets within the Territory using the same or similar System as that licensed by this Agreement.

1.1.2 Territory Adjustment. We have the right to adjust the boundaries of Your Territory if the population in Your Territory increases by 50% or more as measured from the date of this Agreement. In such case, any adjustment will not result in Your Territory having less than a population base of approximately 30,000 people. We also have the right to adjust the boundaries of Your Territory based on inadvertent error in the creation of Your Territory, or in an effort to more accurately reflect the target population after Your Premises have been selected and approved.

1.1.3 Catering. You have the right to provide catering services within Your Territory and in contiguous areas outside of Your Territory so long as the quality of the coffee, food, and catering service is not compromised and only if the area has not been awarded to another franchisee. You must provide Us with written notice each time You cater outside of Your Territory. No course of conduct of providing catering services outside of Your Territory will be construed as expanding Your Territory. However, if another franchisee has been servicing a business outside Your Territory, You are not allowed to solicit catering services from that business. You further understand and agree that if an area outside of Your Territory is later sold to another franchisee or an affiliate of Ours, You will no longer be able to service such home delivery or catering

accounts in that area.

1.2 Scope of Franchise Operations. Throughout the term of this Agreement, You must at all times comply with Your obligations hereunder and must continuously operate Your Franchise Business and use Your best efforts to promote Your Franchise Business.

1.3 Our Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate Gregorys Coffee® businesses outside Your Territory; 2) to operate and license others to operate businesses anywhere that do not operate under the Gregorys Coffee® brand name; 3) to use the Marks and other marks in connection with the manufacture and sale of products at wholesale and at retail; and 4) to impose additional fees, Including a technology fee and other fees to assist in the operation and systemization of the System.

1.3.1 Non-Traditional Outlets. We reserve the right to open or sell franchises for outlets located in non-traditional locations within Your Territory. These outlets Include locations at convention centers, military bases, universities, sporting arenas, airports, transportation facilities (Including rail or bus terminals, toll road plazas and highway rest stops), urban office buildings; supermarkets, carnivals or street fairs, government facilities, shopping malls, educational facilities, casinos, resort properties, amusement parks or amusement centers, and other similar locations. If You are granted the right to open a non-traditional outlet, You generally will not be awarded a territory for that non-traditional unit.

1.4 Rights to Use Channels of Distribution. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. We and Our affiliates expressly reserve the right to Market, sell and distribute products and services under the Gregorys Coffee® marks and under other brands or trademarks in Your Territory and elsewhere using Marketing strategies and distribution channels Including websites, the Internet, television, radio, Social Media, apps, direct marketing, and co-branding with other outlets. You may not sell Our products and/or services using such reserved Marketing strategies and distribution channels without Our prior written permission. We do not pay You for soliciting or accepting orders for any products or services We or Our affiliates make inside Your Territory.

1.5 Restriction of Territory Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at the Premises and do not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory, or in any other manner, except as may be allowed by this Agreement and Our Manuals. You may only service customers within Your Territory unless otherwise pre-approved by Us in writing. You cannot operate any other business from the Premises other than the Franchise Business.

1.6 National Accounts. We expressly reserve the right to sell, Market, and distribute the Gregorys Coffee® products and related products to all National Accounts, both within and outside Your Territory. A “National Account” is defined as a company with multiple units or outlets located in more than one geographical area or territory, and Includes professional and collegiate teams and organizations. We also reserve the right to allow You to manage or service a National Account in Your Territory. We will designate if and how franchisees will manage, sell and/or service National Accounts but there is no obligation on Us to provide You with the ability to manage, sell, and/or service any National Accounts or to compensate You for Us or anyone else providing services to any National Account within Your Territory.

1.7 No Automatic Rights for Further Development. Unless You enter into a separate area development agreement, You do not have the contractual right to open additional locations. The decision to grant You the right to open one or more additional locations will be at Our sole discretion. Additionally, to be considered for approval to open any additional location(s), You must not be in default of this Agreement or any other franchise agreements. If You are granted the right to open an additional location, You must sign Our then-current franchise agreement for that franchise business location, which may have terms materially different from this Agreement.

## ARTICLE II TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of ten years unless terminated earlier pursuant to Article XI herein. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise (“Successor Franchise”) upon the expiration of the original term for an additional term of ten years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 5) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business; and 6) You give Us written notice whether You intend to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your Successor Franchise Agreement may also provide for a successive franchise term. Your failure to give such notice will constitute an automatic election to enter into a Successor Franchise Agreement (defined below) and You will be required to sign Our Successor Franchise Agreement.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in a Successor Franchise Agreement, which date will supersede, said Successor Franchise term, including any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise or as otherwise required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form successor franchise agreement (“Successor Franchise Agreement”). The Successor Franchise Agreement will include personal guarantees and a general release of all claims against Us (existing at that time) arising from this Agreement, the relationship created herein, and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement. You must sign and return to Us the Successor Franchise Agreement at least 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement. **You acknowledge that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, including terms affecting payments to Us or Our affiliates.** If You fail to sign a Successor

Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees, Including any increased royalties and/or Marketing Fund fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days' prior written notice to You for any reason whatsoever.

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You shall pay to Us a non-refundable Successor Franchise Fee set forth in Exhibit "A-3," payable in full at the time of execution of the Successor Franchise Agreement.

2.2.5 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You are required to Update Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards, image, and capabilities of new Gregorys Coffee® coffee shops being opened at the time the Successor Franchise takes effect. Unless otherwise waived by Us, such Updates must be made within six months of signing the Successor Franchise Agreement. You shall make all necessary arrangements to continue the occupancy of Your existing Premises through the Successor Franchise term(s) unless We give written permission to relocate Your Premises.

2.2.6 Successor Franchise Training. As a condition to Us approving You entering into a Successor Franchise Agreement, Your Operating Principal, and/or other key Personnel may also be required to attend and successfully complete trainings, certifications, and other programs at such times and locations as We specify. You may be required to cover the expense of travel, meals, lodging, and other related costs for such training and certifications.

2.2.7 Unable to Offer Successor Franchise. Notwithstanding the preceding paragraphs of this Section, if at the time You provide Your notice of desire to enter into a Successor Franchise Agreement, We are no longer offering franchises in the United States, or We are not able by law to offer a successor agreement to You, then this Agreement will automatically be extended for a period of one year. If at the end of the one-year extension We still are not offering franchises in the United States, or We are unable by law to offer a successor franchise to You, this Agreement will automatically terminate unless further extended by mutual consent, which consent We can withhold for any reason.

### **ARTICLE III INTELLECTUAL PROPERTY**

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) as between You and Us, We have the sole rights in and to the Intellectual Property and Confidential Information; 2) Your right to use the System is granted by Us solely pursuant to the terms of this Agreement; and 3) as between You and Us, We have the sole right to license and control Confidential Information and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contain trade secrets and other material proprietary to Us.

3.2 Use of Confidential Information and Intellectual Property. You have a non-exclusive right to use the Confidential Information and Intellectual Property and only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of Our Confidential Information, Intellectual Property, and goodwill are all temporary benefits and expire with the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, not to: 1) directly or indirectly contest or aid in contesting the validity of Our

ownership of, or rights in, the Confidential Information or Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Confidential Information or Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; or 3) interfere with the use of Our Confidential Information or Intellectual Property by Our other franchisees or licensees at any time.

3.3 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters “TM,” “SM” or “®,” as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You shall not use Your own name or any other name, service, or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product. You cannot use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents to identify Your Franchise Business or entity (Including in or on employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your Personnel must be under Your entity name. However, You will be able to use Your assigned DBA on such documents. See Section 3.7 below.

3.3.1 Cooperation. You shall execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to cooperate fully with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System.

3.3.2 Use in Marketing. The use of the Marks in Marketing is set forth in Article X.

3.3.3 Modification of Marks. We have the right, in Our reasonable discretion, to require You to change, modify, or discontinue the Marks or to use one or more additional trademarks, service marks, logos, and/or other symbols in connection with the operation of the Franchise Business. In that event, You must bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.3.4 No Registration. You cannot make application for registration, domain name, or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names, abbreviation, acronym, or phonetic or visual variation of the Marks, or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.4 Copyrights. All right, title, and interest in and to Copyright Materials are Our sole and exclusive property and cannot be reproduced or replicated either during or after this Agreement. You have no rights to make any direct or indirect use of the Copyright Materials except as allowed under this Agreement.

3.5 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning the Confidential Information or Intellectual Property. You must promptly notify Us in writing of any unauthorized use of Our Confidential Information and Intellectual Property, or of any claim, demand or suit by any person, corporation or other entity based upon or in connection with any of Our Confidential Information or Intellectual Property licensed hereunder in which We have an interest.

3.5.1 Infringement. We are not required to take any affirmative action when We are notified of such uses or claims, but We agree to indemnify You against and to reimburse You for all direct damages

(but not special damages, including consequential damages – consequential damages includes damages such as loss of revenue and/or loss of profits), for which You are held liable in any proceedings arising out of the use of Our Confidential Information or Intellectual Property. We will also indemnify You for all costs reasonably incurred by You in the defense of any claim brought against You or in any proceeding in which you are named as a party. Our obligations to indemnify You as set forth above is contingent upon: 1) Your use of Our Confidential Information or Intellectual Property that is the subject of the claim that was in compliance with this Agreement and Our Manuals; and 2) You have timely notified Us of the claim or proceeding.

You agree to execute all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent, undertake the defense of any such proceeding and will do so in strict coordination and oversight with Us. You shall not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property.

3.6 Goodwill. All goodwill associated with the Marks and the System belongs exclusively to Us. You acknowledge that valuable goodwill is attached to the Marks and System, and that We have invested and continue to invest time and capital into promoting the System and that such promotion creates goodwill and customer association which benefits Us, You, and all other franchisees in the System. Furthermore, even goodwill associated with the Marks and System that might be deemed to have arisen through Your activities is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.6.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty-free, non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data as required by Us. To the extent that We do not otherwise have access, You must provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transaction information, and do-not-contact laws. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to comply with the laws pertaining to calling or texting customers, the sending of emails, or any other transmission of information, including any anti-spam legislation.

3.7 Fictitious Business Name. You are prohibited from using the name “Gregory’s Coffee” or “Gregory’s” or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You must file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) using our Marks as designated by Us, and in the manner required by applicable state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and must include Your assigned franchise designation in such filing. You must provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same, and upon Our request from time to time.

3.8 Maintaining Secrecy. You shall: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of Our Confidential Information; 2) disclose such information to Your Personnel only to the extent necessary to Market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.9 Changes to the System. You shall fully disclose all Innovations to Us, without disclosing the Innovation to others and shall obtain Our written approval before using or implementing an Innovation. All Innovations are owned by Us and considered a “work-made-for-hire.” If all or part of any Innovation that You create is for any reason deemed not to be a work-made-for-hire, then You hereby irrevocably transfer and assign to Us or Our affiliate all right, title, interest and ownership, Including license rights, in the Innovation, and You agree to sign (or have the creator sign) any document necessary to effectuate the transfer and assignment. To the extent You have any moral or similar rights in an Innovation or derivative thereof, You expressly waive those rights. Any Innovation may be used by Us and all other franchisees without any obligation to compensate You. We reserve the right to make application for and own Intellectual Property relating to any Innovation, and You shall cooperate with Us in securing these rights. We may also consider an Innovation as part of Our trade secret. At Our discretion, We may authorize You to utilize Innovations that may be developed by You, Us, or other franchisees.

3.10 Association with Causes; Co-Branding. You cannot, without first receiving Our written approval, in the name of the Franchise Business or in any manner associated with the Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non-profit organization, cause, or position; or (ii) act in support of or against any such organization, cause, or position. You cannot “co-brand” or use the Marks or Your Franchise Business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

3.11 Consent to Use of Likeness and Your Franchise Business. You agree that We have the right to use the likeness (Including photographs or videos containing images) of You and Your Franchise Business for any purposes relating to the Marketing of the System or Marks. You agree that no compensation will be due to You for such use.

#### **ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS, AND LEASE**

4.1 Location of Premises. You must select a site for Your Premises within the designated search area listed on Exhibit “A-1” (“Search Area”). You understand that the Search Area is not the protected Territory but is only the area where You may look for an approved Premises. The Search Area may not be exclusive to You as we reserve the right to sell franchises or develop an outlet in the Search Area, but We will not sell or develop any units within Your Territory once established. We provide up to 14 hours of assistance to help You select Your approved site. If You require more than 14 hours of assistance, You shall pay us the site selection support fee (see Exhibit “A-3”). Your Premises must strictly comply with local zoning, state and federal laws, rules, and regulations.

4.1.1 Location Approval. We must approve Your proposed site before You commit to purchase any real property, sign a lease, or commence construction. However, it is Your responsibility, at Your sole cost and expense, to select the site within the Search Area. You must provide Us with the street address of the proposed site, the site report, and such other information as We request, Including pictures, existing brochures of the proposed site, etc. Site approval or disapproval should be completed by Us within 30 days after You have submitted a proposed site to Us. You must have a site approved by Us for Your Premises within six months of signing this Agreement. If We do not approve Your initial proposed site, You shall have an additional 30 days to locate an approved site, in which case the deadlines in Sections 4.2 through 4.4 below shall be extended by 30 days. You acknowledge that although We must approve Your site, We do not warrant or guarantee the success of the site. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location.

4.2 Lease. A Lease must be in place within 180 days from the date of this Agreement. We do not assist You in negotiating the Lease. We must approve Your Lease before execution, Including the term of the Lease. If We review Your Lease, at Our discretion, the scope of Our review may be limited to adherence to Our requirements rather than a review of the underlying terms of the Lease. You acknowledge that in no way does Our review of the Lease amount to any endorsement or warranty of the Lease, nor does it create an assumption of liability or responsibility to You or to any third parties, and that any Lease review is strictly to review whether certain terms of the Lease fall within the acceptable criteria We have established as of the time of Our approval. You must also deliver an executed copy of the Lease with a signed Landlord Consent to Us within 15 calendar days after execution.

4.2.1 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement Terminates, the Lease terminates, or if You do not timely cure a default under the Lease. In such an event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. We also have the right to assign the Lease to another franchisee or an affiliate of Ours. You and Your Landlord are also required to complete and sign the Lease Rider attached as Schedule “A-6.1” to Exhibit “A-6.” If You own the Premises, You hereby agree, at Our election to lease the facilities to Us (which We may assign to Our affiliate, or another franchisee) upon Termination of this Agreement at a rate not to exceed its fair market rental value, and on commercially reasonable terms and conditions.

4.2.2 Assumption of Lease. We will have 30 days from the date of Termination of this Agreement or the termination of Your Lease, or 30 days from the date You do not cure a default under the Lease, to exercise Our right and option to take and assume the Lease for the Premises. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us as well as to indemnify Us against all losses and costs arising by virtue of, attributable to, or in any way related to the period of Your possession of the Premises. All taxes, utilities, rentals, and other charges will be prorated between Us and You as of the date of Our possession. We will not be obligated to pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations solely attributable to the period of Our possession of the Premises. You agree that no compensation for the Lease is payable by Us to You unless the Premises are owned by You. The Lease will be transferred to Us without payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us. You must commence construction within 60 days from the signing of Your Lease, and construction must be completed within four months from the date of the Lease.

4.3.1 Design of Premises. At Your expense, You are required to follow Our interior and exterior design standards and specifications. We provide You with preliminary layout/design plans for Your Franchise Business. The prototype layout/design plans We provide to You are for information purposes only. At Your expense, You must adapt these plans for the Premises and in accordance with local, state and federal laws, rules and ordinances, Including any adjustments required by the landlord. All changes and modifications to the plans We provide must be approved by Us in writing prior to Your commencing construction. You must use a local architect or engineer. You are also responsible for obtaining any required permits.

4.3.2 Setting Up the Premises. You shall arrange the fixtures, signs, furniture, décor and other items of the Premises in strict compliance with the format and color schemes required by Us and to work with Our approved suppliers providing such items. We must approve Your Premises setup prior to opening, and if any elements of the Premises do not meet Our specifications, You will, at Your cost, be required to make the required adjustments.

4.3.3 Abandonment of Construction. Abandonment of construction or stoppage of construction for six or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.3.4 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and any fixtures do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within 30 days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.4 Commencing Operations. You are required to commence operations not later than one month following completion of Your Premises and in no case later than one year from the date of this Agreement.

4.4.1 Conditions to Opening. You shall notify Us in writing at least 30 days before You intend to open the Franchise Business to the public. Before opening, You must satisfy all the following conditions: 1) You are in compliance with this Agreement; 2) You have obtained all applicable governmental permits, licenses, certificates of occupancy, and authorizations; 3) the Franchise Business conforms to all applicable System standards; 4) We have inspected and approved the Franchise Business, which may be done virtually, at Our discretion; 5) You have hired sufficient Personnel; 6) the required Personnel have completed all Our required pre-opening trainings and certifications; and 7) We have given You Our written approval to open, which will not be unreasonably withheld.

4.5 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior written approval. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed site. At Our sole discretion, You may be required to attend an initial training program if You choose to move Your Premises and You must pay the same fee We charge for additional attendees at initial training for each attendee and cover the cost of travel, food and lodging for each of your attendees. In addition, prior to opening Your new Premises, You will be required to pay for two of Our representatives to visit Your new Premises for up to two days. The price for this mandatory visit will be Our then-current rate for on-site assistance to You, which is due on demand. You are responsible for all fees associated with this visit, plus Our expenses for transportation, food and lodging for each representative. You must demonstrate the financial ability to relocate as part of Our approval process. Additionally, You must pay Us a relocation Fee to cover Our costs to review and approve the relocation. Our time will be billed hourly to reimburse Us for costs associated with updating documentation, reviewing new sites, and editing Our website and promotional materials, and You must reimburse Us for any legal fees incurred which is payable upon demand. We have the right to deny a request for relocation in Our sole discretion.

4.6 Failure to Meet Deadlines. If You fail to meet a deadline listed in this Article and fail to cure, including Our disapproval of a proposed site location, or if We cannot agree on a site location, this Agreement is subject to Termination by Us, at Our option. However, You may be granted an extension at Our discretion if You demonstrate a good faith effort in complying with this Article. If We grant an extension to any timeline, the remaining timeline shall be extended to coincide with the extension. In addition to the above, if You fail to open Your Franchise Business within 12 months or within the extension period granted by Us in writing, due to fault of Your own, We may charge You a fee for each month Your Franchised Business is not open and operational (see Exhibit "A-3").

## ARTICLE V FEES AND REPORTS

5.1 Initial Franchise Fee. You shall pay Us the initial franchise fee listed in Exhibit “A-3” in one lump sum at the time of execution of this Agreement. The initial franchise fee must be paid by wire transfer or certified check. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement exist until the initial franchise fee is paid in full.

5.1.1 Veteran Discount. If Your Operating Principal is a veteran, We will offer a 10% discount off the initial franchise fee, contingent upon verification of honorable separation, Veteran ID cards, a DD-214, and other documentation are required to provide proof of honorable discharge status. Discounts cannot be combined with other discounts.

5.1.2 Additional Franchises. During the term of this Agreement, You may purchase additional franchises at a discounted initial franchise fee per location as listed in Exhibit “A-3.” This option will only be available to You if there are franchise territories available, You meet Our then-current criteria for new franchisees, You are current and not in default of this Agreement, and, at Our sole discretion, We determine to sell You another franchise. You will be required to sign Our then-current franchise agreement, which may have material terms different from this Agreement.

5.2 Royalty. You shall pay Us a non-refundable, on-going royalty as listed in Exhibit “A-3.” The royalty is in consideration of a license to use Our designated Intellectual Property and Confidential Information in accordance with this Agreement and the Manuals and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of payments to Us, You agree to allow Us to modify the definition of “Gross Revenue” and the calculation of other Fees due to Us in order to comply with the law. However, in no event will the modification of the term “Gross Revenue” or the calculation of other Fees due to Us result in Your payment in excess of the Fees listed in Exhibit “A-3.”

### 5.3 Marketing Fees.

5.3.1 Marketing Fund. You shall pay Us the monthly Marketing Fund fee listed in Exhibit “A-3” for Our Marketing programs as further described in Section 10.1 below. This fee is payable on the same terms as the royalty.

5.3.2 Local Marketing. You must also pay to Us the amount is listed in Exhibit “A-3” each month for local Marketing in Your Territory. We will control and provide all Marketing for Your Territory. Upon 60 days’ prior notice to You, We may increase (at one time or in stages) Your local Marketing requirement to up to an additional 1.5% of Your Gross Revenue (up to a total of 3% of Your Gross Revenue).

5.3.3 Marketing Cooperative. In the event a local or regional Marketing cooperative is formed, You will be required to contribute to the Marketing cooperative as established and assessed by the Marketing cooperative. See Section 10.2 below.

5.4 Calculation and Reporting. The calculation, reporting and payment of the Fees specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Gross Revenue Report and Other Reports. See Section 5.5 below.



5.4.2 Payments; Due Date. Unless otherwise specified in this Agreement or the Manuals, all fees and payments to Us or Our affiliate are due on the date as designated by Us (see Exhibit “A-3”). All Fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Currently, the Fees as shown and calculated on the Gross Revenue Report are due and payable and must be received by Us or credited to Our account by pre-authorized bank debit and automatically withdrawn from Your Operating Account. Our current ACH agreement is attached hereto as Exhibit “A-7” and may be modified by Us at any time at Our sole discretion. You must have an active ACH agreement with Us at all times. Before terminating or canceling any active ACH agreement, You must provide a new ACH agreement to Us so that there is no time in which We do not have the ability to automatically withdraw or debit all payments and Fees due and owing to Us. You shall pay all service charges and fees charged to You by Your bank so that We may electronically debit Your bank account. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

5.4.3 Operating Account. You may not have more than one Operating Account associated with the Franchise Business, and You may not switch Your Operating Account to a different account without Our prior written permission. If You fail to timely report Gross Revenue, We may automatically sweep or debit an estimated amount of Fees due to Us. You shall pay Us any amount owing if We underestimate Your payment to Us, and We will credit You with any overage that We charge. You must maintain a minimum of \$10,000 in Your Operating Account or have at least a \$10,000 line of credit at all times for business emergencies, provided that in any 30-day period, in addition, unless You have the required line of credit, the Operating Account may only have less than the required amount for a period of not more than five days. You are required to provide Us with view-only access to Your Operating Account.

5.4.4 Late Fees; Insufficient Funds Fee. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us or an affiliate, and You will be charged per bounced check or insufficient funds transfer. See Exhibit “A-3.” These Fees are due upon demand or with the next royalty payment.

5.4.5 Interest. In addition, all Fees that are not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 18% per annum or the maximum rate allowed by law, whichever is less. In no event will any amount be charged as interest or late fees that otherwise exceeds or violates any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.6 Sales or Use Tax. If there is hereafter assessed any nature of sales tax or use tax or other value added tax on Fees that You pay to Us, You shall also pay Us the applicable tax when invoiced.

5.5 Reports and Financial Statements. You must submit the following reports by the following due dates. We reserve the right to require all reports to be submitted at more frequent intervals.

<b>TYPE OF REPORT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Gross Revenue Report	Same due date as royalties, or as otherwise designated by Us	This report must Include the prior month’s sales showing all monies received or accrued, sales or other services performed, and such other information concerning Your financial affairs, as We may reasonably require.
Profit and Loss Statement	The 15th day of each month, or as otherwise designated by Us	Must be in the format and include the line items as required by Us.

<b>TYPE OF REPORT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Sales Tax Report	Quarterly, within 15 days of submission	
State Tax Return	Annually, within 15 days of submission	
Federal Tax Return	Annually, within 15 days of submission	
IRS Form 941 (Employer's Quarterly Federal Tax Return)	Quarterly, within 15 days of submission	
Other Reports	Upon request	Those additional reports that We may from time to time require, including sales and cost data and analyses, advertising budget, expenditures, inspection reports, etc.

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agents, have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, business bank accounts, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require.

5.5.2 Audit of Books and Records. We are not required to give You advanced written notice of an audit or financial inspection. If any audit or financial inspection discloses a deficiency of amounts owing to Us or Our affiliate(s), You shall immediately pay Us or Our affiliate the amount of the deficiency, the appropriate Fee for late charges, and if the deficiency is 2% or more, You shall reimburse Us for the total expense of the audit or investigation, including the charges for the accountant and the travel expenses, room, board, and other costs incurred in connection with the audit. Your failure to report Gross Revenue for any period, or Your failure to retain and have available, readable, and organized required records will be deemed an understatement by more than 2%.

5.6 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for any payments owing to Us.

5.7 No Refunds. Unless otherwise stated above, the Fees set forth in this Agreement are not refundable.

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.9 Non-Compliance Fines. In Our sole discretion, as an alternative to placing You in default, as determined on a case by case basis, including for failure to cure a prior default even if a fine has been imposed, We may issue You a fine or fines for certain violations of this Agreement and/or the Manuals. See Exhibit "A-3." If You do not correct the violation within the time required by Us, We have the right to put You in default. We are not obligated to charge You a fine before putting You in default. All fines and charges are to be paid upon billing or in accordance with Our electronic funds or automatic withdrawal program, if established. These fines are paid to Us to reimburse Us for Our administrative and management costs to address the violation, are not a penalty or estimate of all damages arising from Your breach and are not Our sole remedy. Our decision

to impose or not to impose a fine for Your non-compliance does not constitute a waiver of any other right that We may have under this Agreement, Including Termination of this Agreement.

5.10 Technology Fee. You shall pay Us the Fee listed in Exhibit “A-3” for utilization of Our technology suite. We can designate that You pay all or a portion of this Fee directly to the supplier.

## **ARTICLE VI FRANCHISEE’S OPERATIONAL COVENANTS**

6.1 Business Operations. In addition to other obligations, requirements, and covenants set forth in this Agreement:

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances, and regulations or ruling of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

(i) Permits and Licensing. You shall obtain and maintain all required permits and licenses for the operation of Your Franchise Business.

6.1.2 Appearance; Customer Service. You shall establish and maintain the Premises in a clean, attractive, and repaired condition; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate Your Franchise Business in strict compliance with Our System, policies, practices, and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain, and enhance the reputation and goodwill of Our System. You are solely responsible for the safety and well-being of Your customers. You must promptly respond to all complaints received from Your customers or other individuals and to resolve the complaint in a reasonable business-like manner. If You do not respond to the complaint in a manner We deem sufficient to preserve the goodwill of the brand, We may (but are not required) to address the customer’s complaint to preserve goodwill and prevent further damage to the Marks, and You must reimburse Us for any costs We incur to resolve a complaint, Including providing refunds. Nothing in this Section or in any other provision of this Agreement is to be construed to impose liability upon Us to any third party for any of your actions or obligations. We reserve the right to require that Your Personnel comply with any dress code, Mark, or other brand-related standards that We may require. You shall arrange the fixtures, signs, furniture, and décor of the Franchise Business in strict compliance with the format recommended or required by Us.

6.1.3 Signage. You must have the number of interior and exterior signs as required by Us and according to Our specifications. All signs to be used on, in, or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You shall maintain all signs in good condition and undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary. You are required to use the location’s pylon/pole or monument sign, if available. You understand and acknowledge that although You are required to purchase and display signage, Including signage displaying Our Marks, You do not own rights to use of the signs following Termination.

6.1.4 Training. Your Operating Principal and Your designated managers, if other than Your Operating Principal, are required to attend and successfully complete Our training program at least 45 days prior to opening Your Franchise Business. Training will take place in two parts: the first will generally last 14

days (each day is defined as a 10 hour work day) but could be longer if Your Operating Principal or Your designated manager fails to successfully complete the training. Successful completion will be determined by Our trainers but may include demonstrating knowledge of basic techniques, knowledge of policies and procedures, food preparation and assembly, daily operations, record keeping, computer system competency, Marketing, and customer service. Failure to successfully complete training is a default of this Agreement. There is no training fee for up to three attendees. We also allow up to three additional persons to attend the initial training. The cost for additional trainees to attend the initial training is listed in Exhibit “A-3” and is payable 45 days prior to the scheduled training. Each person must attend the same training session. The second is a 56-day apprenticeship training. At least one management-level person (who can be Your Operating Principal at Your discretion) must attend and participate in the apprenticeship training which will take place at a corporate or approved franchise location. You can split Your apprenticeship between multiple approved locations. If You open a subsequent Gregorys Coffee® location, You may apply for a waiver to the apprenticeship program if Your subsequent location’s manager can demonstrate mastery of Our System. You must cover the travel, food, and lodging costs as well as compensation for Your attendees during all portions of initial training.

(i) Replacement Training. Any new Operating Principal must complete the initial training program prior to taking over as the Operating Principal. New managers must be trained within 14 days of hire and may be trained by Your Operating Principal, but We can also require Your managers to be trained by Us or require that they participate in Our apprenticeship program if We reasonably believe such training would be in the best interest of Your Franchise Business. Our Fee for this training is listed on Exhibit “A-3.” You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.

(ii) Additional In-Person Training. Depending on availability and with at least 30 days advanced written notice from You, if You would like additional in-person training, We may provide this training to You. We have the right in Our sole discretion to limit additional training to a certain number of days, attendees, and/or representatives at a time. We can also require Your Operating Principal and/or other key Personnel to attend additional trainings if You are in default, if You do not pass Our inspections, or if We reasonably believe such training would be in the best interest of Your Franchise Business. Our current Fee for additional training is listed in Exhibit “A-3.” For all training, You shall also bear the costs of travel, food, lodging and compensation of Your attendees or Our representatives (as applicable) in connection with training.

(iii) Additional Training. You are required to participate in all other training programs as may be specified by Us from time to time for which a Fee may be charged. See Exhibit “A-3.”

(iv) Professional Development. We have the right to require that You hire or engage Our designated business coach or professional development firm (“Professional Development”). In such event, You would be required to contract directly with Our designated service provider within 30 days of Our notice to You of this requirement and make all required payments directly to the service provider. We will not require You to engage in Professional Development more than once every five years. All Professional Development services will be governed by the service provider. In the event You fail to make any payment, We have the right to debit Your Operating Account and make the payments on Your behalf.

(v) Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending a training.

(vi) Rescheduling Fee. You shall pay Us the rescheduling Fee listed in Exhibit “A-3” if You cancel, postpone, or reschedule any training or assistance within 14 days of the scheduled date, or if You fail to complete certain requirements prior to a training.

6.1.5 Opening Assistance. You must provide Us a valid certificate of occupancy, You must have obtained all other necessary permits and licenses to open, and You must have all Your equipment functioning for the Premises before We send any representatives to provide any opening assistance. If You postpone or reschedule Your opening, or if You fail to provide a valid certificate of occupancy before the scheduled opening training, You must pay Us the rescheduling Fee listed in Exhibit “A-3” to reschedule Our opening assistance. Additional details on the opening assistance are set forth in Paragraph 7.4.1 below.

6.1.6 Other Agreements. You must execute all other agreements required under this Agreement or as reasonably requested by Us from time to time and to provide Us with a copy within 15 days of execution.

6.1.7 Management. Your Franchise Business must be managed by either Your Operating Principal or a certified manager who will be required to devote their full time (at least 40 hours per week), attention, and best efforts to the management and operation of Your Franchise Business. You must have at least two certified managers on site during regular business hours, with each certified manager working to cover 10 shifts that are a minimum of eight hours. Your designated managers must be certified by Us. You must disclose the identity of Your Operating Principal to Us, and You must immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

(i) Unless Your Operating Principal acts as the full-time manager of the Franchise Business, Your Operating Principal is not required to work a certain or minimum number of hours; however, Your Operating Principal must maintain sufficient inventory, supplies and products and work sufficient hours to supervise Your managers and employ adequate Personnel to operate Your Franchise Business at its maximum capacity and efficiency. Your Operating Principal must be Your primary contact person with Us.

(ii) Although We do not require Your Operating Principal to be involved in the day-to-day, on-premises management, at all times during the term, Your Operating Principal is required to participate in Your Franchise Business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the Franchise Business; (ii) attend and complete all training and retraining courses required by Us; (iii) attend any annual or special meetings of franchisees called by Us; (iv) be directly involved with site selection, construction, and Updates, (v) be directly involved in all Personnel decisions affecting the Franchise Business; and (vi) conduct frequent inspections of the Franchise Business operations to ensure the highest standards of professionalism, cleanliness and general pleasant appearance in compliance with Our approved methods. If You are an approved equity group, You are required to ensure that Your operating principal appoints people who oversee each of the above requirements but may not be required to personally fulfill the duties. We must receive notice of each person appointed to oversee these required duties.

(iii) Your Operating Principal must devote their primary attention to the Franchise Business, and You, Your Operating Principal and Your manager(s) must keep free from any conflicting or Competing Business or competing enterprises or any other activities that would be detrimental to or interfere with the operation of Your Franchise Business.

6.1.8 Operational Hours. You must operate Your Franchise Business seven days per week (totaling at least 60 hours per week) throughout the year and at the hours We may designate (unless otherwise prohibited by the law of Your state or waived in writing by Us).

6.1.9 Remodel and Upgrades. You are required to Update Your Franchise Business and Premises from time to time as We may reasonably direct, but not more often than every five years, and We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement (except for required changes to the Marks, or changes due to health or government mandates, guidelines, or public concerns, which We may require at any time). This can Include structural changes, new flooring, wall treatments, signage, remodeling, redecoration, new furnishings, fixtures and décor, and such modifications to existing improvements as may be reasonably necessary, such that all Gregorys Coffee® locations will have a generally similar look, appearance and capabilities. We may also require You to invest in new or updated equipment, furniture, fixtures, and technology at any time. You acknowledge that this obligation is reasonable and necessary to ensure continued public acceptance and patronage to Our brand and to avoid deterioration or obsolescence in connection with the operation of Your Franchise Business. You must complete all such Updates within the time specified by Us in any Update notice to You. You shall also complete any day-to-day maintenance issues as they occur. In the event You relocate Your Premises to a new approved location, or sign a Successor Franchise Agreement, You must bring Your new Premises up to Our then-current standards.

6.1.10 Your Personnel. You shall at all times during the operation of the Franchise Business maintain a staff of trained Personnel sufficient to operate the Franchise Business in compliance with Our brand standards. You acknowledge and agree that You, Your Principals, and Your Personnel are not Our employees or independent contractors. You are solely responsible for the hiring, firing, discipline, scheduling, management, compensation, supervision, assignment of duties, directions governing the manner, means, and methods of the performance of duties, work rules, safety, working conditions, and training of Your Personnel. We do not assist You in employment-related decisions, or in creating any policies or terms and conditions related to the management of Your Personnel or their employment. The only training assistance We provide is the training of Your designated managers and Operating Principal.

(i) Sample Employment Manual. We may provide You with a sample employee guide or manual, but it will only be an example of certain employment matters that You may choose to adopt or not. You must use Your own discretion on what policies to implement for Your Personnel based on Your own circumstances and management decisions. The sample manual is not edited or reviewed frequently to stay up to date with current or state specific employment laws and some policies may be outdated or conflict with current existing state or federal employment laws. You must seek Your own legal counsel to determine those policies that are legally compliant with current employment laws in Your state to draft Your own employee handbook. It is Your responsibility to comply with local and federal labor and employment laws.

(ii) Notification to Personnel. You further agree that in any office, break room, or other non-public area accessed by Your Personnel, You will post a sign or other document containing language We require explaining the differences between You, their employer or contractor, and Us as the franchisor.

(iii) Personnel Brand Protection Agreement. Your Personnel must execute Our Personnel Brand Protection Agreement (see Exhibit “A-5”). (Although We provide You this form, You are responsible to conform it to the laws and regulations of Your state.) You must also have each of Your Personnel sign Our then-current form of the Franchise Relationship Acknowledgement attached as Schedule “A-5.1” to the Personnel Brand Protection Agreement. You shall promptly deliver a copy of all such agreements to Us within 10 days of hiring of the respective Personnel.

6.1.11 Insurance.

(i) Minimum Limit Requirements. You shall at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a company rated “A-” or better by A.M. Best & Company, Inc.:

<b>Type of Insurance</b>	<b>Minimum Required Amount(s)</b>
Commercial General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate, whichever is greater
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Business Interruption Insurance	\$100,000
Government Required Insurances	All workers’ compensation and employment insurance on Your employees as required under all federal and state laws (cannot exclude owner-operator requirement)

(ii) Policy Requirements. Other than workers’ compensation, these policies must insure You and Us [Gregory’s Coffee Franchise LLC, at 755 Schneider Drive, South Elgin, Illinois 60177] and Our nominees as additional insureds, without regard to any other insurance program that We may have in effect, against any liability that may accrue by reason of or relating to Your ownership, maintenance, or operation of the Franchise Business wherever it may be located. Your insurance is primary and non-contributory. Any insurance obtained by Us is solely for Our benefit and not for the benefit of You or Your Franchise Business. These policies must Include a waiver of the insurer’s right of subrogation against Us and provide coverage for Your indemnification obligations under this Agreement. These policies must stipulate that We will receive a 30-day written notice prior to renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time.

You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain insurance at Our discretion, and You must reimburse Us the premium costs, plus an administration Fee for Our time (see Exhibit “A-3”). We may periodically increase the amounts of coverage required and/or require different or additional coverage. We have the right to require that You obtain from Your insurance company, and subsequently provide to Us for Our review, a report of claims made and reserves set against Your insurance (commonly known as “loss runs”). If Your Premises are damaged and covered by insurance, You must use the proceeds to restore the facility to its original condition no later than 160 days from receiving the proceeds.

(iii) Continuation of Policy. Regardless of the amounts We state above, it is Your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, Including any policies that are on a “claims-made” basis, which through the purchase of an extended reporting endorsement (i.e., “tail” insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a 24-month period following the end of the policy period.

6.1.12 Pricing. We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and Including the

maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and Including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. Unless otherwise agreed to by Us in writing, You cannot Market prices lower than, or inconsistent with, Our suggested prices outside of Your Premises and Your proposed advertised pricing must be competitive with Your local market. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.13 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale (“POS”) system and other computer hardware and software systems designated by Us in strict accordance with Our specifications, and We can mandate the forms of payment that You can or must accept. We reserve the right to change the POS system at any time. If We adopt a different computer system, POS system or other system in the future, You must adopt it at Your expense. You must maintain, repair, modify and upgrade, all such items at Your sole expense. You must provide Us full 24-hour/7-day a week access, Including online access, and the right to “upload” or “download” information to and from all POS, computer, and other systems, and to the information and data contained in them. We can require You to obtain a static IP address from Your internet provider. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability, or expense caused by or related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system (not related to Our or an affiliate’s acts or omissions).

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us. You must have high-speed broadband Internet access at the levels required in the Manuals. You must retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all Your other business records and related back-up material, tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement. Any data collected or provided by You, downloaded from Your POS System, or otherwise collected from You by Us or provided to Us, is and will be owned exclusively by Us, and We have the right to use the data in any manner without compensation to You. During the term of this Agreement, You are licensed, without additional compensation, to use such data solely for the purpose of operating Your Franchise Business. This license will automatically and irrevocably expire, without additional notice or action by Us, when this Agreement Terminates.

(ii) Accounting Systems. You must use and pay for the accounting software designated by Us. You are required to follow Our accounting procedures, line items, and templates and charts of accounts as provided and updated in Our Manuals. You shall provide Us with independent, view-only access to Your account.

(iii) Merchant Account. At Your expense, You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals.

(iv) Data Security Standards. At Your cost and expense, You must investigate and ensure that You comply with all payment card industry (“PCI”) and data security standard (“DSS”), regulations, and requirements; however, We reserve the right to approve of the supplier You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse Us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment

questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, including, security threats, breaches, and malware. It is Your responsibility to alert Us, not later than 24 hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

(v) Security System. You are required to install a security system in Your Premises. You are solely responsible for the maintenance and upgrades to this system. We do not regulate the type of security system You install, but it must have both inside and outside cameras, must be of sufficient capabilities to adequately protect Your Franchise Business, Your Premises and Your inventory, and it must have the ability to record and store data for at least 30 days or as otherwise required in Our Manuals. We have the right but are not required to designate the number of cameras. You may not install any cameras in places where Personnel and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. You are required to provide Us notice of its installation. By installing the security system, You and Your Personnel are waiving their right to privacy in non-private areas of the Premises, and You agree to include a provision in all Your employment applications and other applicable documents requiring Your Personnel to sign and waive their right to privacy with respect to the use of the security system in non-private areas of the Premises. You agree to indemnify and hold Us harmless from and against any claim related to Your security system.

6.1.14 Conferences and Seminars. At Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences and seminars may be held at various locations chosen by Us. If held, You may be required to attend, and You must pay registration Fees (see Exhibit “A-3”) and all travel, lodging, food, and other expenses for each of Your attendees.

6.1.15 Required Software; Technology. You must use and pay for all software and other technology and platforms as required by Us, which may be changed from time to time. You must timely input all required information into Our designated software and platforms as set forth in Manuals. You must follow all laws and regulations in storing Customer Data and in submitting information to Us.

## 6.2 Quality Control.

6.2.1 Correction of Defects. You shall immediately correct defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business. You shall establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us.

6.2.2 System Compliance. You shall strictly follow Our System, the Manuals, Recipes, and other directives promulgated or provided by Us from time to time.

(i) Email Address. You must at all times use and maintain the email address(es) provided by Us or approved by Us for use in relation to Your Franchise Business, frequently checked by Your Operating Principal to facilitate Our communications, and that You must use as the sole email(s) for all Franchise Business-related communications and accounts. Any email account/address that We provide to You belongs to Us, and We have the right to access such email accounts at any time and without notice to You, and You understand and acknowledge that You have no expectation of privacy in assigned email accounts. We also have the right to issue You a different email account/address at Our sole discretion.

(ii) Incentive Programs. If We adopt a loyalty, coupon, gift card/certificate, free giveaways, fundraising programs, membership, subscription model, or other discount or incentive program,

You are required to implement and honor such programs in Your Franchise Business. You are not allowed to implement any sort of coupon, loyalty, membership, subscription model, fundraising program, gift card program, etc., without Our prior written permission. The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals.

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals, operations, etc. We may issue new specifications and standards for any aspect of Our System or modify existing specifications and standards at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement all such changes to the System or operations. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time that We specify. You are prohibited from making modifications to the System or Your Franchise Business without Our prior written approval.

(iv) Inspections and Visits. We may conduct periodic evaluations, inspections, and audits of any or all aspects of Your Franchise Business at reasonable intervals by Our duly authorized representative for compliance with the System, reporting, customer service and the standards and procedures set forth in the Manuals. These inspections may be conducted in-person or through remote access such as video or live video conferencing. We may conduct inspections without prior notice to You. Our inspections may include Your Premises, business records, bank accounts, Venmo (and the like), operating procedures, reports, computer drives, electronic storage devices, POS system, account records, tax records, etc., related to the Franchise Business. We also have the right to speak with and interact with Your Personnel and customers, and to remove samples of products, inventory, supplies and materials. Immediately upon Our request, You shall provide to Us video and/or images of the interior and exterior of Your Premises, and any specific pieces of equipment or other areas of the Premises as may be more fully set forth in the Manuals. You will be charged a Fee (see Exhibit “A-3”) if You fail to comply with the System after an inspection and notice, and We reasonably determine a re-inspection is necessary.

(v) Online Ordering and Delivery. You must participate in any online ordering program for pickup, takeout, or delivery, whether provided by Us or one or more third parties designated by Us. You shall not participate in any third-party ordering and/or delivery platform or stop participating in any required third-party ordering and/or delivery platform unless pre-approved in writing by Us. You must use all required software or other equipment required by Us or any such third party necessary to provide the services as designated and as may be updated, supplemented or changed. You shall also provide Us with any login information necessary to access any third-party delivery accounts, and You agree that We will have unrestricted access to review the information in such accounts at any time. Any such software or equipment must be purchased by You at Your cost. You understand and acknowledge that any third party providers may also charge fees or commissions for their services, and You shall pay all such costs or fees.

6.2.3 Interim Management. If We give You notice of default and You fail to cure (or as set forth in Section 14.10), We have the right at Our sole discretion (but not the obligation) to step in to manage Your Franchise Business for up to six months, as We deem advisable, for a Fee. See Exhibit “A-3.” This Fee reflects the estimated fair market value of Our services. You shall also pay all travel, lodging, food, and other expenses for Our representative(s) and other expenses that may be incurred by Us to perform such services, plus royalties, advertising fees and other applicable fees.

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your managers, and We

may require additional training for Your Operating Principal, Your managers, and other Personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You shall add Us or Our representative as a co-signer on certain accounts. You hereby grant Us permission to speak directly with Your landlord, suppliers, banks, IRS, state agencies, creditors, etc., regarding Your Franchise Business, and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available, but only with Your prior authorization and direction when possible. You are ultimately responsible for all operating costs during the Interim Management Period. You shall provide Us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the Operating Account or any new account after all applicable costs and Fees have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your Personnel during the Interim Management Period. Both You and We agree that in no way does Our interim management create a relationship of trustee, beneficiary or any type of fiduciary relationship over or in relationship to Your Franchise Business.

(ii) Your Obligation to Cure. During the Interim Management Period, You are obligated to cure all applicable defaults within the applicable cure periods as set forth in this Agreement. We have the right to terminate this Agreement during the Interim Management Period for defaults not cured within the applicable cure periods.

6.3 Personal Guarantees. Each individual Owner of Your Franchise Business, with any ownership interest, (and their respective spouse or domestic legal partner), must each personally sign the Guaranty and Assumption of Obligations attached as Exhibit "A-8" to this Agreement.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing control or duty to take control over those matters that are reserved to You in the day-to-day operation of Your Franchise Business.

6.5 Required Notices. You shall provide Us with prompt notice (within five business days of receipt) of any default with regards to late payment of any taxes, government fines, past due payments owing to any vendors, landlords, or past due amounts owing to Personnel.

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, You shall not make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about Us, Our officers, Owners, Principals, representatives, Personnel, the brand, the System, Our products and services, or other franchisees.

6.7 Non-Delegation. You may not outsource to a third party, any part of Your obligations to Us or services to customers, including to another franchisee, without Our prior written approval.

6.8 Minimum Gross Sales. Your rights under this Agreement are dependent upon Your achievement of a minimum Gross Sales volume. Starting after six months of operations You must achieve a

minimum of \$350,000 in annual Gross Revenue. The first year's minimum sales volume requirement will be based on average run rate based on the last six months of the first year of Your operations. Failure to meet this requirement may result in the creation of a sales performance plan with Us in which You will be given defined a period of time in which to increase sales to achieve this requirement or face possible Termination of this Agreement. Upon the second default of this requirement, in lieu of Termination, and as determined solely by Us, We may provide You with the opportunity to operate Your Franchise Business for up to three months under the terms of this Agreement while We attempt to broker the sale of Your Franchise Business. If We broker the sale of Your Franchise Business, We will be entitled to a fee equal to 10% of the sales price to compensate Us for time and expenses to broker the sale. As part of the sale, You shall pay the transfer fee, and the buyer must pay Us the training fee for Us to train the new franchisee. If Your Franchise Business has not sold or We have not terminated this Agreement within three months of Us giving you notice of Your second consecutive default, We have the right to immediately Terminate this Agreement. You understand, acknowledge, and agree that the purpose of the minimum sales requirement is not punitive, but is instead intended to ensure that the Marks and System are adequately represented and supported within the Territory.

6.9 Frustration of this Agreement. For the duration of this Agreement and all times hereafter, You will not frustrate Our rights in terms of this Agreement or render such rights nugatory whether by way of sale or disposal of Your Franchise Business or any part thereof, by the sale of shares, or by any means whatsoever.

## **ARTICLE VII FRANCHISOR'S OPERATIONAL ASSISTANCE**

7.1 Layout and Design. We shall provide You with general specifications for the Premises layout, signs, equipment, and interior décor.

7.2 Suppliers and Products. We shall provide You with a list of specifications for approved products and a list of approved suppliers. We may add to or discontinue working with any of Our suppliers.

7.3 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business, and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. Other than initial training and the opening assistance, We are not required to provide additional training to You. If You feel additional training is necessary (such as management training), We will provide such training to You based on advance notice, availability of Personnel, and Your payment of a per day, per person Fee. See Exhibit "A-3." You shall be responsible to cover the cost of travel, food, wages, lodging and other costs incurred by Your trainees or Our representatives, as applicable. We have the right to communicate directly with Your Operating Principal, designated managers, and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

7.4 Initial Training. We shall provide an initial training program for Your Operating Principal and other attendees in the various practices, policies and procedures for operating a Franchise Business. This training will take place at a certified training location in the New York City metro area or as designated by Us. The training program is described in Paragraph 6.1.4.

7.4.1 Opening Assistance. As part of Your initial franchise fee, We will provide You with at least one of Our representatives, who will provide You with 14 days of opening assistance. This training will commence two weeks after You receive all necessary permits, a certificate of occupancy, and after all Your equipment has been installed and is functioning. You must have a certificate of occupancy at least one week prior to the date of Our scheduled assistance. If within 14 days of the scheduled opening assistance date,

You postpone or reschedule Your opening, or if You fail to provide a valid certificate of occupancy or any other pre-opening requirements including those in paragraph 4.4.1 of this You must pay Us the rescheduling Fee listed in Exhibit “A-3.”

7.5 Additional Guidance. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, audio recordings, bulletins or other written materials.

7.6 Website Maintenance. We may choose to maintain a website or similar electronic media for the Gregorys Coffee® brand that will Include the business information and telephone number for Your location.

7.7 Advisory Committees. In Our sole discretion, We may choose to create franchisee committees to advise Us in various aspects of the System. Only franchisees who are in good standing and have maintained good standing for the 12-month period prior to serving on a committee may serve on any advisory committee. Each committee will establish rules for admitting and retaining committee members, but the initial rules will be established by Us.

## **ARTICLE VIII PURCHASE OF PRODUCTS AND EQUIPMENT**

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, carry, and sell only those goods and services that meet Our specifications and/or that are purchased from Our approved suppliers, which may Include products from other Craveworthy brands and/or affiliated companies that You will be required to offer as part of Your Franchise Business. You shall timely pay all suppliers, Including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. We may add to or discontinue working with any of Our approved suppliers. No goods or services may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

8.1.1 Delivery and Installation. For delivery and installation, You are required to work directly with the manufacturer or supplier of these items. We do not assist in delivery or installation of any required or approved purchases.

8.1.2 Authorized Menu. You may only prepare and sell such menu items and other food and beverage products as We designate and approve in writing from time to time (the “Authorized Menu”) at Your Franchise Business. You must offer all items and only those items listed on the Authorized Menu and other authorized products. You must offer the full Authorized Menu during all hours of operation. We have the right to make modifications to these items from time to time, and You agree to comply with any reasonable modifications We make. You must cease selling any previously approved product, service, or menu item within 30 days after receipt of notice from Us that the product, service, or menu item is no longer approved, unless the disapproved product poses a health threat, in which case You must stop using it immediately. You must use in the operation of Your Franchise Business and in the preparation of Authorized Menu items and other food and beverage products only the approved Recipes, and You must prepare and serve Authorized Menu

items and products in such portions, sizes, appearance, taste and packaging, all as We specify. You acknowledge and agree that We may change these periodically and that You are obligated to conform to these requirements. We may authorize test marketing of proposed Authorized Products or Services at any location as We deem appropriate.

8.2 Supplier Compensation. We or Our affiliates may derive revenue from the sale of required goods and services through mark-ups in prices charged to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such goods and services. No compensation is due to You for revenue, benefits, or discounts that We receive from suppliers.

8.3 Unapproved Suppliers. We do not allow You to submit alternative suppliers to be included on Our list of approved suppliers. At Our discretion, We may revoke Our approval of an approved supplier upon 30 days' prior written notice.

8.4 Maintenance. You shall maintain all inventory, tools, signs, furniture, fixtures, and equipment, etc. of Your Franchise Business in good working order. If You fail to replace any of these items that We reasonably feel is outdated, damaged, in need of repair, obsolete, etc., then at Our sole discretion, We may replace those items for You, and You would be required to reimburse Us Our costs, plus a fee for Our time (see Exhibit "A-3").

8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties, defective products, training, and support for any third-party goods purchased for Your Franchise Business.

## ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. Our Manuals may consist of a series of online videos, webpages, online drives, or other forms designated by Us. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. The Manuals may be used by You only in association with Your Franchise Business and only during the term of this Agreement. We have the right to revise the Manuals at Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications to the Manuals. The master or most updated copy of the Manuals maintained by Us will control in the event of a Dispute relative to the contents of the Manuals. You are responsible for frequently checking the Manuals and updates to ensure that You are aware of and compliant with the most up-to-date information and System requirements.

9.2 Standards and Procedures. We may establish performance procedures, standards, and specifications, for Recipes and for products, services and Marketing ("Standards") for the operation of Your Franchise Business. We may change these Standards at Our discretion, and You must strictly follow and implement all such Standards within the periods required by Us.

## ARTICLE X MARKETING

10.1 Marketing Fund. You shall contribute to Our national Marketing and brand development fund ("Marketing Fund") for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the System. The Fees for the Marketing Fund are listed in Exhibit "A-3." We can terminate, suspend, or postpone the Marketing Fund at any time. Upon termination of the Marketing Fund, the unused funds will

either be returned to those that contributed the funds, or We will cease to collect new funds while We spend the remainder of funds.

10.1.1 Marketing Fund Administration. We will direct all such programs, with sole discretion over: 1) the creative concepts, materials, endorsements and media used in connection with such programs; 2) the source of the Marketing or public relation efforts; 3) the placement, timing, and allocation of such programs; 4) the composition of all geographic territories and market areas for the development and implementation of such programs; and 5) all other uses of the fund. The Marketing Fund can be operated through an entity separate from Us and We can assign all Our rights and duties relating to the Marketing Fund to that entity. We are not liable for any act or omission with respect to the Marketing Fund or otherwise that is consistent with this Agreement, or which is done in subjective good faith. The Marketing Fund may be used, in Our reasonable discretion, to reimburse Us for costs related to the administration of the Marketing Fund and Marketing efforts intended to benefit the System. We have the right to loan money to the Marketing Fund to cover any deficits. The Marketing Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement, and We disclaim any such relationship.

10.1.2 Use of Marketing Fund Fees. We may use the Marketing Fund to offset a portion of direct costs to manage and maintain the Marketing Fund, including the payment of staff salaries and other expenses for those groups who may be involved in Marketing Fund activities. We may receive payment for providing goods or services to the Marketing Fund. We reserve the right to use fees from the Marketing Fund to place Marketing in national or regional media. We are not required to spend any amount on Marketing directly in Your area or Territory, and We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent or proportionate to contributions to the fund by other franchisees operating in any geographic area. We make no representations that Marketing expenditures will benefit You or any other franchisee directly, on a pro-rata basis, proportionally, or at all. We will not use the Marketing Fund contributions for Marketing that is principally a solicitation for the sale of franchises, but We reserve the right to Include a notation in any Marketing or website indicating “franchises available” or similar phrasing. Any unused Marketing funds in any calendar year will be applied to the following year’s fund. You may request (in writing) an unaudited annual report of the previous year’s Marketing expenditures once each calendar year, so long as the request is made at least 120 days after the end of the calendar year.

10.2 Marketing Cooperative. We may form a local and/or regional Marketing cooperative covering such areas as We, at Our discretion, deem appropriate, and We may disburse such funds as We believe appropriate from the Marketing Fund to any such local and/or regional Marketing cooperative for local and/or regional Marketing. We have the power to require cooperatives to be formed, changed, dissolved or merged at any time. You are not required to join or contribute to more than one Marketing cooperative for the same Franchise Business.

10.2.1 Governing Documents and Financial Statements. We will develop or approve the governing documents and make them available to all franchisees within the cooperative area. The cooperative will be required to prepare annual unaudited financial statements, and these will be available to Us and all franchisees in the Marketing cooperative for review. No changes may be made to the governing documents without Our prior written approval.

10.2.2 Membership and Voting. Upon the formation of a local or regional Marketing cooperative, You will automatically be deemed to be a member of such association as covers the area in which Your Franchise Business is located and will be bound by any decisions made by the Marketing cooperative upon a majority approval by members voting. Voting will be one vote per company or affiliate owned location or franchise unit in good standing in the Marketing cooperative. If Our affiliate(s) have a Gregorys Coffee® affiliate-owned unit in the cooperative area, Our affiliate will also become a member of the association.

10.2.3 Contributions. All franchisees within the Marketing cooperative area will be required to join and contribute to the fund pro rata based on the number of units in the cooperative. Contributions to the Marketing cooperative will be credited toward Your local Marketing obligation. This is in addition to Your contributions made to the Marketing Fund. You will be required to contribute to the Marketing cooperative in the amounts and frequency as determined by its voting members, but such Fees and costs will not exceed Your local Marketing requirement unless all voting members of the cooperative agree to exceed the limit. We can require that contributions be made at a different frequency. If We or an affiliate control voting in a cooperative, the fees payable to the cooperative will not be more than Your monthly local Marketing requirement unless all voting members of the cooperative agree to exceed the limit. You also understand that contributions by Our franchisees to Marketing cooperatives may not be uniform.

10.2.4 Audit. We and Our designated agents will have the right to examine, copy, and audit, at Our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Marketing cooperative.

10.3 Marketing Materials. We may provide You with physical copies of Marketing materials developed by Us from time to time. Additional physical copies will be made available at cost, plus 10%, plus shipping and handling. At Your request, We may assist You in developing the digital development of Your Marketing materials currently at a cost to You of \$100 per hour.

10.4 Your Obligations to Market. You shall participate in all Marketing, email, texting, and other programs as developed and/or directed by Us, including the collection of Customer Data and participation in using and promoting apps, as developed by Us. And You shall use all materials, mediums, and other information made available to You in doing so. You are required to pay to Us the local marketing fee amount (see Exhibit "A-3") and We, or a third-party of Our choice will carry out local Marketing on Your behalf. We may require You to conduct Your local Marketing upon notice by Us. Neither We nor You are restricted from Marketing in the Territory. You are not permitted to Market or sell to customers in another franchisee's territory or in a territory of Our affiliate(s).

10.4.1 Approval of Marketing. You may develop Marketing materials for Your use at Your cost, but You must submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published, and such other information as may be reasonably requested by Us. All such materials must be approved by Us in advance of use or publication and in writing in accordance with Our Manuals. Submitted Marketing materials will be deemed unapproved if You do not receive Our written approval or disapproval within 14 days of the date We receive the submission. We have the right to disapprove previously approved Marketing materials at any time.

10.4.2 Marketing Compliance. All Your Marketing activities must be done in strict compliance with Our Manuals and in good taste and must reflect favorably upon the brand and System.

10.4.3 Grand Opening Marketing. You are not required to promote Your grand opening, but We recommend You spend between \$5,000 and \$10,000 to promote Your opening. This amount is paid to Us and We, or a third party of Our choice will carry out the grand opening marketing.

10.5 Internet and Social Media. You must strictly comply with Our policies and procedures regarding websites, Social Media sites, and Internet Marketing. We reserve the right to restrict Your use of these mediums in the future.

10.5.1 Use of the Internet. You may not create a website or apps for Your Franchise Business or use or obtain a domain name consisting of all or any part of the Marks, or that would be confusingly similar to all or any part of the Marks without Our prior written permission on behalf of Your Franchise Business or in any manner related to the Gregorys Coffee® brand. However, We may permit You to place pre-approved information concerning Your Franchise Business on Our website or subdomain, as developed by Us. Additionally, You cannot Market on the Internet, Including posting for resale, items on third party resale or auction-style websites such as eBay, Craigslist, or Amazon without Our prior written permission. We have the right (but not the obligation) to manage and control all online reviews for Your Franchise Business. You may not claim any web listing on sites such as Yelp.

10.5.2 Social Media. We will own and control all Social Media related to the brand, but We may allow You to manage certain aspects of Social Media related to Your Franchise Business. In all cases, We will have administrative access, and access to account information, and any other information related to Your Social Media activities related to the Gregorys Coffee® brand. You cannot change any login/password information without Our prior written approval, and You must supply Us with all changed/updated login/password information. We have the right to remove or alter or require You to remove or alter any content We deem inappropriate or inconsistent with the Gregorys Coffee® brand. We reserve the right to restrict Your use of Social Media in the future. Additionally, You must sign the Digital, Social Media, and Listings Assignment and Authorization attached as Exhibit “A-9.”

## **ARTICLE XI BREACH AND TERMINATION**

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach this Agreement and fail to cure, if curable. If curable, You must cure all defaults within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default and Termination.

No Cure Period:

A. Insolvency; Receivership; Levy or Foreclosure. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization, or a bill in equity or other proceeding for the appointment of a receiver of: (1) You; (2) Your Franchise Business; or (3) another custodian for Your Franchise Business or Operating Assets, is filed or consented to by You, or if a receiver or other custodian (permanent or temporary) of Your Operating Assets or property, or any part of them, is appointed by any court of competent jurisdiction, or the real or personal property of Your Franchise Business is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of Your Operating Assets and it is not dismissed within 30 days.

B. Repeated Breaches. You repeatedly breach (defined as three or more times during the term of this Agreement) the same or different conditions of this Agreement or the Manuals.

C. Unauthorized Use. You duplicate the System or use Our Confidential Information or Intellectual Property other than in connection with the operation of Your Franchise Business and as authorized by Us.

D. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or Your misrepresentation to customers, Including deception relating to the source, nature, or quality of goods sold or services provided.

E. Abandonment. You abandon Your Franchise Business or You state or clearly demonstrate an intent not to operate the Franchise Business.

F. Unauthorized Transfer. You Transfer or attempt to make an unapproved Transfer of all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You sublicense or attempt to sublicense to another any of the rights licensed to You hereunder without Our prior written approval.

G. False Reporting. You knowingly or intentionally conceal revenues, maintain false books or records, (Including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any false report or payment or otherwise defraud Us.

H. Crimes and Adverse Behavior. You commit, or are convicted of, or plead guilty or no contest to, or enter into a plea in abeyance, stipulated order of continuance, or related agreement, to a felony, or a crime involving moral turpitude or dishonesty, or You engage in any conduct or behavior that We believe is reasonably likely to have a material adverse effect on the System, the Marks, or the goodwill associated therewith.

I. Unauthorized Competition. You fail to comply with the covenant not to compete set forth in Article XVI during the term of this Agreement or intentionally or recklessly disclose or use Our Confidential Information or Intellectual Property in violation of this Agreement.

J. Termination of Lease Agreement. Your Lease for the Premises is terminated.

K. Illegal Drug Use/Intoxication on the Job. You or Your officers, directors, members, managers or principals use illegal drugs or abuse prescription medication. Additionally, You provide services related to the Franchise Business while intoxicated whether by use of alcohol, illegal or legal drugs.

L. Failure to Obtain Financing. You fail to qualify for or fail to receive the necessary financing to open and operate Your Franchise Business.

M. Unauthorized Modification. You modify in any degree by adding to or taking from or changing the contents, amounts, or flavor of any Recipe or other food item as well as using any substitute ingredients or procedures in violation of the Manuals or this Agreement.

N. Termination of Another Agreement. Another agreement between Us or an affiliate of Ours and You or with an affiliate of Yours is terminated due to Your failure to cure any breach after notice, or for Your incurable breach of such agreement.

24-Hour Cure Period:

O. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety, or You fail to cure a health code or safety violation within 24 hours of an inspection by Us or the applicable governmental agency.

5-Day Cure Period:

P. Unauthorized Closure or Relocation. Your Franchise Business is closed or not open for the business hours as required under this Agreement without Our prior written approval, which consent

will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

Q. Failure to Use or Provide Access to a Designated Account; Failure to Allow an Inspection or Audit. You refuse to use, or to enable, or to allow Us access to Your Operating Account, an account for a designated platform or software, Social Media account, or branded email account; or You refuse to allow Us or Our designated representatives to conduct an inspection or audit, or You refuse to provide access to fully perform an inspection or audit.

R. Breach of Non-Disparagement. You make a negative, disparaging, false or misleading statements, published or made orally, in any form or medium about Us, Our officers, owners, partners, directors, members, managers, representatives, agents, employees, the brand, the System, Our products and services, or other franchisees and do not publicly disavow such statements, Including to the original audience.

15-Day Cure Period:

S. Failure to Pay. You fail to pay any Fee or an amount due to Us, any of Our affiliates, or other designated, approved or other suppliers or assigns, within the time specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

T. Failure to Accurately Report. You fail to accurately report or fail to submit any reports or records required under this Agreement or the Manuals.

U. Default Notice of Lease Agreement. You receive a notice of default under Your Lease.

V. Failure to Obtain or Maintain Insurance, Licenses, Certifications, Permits, Etc. You fail to obtain or maintain all required insurance, licenses, certifications, permits, etc., for operating the Franchise Business or as required by Us.

W. Failure to Sign Transfer Documents. You and any transferees fail to sign all required documents related to the transfer of the Franchise Business.

X. Act in Contravention. You perform or undertake any action to undermine or circumvent this Agreement, the System, or Us.

30-Day Cure Period:

Y. Owner Deadlock. Your Owners are engaged in a Dispute with one another (deadlock) that materially affects the operation of Your Franchise Business or that We reasonably believe will materially affect the operation of Your Franchise Business if left unresolved.

Z. Other Breaches. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement or the Manuals.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may demand adequate assurance of due performance, and, until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within 30 days, when properly demanded, will be considered a default of this Agreement and no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. Notwithstanding anything to the contrary herein, We have the right, at Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. If You fail to cure any default within the time allotted, We may proceed to enforce any or all the following non-exclusive remedies in accordance with this Agreement. Our pursuit of any one remedy will not be deemed an election or waiver by Us to pursue any other additional remedies:

11.3.1 Our Pre-Termination Options. We have the right to: 1) suspend all services provided to You under this Agreement or otherwise, Including training, Marketing assistance, access to Our software platforms and accounts, and the sale of products and supplies; or 2) eliminate listing Your Franchise Business in any Marketing materials, Including any directory listings, approved or published by Us, and Our principal website or Social Media platforms. We may continue taking these actions until You comply with the requirements of any default notice that We have sent to You, and We acknowledge Your compliance in writing. The options in this Section 11.3.1 will have no effect on, and will not release You from, any obligation You owe to Us or to Our affiliates.

11.3.2 Actionable Claim. Bring an action or claim against You for the balance of any monies due hereunder, Including penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate and bring an action against You for the balance of any outstanding installment obligation due hereunder.

11.3.3 Injunctive Relief. Bring an action against You for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby.

11.3.4 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such Termination will be effective upon delivery of a notice of Termination to You without further action by Us.

11.3.5 Other Remedies. Seek any other remedy available to Us at law or in equity, Including lost profits.

11.4 No Right of Termination. You may not terminate this Agreement. However, some states may allow You to terminate as permitted by state law.

11.5 Opportunity to Cure. Prior to taking any action against Us, You must first give Us 60 days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such 60-day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You must give Us such additional time as is reasonably necessary to cure.

## ARTICLE XII TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You will immediately cease to be Our franchisee and You shall:

12.1.1 Payments Due. Immediately pay for all product purchases, Fees, and other obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Gregorys Coffee® franchisee or business and immediately and permanently cease to Market or in any way use Our Intellectual Property or Confidential Information, provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Trade Secret and Confidential Information and Products. Except as provided below in Paragraph 12.1.7, within five days, You must demonstrate with video proof sent to Us that You have permanently destroyed all information and/or products that We deem trade secret or confidential, or in the alternative, provide proof to Us that You have sold such products to Us or another System franchisee.

12.1.4 Disassociation. Within 10 days of Termination, take all necessary steps to disassociate Yourself from the System and Your Franchise Business, Including the removal of signs, destruction or removal of letterheads, Marketing material, the change of Your Franchise Business telephone listings, telephone numbers, email addresses, URLs, Internet websites, and any other property that bears Our brand or is affiliated with Our brand. All such property and listings, excluding Your Operating Assets and inventory that are associated with and considered part of Our brand, Intellectual Property, and System revert back to Us upon Termination of this Agreement. If any of Your Operating Assets and inventory bear Our brand and Marks to Our System, You must take the steps necessary to dissociate it all from Our brand, Marks, and Intellectual Property. You shall assist Us to assign, transfer, or disconnect (at Our option) the telephone listing, telephone numbers, Marketing accounts, email addresses, URL's, Internet sites, web pages, and Social Media to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, email accounts, and Social Media and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers, which appointment is coupled with an interest. You must not identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.5 Cancel DBA. Within 10 days of Termination, take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.6 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors, and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. All communications with customers and clients of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers and clients of the Franchise Business.

12.1.7 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail (Including originals and any copies), physical copies of Our Manuals, all training materials, Marketing materials, and all other printed and electronic materials and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.8 Modification of Premises. If We do not exercise Our right to purchase Your Operating Assets or assume Your Lease upon Termination, then You shall alter, modify and change both the exterior and interior appearance of the Premises to Our satisfaction, so that it will be easily distinguished from a Gregorys Coffee® business and shall cease using the signs, décor, displays, advertisements, promotional materials and the like that are unique or distinctive to the System.

12.1.9 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) all Customer Data of the Franchise Business.

12.1.10 Evidence of Compliance. Otherwise furnish evidence satisfactory to Us or in the manner required by Us of Your full compliance with this Section 12.1 within 30 days after the Termination of this Agreement or on the timeline We may provide at Termination.

12.1.11 Prepaid Services Reimbursement Fee. Upon Termination, You shall provide Us with an accounting of all outstanding Prepaid Services sold at or through Your Franchise Business. As We and other franchisees may be responsible to fulfill such Prepaid Services, You shall pay Us the amount of outstanding Prepaid Services.

12.1.12 Financial Inspections. You must provide Us with access to all Your financials, books, and other accounting records for 12 months following the date of Termination.

12.1.13 Pay Damages and Costs. In addition to any other remedy We may have under this Agreement and under law, in the event You fail to modify Your Premises, You will be charged the amount listed on Exhibit "A-3" and We may hire a third party or use Our own Personnel to de-identify Your Franchise Business and/or to carry out any other post-termination obligations on Your behalf. In addition to the daily post-termination de-identification non-compliance Fee, You will pay to Us: (a) the amount of expenses reasonably incurred by Us to perform any post-termination obligation that You failed to perform, calculated on hourly rates of Our Personnel, and time, travel, lodging, food and other expenses where applicable; and (b) all damages, costs and expenses, Including attorneys' fees and costs incurred by Us in obtaining injunctive or other relief. We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for these payments. Your reimbursement of Our costs will not affect Our right to obtain appropriate injunctive relief and other remedies to enforce this Article XII, Our trademark rights, or the covenants to not compete.

12.2 Upon Termination of this Agreement, for any reason:

12.2.1 No Compensation. No payment is due to You from Us or any source on account of any goodwill, intangible assets or other equity claimed by You arising from or relating to Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No Fees, charges, or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System, Confidential Information, Intellectual Property, or goodwill of the Franchise Business.

12.3 Survival of Provisions. All provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement, Including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, non-solicitation, arbitration and dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You shall make the Premises and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations. If You fail to make the Premises available to Us, You will be assessed the daily de-identification fee along with the expense incurred by Us to enforce Our rights under this paragraph.

12.5 Early Termination Liquidated Damages. If this Agreement is Terminated, other than for an approved Transfer, non-renewal, or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, and solely to compensate Us for lost future royalties. You and We recognize the difficulty of calculating damages caused by lost future royalties but nevertheless recognize and agree that such damages could arise, and You and We hereby agree to the formula listed on Exhibit “A-3” as a compromise on the calculation of such damages. Exhibit “A-3” contains two options for these early termination liquidated damages. The first is for cooperative franchisees, and the second is for non-cooperative franchisees. You will be deemed cooperative if You provide timely profit & loss statements throughout the term of this Agreement and upon request at termination, and are not otherwise in default; You will be deemed non-cooperative if You fail to timely communicate with Us at any time or You are non-communicative, You fail to allow Us to provide support, You fail to timely provide profit & loss statements even upon request, or You have failed to cure after notice of default. You and We agree that such amount will be reduced to the present value of such payments as of the date of Termination utilizing an interest rate of 5% compounded annually.

12.5.1 Payment of Our Costs in Securing Compliance. In addition to any other remedy We may have under this Agreement and under law, in the event You fail to comply promptly with any of Your post-termination obligations, We may hire a third party or use Our own personnel to de-identify Your Premises and/or to carry out any other post-termination obligations on Your behalf, for which costs You will be responsible. These costs will Include any attorneys’ fees and costs incurred and associated with enforcing Your post-termination obligations Including to obtain injunctive or other relief. We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for these payments. Your reimbursement of Our costs will not affect Our right to obtain appropriate injunctive relief and other remedies to enforce this Article XII, Our trademark rights, or the covenants to not compete. In addition to the above, in the event You fail to modify Your Premises, including failure to fully de-identify as a Gregorys Coffee Franchise Business, You will be charged \$50 per day. To ensure We will be able to recover Our costs, We have the right, and You agree, that We will be allowed to automatically deduct up to \$5,000 as a deposit from Your operating account when We learn of Your non-compliance with Your obligations under this Article. We will return the remaining amount, if any, within 30 days of Our completing the applicable post-termination obligations.

12.6 Additional Equitable Remedies. The amount contemplated under Section 12.5 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, Section 12.5 does not preclude and is not inconsistent with a court granting Us specific performance, other damages set forth herein, or any other equitable remedies, such as an injunction, to prevent future breaches.

12.7 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

### **ARTICLE XIII PURCHASE OPTION**

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, Including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later (“Option Period”), by giving written notice to You of Our intent to exercise Our option to purchase. We have the right to use Your Operating Assets and Premises during the Option Period, and in such case, We will pay You the fair market value of such use. We have the right to offset any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may also withhold a portion of purchase price to pay off such lien or taxes. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your Lease under the provisions of Section 4.2 above.

13.1.3 Warranties. The purchase contract for the Operating Assets, as set forth in Paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the Operating Assets being purchased, Including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

## **ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE**

14.1 Our Right of Assignment. You acknowledge that We maintain a staff to manage and operate the System and that staff members can change as Our owners, directors, officers, and Personnel come and go. You represent that You have not signed this Agreement in reliance on any shareholder, director, officer, or Personnel remaining with Us in that capacity. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns, and We will no longer have any performance or other obligations under this Agreement. We may be sold, or We may sell any part of or all Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, Including arrangements in which: 1) the territories, locations or other facilities are, or are not, converted to the System or other format or brand (Including using the System or Marks); or 2) the System is converted to another format or brand, maintained under the System or a different system. You shall fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing. However, during the term of this Agreement We will not re-brand any such businesses that are located inside Your Territory by allowing them to use the Marks.

14.2 No Assignment by You Without Our Approval. This Agreement is personal as to You and is being entered into in reliance upon and in consideration of Your qualifications and representations, Including representations of all current Owners. Therefore, none of Your Franchise Assets may be Transferred in any manner by You or anyone else unless Our prior written approval is obtained and consummated by signing a consent agreement as approved by Us. You shall provide Us with all documentation relating to the Transfer of Your Franchise Assets. Said approval will not be unreasonably withheld but will be conditioned upon Our satisfaction with the qualifications set forth in Section 14.4 below of the proposed transferee and its owners and officers. Any Transfer without Our written approval is considered void ab initio.

14.3 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement), there will be no transfer Fee, but You must reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement. Additionally, any new Operating Principal and other applicable Personnel are required to complete the necessary training as required by Us. Any new owner along with their respective spouse or legal domestic partner, with any direct or indirect ownership in Your Franchise Business or Your entity is required to sign Our then-current form of the Guaranty and Assumption of Obligations attached as Exhibit “A-8” hereto. Furthermore, all applicable provisions of Section 14.8 below apply to minority interest Transfers as well.

14.4 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, Including the net worth, financial resources, credit worthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, Including that of the new Operating Principal, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, Including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, Including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer.

14.5 Application for Transfer. You must provide Us written notice of Your intent to Transfer prior to listing or offering part of the Franchise Assets for sale, or upon any proposed Transfer of Your Franchise Assets, or any interest therein. You must also submit to Us an application in the form specified by Us on behalf of the proposed transferee.

14.6 Deposit and Transfer Fee. In consideration of Our reviewing the proposed Transfer, You shall pay to Us a non-refundable deposit fee (see Exhibit “A-3”). Additionally, if the Transfer is approved, You shall pay Us the non-refundable Transfer Fee in Exhibit “A-3” at the time the consent to transfer agreement to approve the Transfer is fully executed by all applicable parties. If the Transfer is approved, the deposit will be applied towards the Transfer Fee.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us, and are grounds for termination of this Agreement. Using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited unless We specifically consent to any such action in writing prior to the proposed transaction. You cannot grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer any part of the Franchise Assets, whether or not binding on Us, will be grounds for the immediate Termination of this Agreement unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of any part of Your Franchise Assets and as a condition for Our approval of any Transfer:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder, and You must comply with Our procedures related to a Transfer as set forth in the Manuals. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You must have submitted to Us all required reports, financial statements, and other documents.

14.8.2 Franchisee Application; Written Proposal. The transferee must complete and submit all application documents required by Us from prospective franchisees at the time of Transfer and be approved in writing by Us. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the Transfer must not, in Our reasonable business judgment, negatively impact the future viability of the Franchise Business. If any part of the sale price is financed, You must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Fees owing to Us and our affiliates pursuant to this Agreement.

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Assets must be assumed by the transferee, including assuming Your Lease obligations, if applicable, in a form acceptable to Us, and the transferee(s) must provide the required personal guarantees. See Section 6.3 above.

14.8.4 New Franchise Agreement; Updates; Consent. At Our discretion, the transferee must sign an addendum to the current franchise agreement, or the then-current form of the franchise agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement, or for minority interest transfers, You and We must amend this Agreement and its exhibits as necessary to reflect the change in ownership. The transferee must also fully Update the Franchise Business and Premises to the level required of new franchisees. Additionally, You shall sign the appropriate paperwork to consummate Our consent to the Transfer.

14.8.5 Training. Unless We have previously trained the transferee, the transferee must pay for and complete the training or certification program required of new franchisees. See Exhibit "A-3." The transferee is also responsible for the cost of travel, food and lodging for Our representatives or the transferee's attendees. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management.

14.8.6 Transfer Fee. You shall pay the Transfer Fee set forth on Exhibit "A-3" or reimburse Our legal fees for minority interest Transfers as set forth in Section 14.6 above.

14.8.7 General Release. You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Pre-paid Services. If applicable, You must provide Us and the proposed transferee with an accounting of all outstanding Prepaid Services as of the date of Termination, which must be taken into account and handled as a part of the transfer agreement.

14.8.9 Survival of Covenants. Your non-competition, indemnity, confidentiality obligations, provisions relating to dispute resolutions, and other applicable terms of this Agreement, will survive any Transfer.

## 14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third party, who would satisfy the criteria for approval under Section 14.4. You must notify Us in writing of the terms and conditions of the Transfer, including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer concerning Your Franchise Business, financials, Personnel information, Lease information, etc. We will have 60 days to advise You in writing of Our election to have the Franchise Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, We or Our designee may provide promissory notes with the same terms as those offered by the proposed transferee). Should We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 10 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. Additionally, if Your Franchise Business is not Transferred to such third party within five months after We elect not to purchase the Franchise Assets, You must re-offer the Franchise Assets to Us before You may Transfer to an approved third party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” means any physical or mental infirmity that prevents the person from performing the obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year), the heirs or personal representative will have the right to continue Your Franchise Business; for no more than 180 days after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act on behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new Operating Principals, designated managers, or franchisees, including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to death or incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse, domestic partner, or a third party all or any part of Your

Franchise Assets, such an order will constitute a Transfer of this Agreement and will cause the transferee to be subject to all the terms and conditions concerning Transfers set forth herein above.

14.12 Acquisitions. If We receive an offer to acquire a majority of the franchises or to purchase a majority of Our assets or stock, or to merge or go public or similar transactions, We have the option, but not the obligation, to purchase all Your rights and interests in and under this Agreement and Your Franchise Business at fair market value determined by a third-party valuator selected by Us payable on terms as reasonably negotiated. The purchase price will not Include compensation for any successor term or goodwill. All goodwill belongs to Us. If the purchase option is exercised, You must execute a general release to Us. We will close Our purchase and make payment within 60 days after closing or as soon thereafter as reasonably practical.

14.13 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership, provided You: 1) give Us at least 15 days' prior written notice of the proposed Transfer; 2) send Us copies of the entity's charter documents, bylaws (or operating agreement), ownership interests of the owners, and similar documents, as We may request for Our review to verify ownership and control of the entity; and 3) own all equity and voting securities of the corporation or limited liability company. Additionally, You and the new entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement. Any Owner with any direct or indirect ownership in Your entity is required to sign Our then-current form of the Guaranty and Assumption of Obligations. See Exhibit "A-8." There is no Fee for this kind of Transfer, but You must reimburse Our legal fees to complete the Transfer (see Exhibit "A-3").

## **ARTICLE XV RELATIONSHIP OF THE PARTIES**

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, damages, losses, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are solely responsible for the management and control of Your Franchise Business, Including its daily operations, managing and directing Personnel, contractors, and salespersons, and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense, Including attorneys' fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your Personnel will be deemed to be Our Personnel and each Personnel will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from and against any and all losses, liabilities, damages, costs and expenses whatsoever, Including reasonable attorneys' fees, arising out of or related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, Including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your Personnel, and other laws regarding public accommodations for persons with disabilities. You agree not to file any crossclaim or counterclaim against Us for any action made by a third party or make any response that would infer or represent that We are liable as a party or defendant to any action that is contrary to this

Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all costs to defend Us from claims raised by a third party. If We incur any costs or liabilities to any third party, You shall reimburse Us for costs associated with Our defense to those claims. You are not required to indemnify Us for liability caused by Our willful misconduct, gross negligence, strict liability, or fraud. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

## **ARTICLE XVI COVENANT NOT TO COMPETE**

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement for Principals attached as Exhibit “A-4.”

16.2 Confidentiality. During the term of this Agreement and any extensions or Successor Franchises hereof, and at any time after the Termination of this Agreement, You and those over whom You have control shall not make any unauthorized disclosure or use of Our Confidential Information or Intellectual Property other than as authorized by this Agreement. You shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of Confidential Information and Intellectual Property, which procedures may be prescribed from time to time by Us. You shall never contest the validity of Our exclusive ownership of and rights to Our Intellectual Property or Confidential Information. Without limiting the foregoing, any communication (email, paper, etc.) from Us to You cannot be forwarded to another email account You control or share, or forwarded to anyone, including Your Personnel, without first receiving Our express written consent.

16.2.1 Prior Disclosures. You acknowledge and agree that prior to the execution of this Agreement, You may have received information and met and corresponded with Our principals, agents and/or representatives, and that any such Confidential Information obtained or received is subject to the protection and restrictions of this Agreement.

16.2.2 Confidentiality of this Agreement. You agree that all terms of this Agreement that are not otherwise made public under franchise disclosure laws will remain confidential, and You shall not make any public announcement, issue any press release, publicize, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the confidential terms of this Agreement only to Your professional lenders, advisors, and government authorities.

16.3 Post-Term Covenants. Upon Termination of this Agreement and for a continuous, uninterrupted period of two years thereafter, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within Your former Territory or within 10 miles of Your former Territory or within 5 miles of any other Gregorys Coffee® business outlet in operation or development at the time of Termination of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, contact any customer serviced by the Franchise Business, a prospective customer, or any former or

then-current customer of Ours (with whom You had contact during the term of this Agreement) for the purpose of soliciting any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

16.5 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Your violation.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article is likely to cause substantial and irreparable harm to Us and the System. The existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants set forth in this Article.

16.7 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under applicable laws. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, then We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

16.8 Breach of Non-Competition. You and We recognize the difficulty of calculating damages caused by Your breach of Your non-competition obligations and agree that such damages could arise, and You and We hereby agree to the following as a compromise on the calculation of such damages. If You operate a Competing Business in violation of this Agreement, in addition to any other remedy We may have under this Agreement and under law, You shall pay Us the liquidated damages Fee listed on Exhibit “A-3.”

16.9 Additional Equitable Remedies. The amount contemplated under Section 16.8 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 16.8 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 16.8.

16.10 Immediate Family. You acknowledge and agree that the restrictions on Your Immediate Family is necessary because Your disclosing Our Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement, and You also acknowledge that it would be difficult for Us to prove whether You disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business. You agree to make Your Immediate Family aware of the non-compete, non-solicitation and confidentiality provisions in this Agreement.

## ARTICLE XVII DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any Disputes amicably, quickly, inexpensively, and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. In the event any Dispute arises between Us and You in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement, or the offer and sale to You, such Dispute will be handled as set forth below. All aspects of settlement, negotiations, mediation, etc., will be treated as confidential, may not be disclosed to others, and may not be offered or admissible in any other proceeding or legal action whatsoever.

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Carson City, Nevada, or at Our then-current headquarters, within 30 days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before a mutually agreed upon mediator. The mediation will be conducted exclusively in Carson City, Nevada. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters. Mediation will not defer or suspend Our exercise of any termination right under Article XI.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, the Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Carson City, Nevada. The arbitrator will have the power and jurisdiction to decide such dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied, and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Any procedural or evidentiary issues that are not covered by the federal arbitration act or this Agreement, will be supplemented by the federal rules of civil procedures and evidence, limited to the arbitration restrictions and procedures. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates.

Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Discovery. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. The parties must exchange the following information within 20 days of the appointment of the arbitrators without further order from the arbitrators. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. Each party may submit in writing to the other party, and the other party will respond to a maximum of any combination of 25 (none of which may have subplots) additional interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of up to two individuals of the other party. Additional discovery may be permitted upon mutual agreement of the parties or compelled at the discretion of the arbitrator if petitioned by either party.

(iii) Individual Disputes. All Disputes must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiffs, or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other party. You hereby fully waive any right You may have to any potential class action claim and agree that any legal action will only be on an individual party basis.

(iv) Agreed Limitations. Except for payments owed by one party to the other, claims attributable to Your underreporting of sales, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two years after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(v) Limited Damages. You and We waive any right or claim of any consequential, punitive, or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained. Additionally, notwithstanding the above, nothing will be construed to limit Our ability to collect liquidated damages.

(vi) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement.

(vii) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within 30

days of such final award, to a three-person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party that requests the appeal must pay all costs and fees of the arbitrators and arbitration proceedings, subject to reimbursement as set forth below.

(viii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the mediation and the arbitration equally during the mediation and arbitration. If a party is unable or unwilling to pay its share of the cost of the mediation or arbitration, that party will be in default of this Agreement, and if not cured within five days of written notice, the non-defaulting party will have the following options: 1) to proceed directly to arbitration without mediation or to litigation if the failure is to pay arbitration fees; or 2) to cover the costs of the mediator or arbitrator. Nonetheless, the prevailing party in arbitration, including on appeal, will be awarded costs and attorneys' fees as set forth in Section 19.3 below.

(ix) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

17.3 Continued Performance. During the pendency of any Dispute or any such interim relief proceeding, the parties shall continue to perform their respective obligations under this Agreement.

**ARTICLE XVIII  
NOTICES**

18.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by sending an email to the email address below or other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (iv) by certified or registered mail, return receipt requested, addressed as follows:

<b>FRANCHISOR:</b>	<b>FRANCHISEE:</b>
<p>Gregory's Coffee Franchise LLC 755 Schneider Drive South Elgin, Illinois 60177 (or Our then-current headquarters) Email: <a href="mailto:FRANCHISING@CRAVEWORTHYBRANDS.COM">FRANCHISING@CRAVEWORTHYBRANDS.COM</a></p> <p>With a courtesy copy to (which will not act as notice or service to Gregory's Coffee Franchise LLC): The Franchise &amp; Business Law Group Attn: Kara K. Martin 222 South Main Street, Suite 500 Salt Lake City, Utah 84101 Email: <a href="mailto:KMARTIN@FBLGLAW.COM">KMARTIN@FBLGLAW.COM</a></p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>Email: _____</p>

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred 48 hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

## **ARTICLE XIX CONSTRUCTION AND JURISDICTION**

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Nevada without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal and subject matter jurisdiction in the courts of record of the state of Nevada even though it may be otherwise possible to obtain jurisdiction elsewhere, and You and We agree that Carson City, Nevada will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Nevada.

19.3 Costs and Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or arbitration or litigation proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration or litigation, if applicable. For purposes of this Agreement, "prevailing party" Includes the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

## ARTICLE XX MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entity, unless that contract, understanding, or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If more than one person, corporation, limited liability company, partnership or other entity, guarantor or any combination thereof, sign this Agreement on behalf of the franchisee, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You shall not offset or withhold the payment of any Fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any Dispute of any nature or otherwise.

20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, government shutdown or mandate, or other similar causes which are beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further, or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this or Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. No amendment, change, or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement and are binding.

20.12 Effective Date. Delivery of a draft of this Agreement to You does not constitute a binding agreement. This Agreement will become effective only when fully executed and accepted by Us.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance, or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises, or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction as We believe necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this franchise.

20.17 Representations of Non-Violation. You represent and warrant that You can enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or

cause the violation or breach, of any agreement or covenant between any third party, or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of Our franchise disclosure document (“FDD”) for at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to signing this Agreement or making any payment to Us.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You does not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Unless otherwise agreed to by Us in writing, Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterparts and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original.

20.21 Owners of the Franchise. You represent and We rely upon Your representations in entering into this Agreement that the individuals in Exhibit “A-2” are all the Owners of and sole holders of a legal and beneficial interest in the franchise entity and in Your Franchise Business.

20.22 Drafting; Rules of Construction. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all its terms. The rule of construction that a contract be construed against the drafter will not be applied in interpreting this Agreement. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.23 Blank Spaces. All information inserted into this Agreement is deemed *ipso facto* correct and You have two months to bring any incorrect information to Our attention, where after the said information is for all purposes deemed correct and You are irrevocably, but at Our discretion, bound thereby.

## ARTICLE XXI DEFINITIONS

“Competing Business” means a coffee shop or similar business offering products or services the same as or substantially similar to those offered at Your Franchise Business or as part of the System during the term hereof or at the time of Termination, or a restaurant or similar business where 25% or more of the business is coffee sales.

“Confidential Information” means any non-public information (through no fault of Yours) relating to Our products or services, or operation of a Gregorys Coffee® business, the System, or relating to the System as a whole, Including: (i) methods, techniques, formats, specifications, procedures, and systems; (ii) hardware, software, proprietary technology, and equipment; (iii) sales and Marketing programs, sales techniques, pricing, bidding methods, etc.; (iv) the development and operation of Gregorys Coffee® businesses; (v) knowledge of, specifications for, and suppliers of, certain Gregorys Coffee® products, materials, supplies, equipment, furnishings and fixtures; (vi) operating results, margins, expenses, and financial performance of Gregorys Coffee® businesses; (vii) strategic plans and concepts for the development, operation, or expansion of

Gregorys Coffee® businesses; (viii) the contents of the Manuals; (ix) all Customer Data; (xi) login, passwords, access information, etc., to email accounts, Social Media, Manuals or other internal sites or shared documents; (xii) Intellectual Property that is generally deemed confidential; (xiii) all Innovations; (xiv) Recipes; and (xv) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship.

“Copyright Materials” means, even if it is not federally registered, writings, manuals, designs, blueprints, schematics, drawings, artwork, Marketing materials, agreements, contracts, scripts, pamphlets, instructions, books, literary works, documents, photographs, images, audio, music and jingles affiliated with the brand, videos, recordings, Social Media posts, software, websites and website data, apps, or any other work We, You, other franchisees, or Our affiliates make that is in a fixed tangible medium as part of the Gregorys Coffee® franchise system and authorized for use under the System.

“Customer” and “Client” whether or not capitalized have interchangeable meanings in this Agreement.

“Customer Data” means any and all customers, and customer and prospective customer data and lists, including phone numbers, emails, mailing addresses, name and contact information for key Personnel of the customer, Social Media followers’ information, etc., even if maintained by You or deemed to have arisen through Your activities as well as payment activity, demographic information, product and services purchases and use, and their frequency as well as any feedback and reviews and any other information You or We may collect on such customers through Our system and processes either electronically or on paper or other means that You are legally allowed to collect and share with Us under state or federal law and under this Agreement. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

“Dispute” means any claim, controversy, disagreement, or dispute of any type whatsoever.

“Fees” refers to those fees, payments, and costs that You are required to pay to Us, as more fully set forth on Exhibit “A-3.”

“Franchise Assets” means this Agreement, or any of the rights or privileges associated with this Agreement, or any shares or units in the ownership of Your entity, Your Franchise Business, or substantially all Your assets.

“Gross Revenue” Includes the total of all sales of all goods and services sold, traded, bartered, or rendered by You and income of every kind and nature, including the value of a trade or other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. Gross Revenue also Includes insurance proceeds and/or condemnation awards for loss of sales, profits, or business. “Gross Revenue” excludes bona fide credits or returns and excludes amounts paid by You for sales or use taxes on the sale of any products or services.

“Immediate Family” means spouses, domestic partners, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

“Innovation” means any idea conceived or developed, or any actual improvement, change, modification, enhancement, or addition to the System, including to Your Franchise Business, Copyright Materials, Manuals, Confidential Information, website, Social Media, Marketing materials, apps or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the

System, or any creative concepts, Marketing ideas, or inventions related to the System, and all derivatives thereof, whether implemented in the System or not.

“Including” or “Includes” means “including, but not limited to,” “including, without limitation,” and similar all-inclusive and non-exhaustive meanings.

“Intellectual Property” means all Marks, trade dress, names, Copyright Materials, systems, patents, patent applications, and trade secrets.

“Interim Management Period” refers to the period of time during which We step in to manage Your Franchise Business as allowed under this Agreement.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or Social Media; or wikis, podcasts, online content sharing communities, or blogging.

“Lease” means a commercial lease or other document of occupancy of the Premises.

“Manuals” means one or more guides or manuals, Including an operations manual, brand standards manual, training manuals, and/or policies and procedures manual, technical bulletins, online drives or portals, or other written materials as may be developed, modified and supplemented by Us periodically. The Manuals may be printed or in an electronic format.

“Marketing” or “Market” Includes advertising, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

“Marks” means the federally registered and common law names, trade names, trademarks, slogans, catchphrases, service marks, colors, font schemes, logos and/or other commercial property or symbols owned by Us or licensed to Us, whether now or later developed, used in connection with the System.

“Operating Account” means that account into which all receipts of Your Franchise Business must be deposited.

“Operating Assets” means Your assets, contracts, inventory, supplies, furniture, equipment, signs, service vehicles, accessories, and other personal property relating to Your Franchise Business.

“Operating Principal” is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 20% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

“Owner” means a shareholder, member, partner, general partner, limited partner, and the like.

“Participant” means an Owner, operator, director, manager, consultant, agent, employee (management-level or higher), contractor, advisor, officer, lessor, lessee, licensor, or licensee.

“Personnel” means employees, independent contractors, temporary workers, consultants, agents, subcontractors, interns, volunteers, and other similar positions, whether compensated or uncompensated.

“Prepaid Services” means gift cards, gift certificates, event deposits, prepaid services, etc., sold at or through Your Franchise Business for which We allow You to manage the accounting and pooling on such gift cards, gift certificates, prepaid services, etc., if applicable.

“Principal” means Owners, directors, managers, officers, and principal Personnel.

“Recipes” means Our recipes, kitchen books, ingredients, flavors, combinations, compositions, mixes, batters, syrups, spices, sauces, fillings, frostings, toppings, dressings, cook temperatures, cook or mix times, measurements, portions, sizes, food appearance, plating, tastes, menus, preparation techniques, methods, and formulas, etc., related to Our food or drink products and menu items.

“Shall” when used in this Agreement (even if not capitalized) means must, mandatory, or other similar affirmative obligation, as the context requires.

“Social Media” means any and all websites, apps and web or Internet pages for social interaction, business operation, Marketing, and other online information communications, whether now or later developed.

“System” Includes the Franchise Business, specific Marks, interior design, store layout and décor, color schemes, standards, Manuals, Recipes, processes, services, know-how, operating procedures and Marketing concepts, business formats, specifications for and the use of certain equipment, the sale of products, food and supply items, and the use of proprietary and Confidential Information and other Intellectual Property.

“Termination” or “Terminate” Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, Transfer, or any other means by which this Agreement is no longer in effect, and You are no longer a franchisee of the Gregorys Coffee® System.

“Transfer” Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, sublicense, mortgage, granting of any security interest, or sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance, or security interest.

“Update” Includes renovations, remodeling, redecorating, redesigning, refixturing, upgrading, refurbishing, modernizing, etc.

“We,” “Our(s)” or “Us” only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2, and 14.8.7, Sections 3.1, 3.5, 6.6, and 16.4, and Articles XI, XV, and XVII Includes Our predecessors, parents, affiliates, subsidiaries, successors, and assigns and Our officers, directors, Owners, managers, Personnel, agents, development agents, or others with whose conduct We are chargeable, as applicable.

“You” or “Your” Includes all signers of this Agreement, all current and subsequent guarantors, all subsequent and current Owners, Operating Principals, managers, directors, officers, agents, affiliates, principal Personnel and with those whose conduct You are chargeable.

[INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have respectively signed this Franchise Agreement effective as of the day and year first written above.

**FRANCHISOR:**

**FRANCHISEE:**

GREGORY'S COFFEE FRANCHISE LLC

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: Gregory Majewski

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

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

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

If the franchisee is not an entity, each person must sign personally.

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_, personally

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing an Addendum to the Franchise Agreement pursuant to:

- \_\_\_\_\_ Illinois
- \_\_\_\_\_ Indiana
- \_\_\_\_\_ Maryland
- \_\_\_\_\_ Minnesota
- \_\_\_\_\_ New York
- \_\_\_\_\_ North Dakota
- \_\_\_\_\_ Washington
- \_\_\_\_\_ Other



**EXHIBIT "A-1"**  
**TO THE FRANCHISE AGREEMENT**

**SEARCH AREA AND TERRITORY:**  
**(Map may be attached)**

1. Your Search Area in which to select Your Premises location is as follows (this is *not* Your protected Territory):

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2. Your approved Premises is to be located at (*may be filled in later if the approved Premises is not known at the time of signing the Franchise Agreement, and once filled in, the Premises becomes an integral part of the Franchise Agreement*):

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3. Your Territory is \_\_\_ miles from Your approved Premises location in all driving directions.

**Our approval of the Territory or the Premises is not a guarantee or a warranty  
of the potential success of a territory or a premises.**

\_\_\_\_\_  
Franchisee Initial and Date

\_\_\_\_\_  
Franchisor Initial and Date

**EXHIBIT "A-2"**  
**TO THE FRANCHISE AGREEMENT**

**COMPANY REPRESENTATIONS AND WARRANTIES**

You make the following additional warranties and representations:

You are a (check one):

- Partnership                       Corporation  
 Sole Proprietorship               Limited Liability Company

Name of your entity: \_\_\_\_\_

The state in which your entity was formed: \_\_\_\_\_

Date of formation: \_\_\_\_\_

EIN: \_\_\_\_\_

The names and addresses of each shareholder, partner, or member holding an ownership interest in the corporation, partnership, or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

\*Corporation: Percentage owned of outstanding voting stock.

\*Partnership: Percentage owned in voting and in capital and profits.

\*Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your corporate records are maintained is:

\_\_\_\_\_

The name and address of the Operating Principal who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with Us and make decisions relating to the operations of the Franchise Business:

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

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below. Your entity documents must state that Your entity will be used solely for the purpose of operating the Franchise Business.

Dated \_\_\_\_\_.

**FRANCHISEE:**

\_\_\_\_\_

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

(Signature)

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

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



**EXHIBIT “A-3”  
TO THE FRANCHISE AGREEMENT**

**FEE CHART**

The following Fees are more fully described in the Franchise Agreement.

<b>Type of Fee</b>	<b>Amount</b>	<b>Section Reference</b>	<b>Payment Due Date<sup>3</sup></b>
Initial Franchise Fee	\$35,000	See Section 5.1	Upon signing this Agreement
Royalty	6% of monthly Gross Revenue	See Section 5.2	The 15th of each month
Marketing Fee	2.5% of monthly Gross Revenue	See Paragraph 5.3.1	The 15th of each month
Successor Franchise Fee	\$15,000	See Paragraph 2.2.4	At the time of signing successor franchise agreement
Site Selection Support Fee <sup>1</sup>	Up to \$200 per hour	See Section 4.1	Upon billing
Relocation Fee <sup>1</sup>	\$100 per hour	See Section 4.5	Upon billing
Failure to Timely Open	\$2,500 per month	See Section 4.6	Upon billing
Additional Franchise Purchases	\$30,000	See Paragraph 5.1.2	Upon signing franchise agreement
Local Marketing Requirement	1.5% of monthly Gross Revenue	See Paragraph 5.3.2 and Section 10.4	The 15th of each month
Advertising Cooperative Fee	2.5% of Gross Revenue	See Paragraphs 5.3.3 and 10.2.3	In accordance with governing documents
Late Fees <sup>1</sup>	\$25 per day up to a maximum of \$500 per fee per month, per instance of late payment or late report	See Paragraph 5.4.4	The 15th of each month or upon billing
Non-sufficient Fund Fees <sup>1</sup>	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.4	The 15th of each month or upon billing
Interest <sup>1</sup>	1.5% of the amount owing per month, per instance or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5	The 15th of each month or upon billing
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6	Upon billing
Audit Charge	Cost of audit	See Paragraph 5.5.2	Upon billing
System Non-Compliance Fines and Charges <sup>1</sup>	\$250 for the first violation; \$300 for the first violation; \$500 for the third and each subsequent violation	See Section 5.9	Upon billing, or you're your royalty payment
Technology Fee <sup>1</sup>	Currently \$0 Capped at \$99/week	See Section 5.10	The 15th of each month or upon billing

	through 2030; capped at \$200/week through 2035		
Additional Trainees at Initial Training <sup>1</sup>	\$1,000 per person, plus travel, lodging, food	See Paragraph 6.1.4	45 days prior to training
Replacement Training <sup>1</sup>	\$250 per day / per person, plus travel, lodging, food	See Paragraph 6.1.4(i)	Prior to training
Additional In-Person Training <sup>1</sup>	\$250 per day/ per person, plus travel, lodging, food	See Paragraph 6.1.4(ii)	Prior to training or upon billing
Rescheduling Fee <sup>1</sup>	\$500	See Paragraphs 6.1.4(vi) and 7.4.1	Upon billing
Insurance Reimbursement Fee	Premium costs	See Paragraph 6.1.11(ii)	Upon billing
Administrative Fee <sup>1</sup>	\$100 per hour	See Paragraph 6.1.11(ii)	Upon billing
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.13(iv)	Upon billing
Conference and/or Seminar Fee <sup>1</sup>	Currently \$0	See Paragraph 6.1.14	At time of registering for the conference or seminar
Compliance Inspection Fee <sup>1</sup>	\$250 per hour	See Paragraph 6.2.2(iv)	Upon billing after inspection
Interim Management Fee <sup>1</sup>	\$250 per person/per day	See Paragraph 6.2.3 and Section 14.10	Time of service
Replacement Costs <sup>1</sup>	Our costs, plus \$100 per hour for our time	See Section 8.4	Within 15 days of invoicing
Physical Copies of Marketing Materials <sup>1</sup>	Our reasonable costs, plus 10%, and the costs for shipping and handling	See Section 10.3	At time of ordering
Marketing Materials Creation Assistance <sup>1</sup>	\$100 per hour	See Section 10.3	Upon billing
Fees on Default	Our costs associated with Your default	See Paragraph 11.3.2	Upon billing, as incurred
Prepaid Services Reimbursement Fee	Amount of unfulfilled Prepaid Services paid to You	See Paragraph 12.1.11	Upon billing
Early Termination Liquidated Damages	For cooperative franchisees: the average royalty from the previous 12 months multiplied by 24 months or the remaining term of this Agreement if there are less than 24 months remaining on this Agreement. If You have less than 12 months of royalty history, the monthly average will	See Section 12.5	Within 10 days of Termination

	<p>be calculated or projected based on Your operating history or reasonably projected operations. For clarity, if there is a gap between the date Your Franchise Business ceases operations and when this Agreement is terminated, then the period for calculating the 12-month average royalty will be based on the trailing 12-month period from when the Franchise Business is closed (as compared to the date of termination).</p> <p>For non-cooperative franchisees or franchisees who failed to cure any default at termination: the average monthly royalty calculated or projected based on a 90 day run rate for the remaining term of this Agreement.</p>		
Post-Termination De-Identification Non-Compliance Fee <sup>1</sup>	\$50 per day	See Paragraph 12.5.1	Upon billing
Post-Termination Fees	Actual Costs	See Paragraph 12.5.1	As incurred
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.3	Upon billing
Transfer Review Deposit	\$2,500	See Section 14.6	At time of notice of a potential transfer
Transfer Fee	\$10,000	See Section 14.6	At time of approved transfer
Transferee Training Fee	\$1,500 per person after the first 2 individuals, plus travel, lodging, food for all attendees	See Paragraph 14.8.5	At time of approved transfer
Transfer for Convenience Fee	Our legal fees	See Section 14.13	Within 10 days of notice to You
Indemnification	Varies	See Section 15.2	As incurred or upon billing
Non-Competition Violation Liquidated Damages	\$500 per day for each competing business	See Section 16.8	Upon billing
Dispute Resolution Fees	Varies	See Section 17.2 and	As incurred or upon

		Section 19.3	billing
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<sup>1</sup> If a fee is subject to increase by Us (rather than a third party), the increase will not be more than the equivalent of 10% per year during the term of this Agreement to adjust to increased costs. This only applies to fees that are subject to change by Us. If We do not designate that a fee is subject to change, the fee will remain the same during the term of this Agreement. Costs charged by third parties are subject to change at any time and do not have an annual cap.

<sup>2</sup> For clarity, if there is a gap between the date the Franchise Business ceases operations and when the Franchise Agreement is terminated, then the period for calculating the 90 day average royalty will be based on the trailing 90 day period from when the Franchise Business closed (as compared to the date of termination).

<sup>3</sup> We reserve the right to change the payment due date or require an alternative payment frequency payment for any or all Fees in the future.

**EXHIBIT “A-4”  
TO THE FRANCHISE AGREEMENT**

**BRAND PROTECTION AGREEMENT FOR PRINCIPALS**

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the “Agreement”) is entered into and made effective as of the effective date listed below by GREGORY’S COFFEE FRANCHISE LLC (“Franchisor”) and the undersigned (individually and collectively, the “Principals”).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor so as to be able to obtain the rights to operate a Gregorys Coffee® Franchise Business using the System developed by Franchisor, Including certain Confidential Information of Franchisor (“Franchise Agreement”); and

WHEREAS, Franchisor has developed Confidential Information, which Confidential Information Includes Recipes for the operation of a Gregorys Coffee® Franchise Business and may continue to develop new Recipes and revise current Recipes for use in association with the Gregorys Coffee® System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Franchise Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor’s entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain access to Confidential Information and made available to Principals that is necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively, and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, Principals and any of a Principal’s Immediate Family, shall not during the term of the Franchise Agreement and any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third party, or authorize any third party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, Including restrictions on disclosure to Personnel and other third parties.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all Personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals shall indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

2.2 Personnel Use of Recipes. Each Personnel authorized to use the Recipes in the operation of the Franchise will be required to sign a confidentiality agreement prior to use of the Recipes. Furthermore, Principals represent and warrant that they shall only authorize Personnel over the age of 18 to use or have access to the Recipes. A copy of all such signed agreements will be promptly (within 10 days) provided to Franchisor.

2.3 No Reverse Engineering. Principals shall not, either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Confidential Information, and shall not allow, encourage or permit any Owner, Principal, Personnel, or other person to do so. For purposes of this Agreement, reverse engineering as it relates to the Recipes, Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.4 Limited Use. Principals shall limit their use of the Confidential Information, Including, their recollection of any part of the Confidential Information, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Confidential Information for any personal use or gain.

3. Non-Competition; Non-Solicitation. The following covenants will be enforced during and after the term of the Franchise Agreement:

3.1 In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises thereof, except as permitted under the Franchise Agreement, Principals and each Principal's Immediate Family, shall not be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity or location except with Franchisor's prior written consent.

3.2 Post-Term Covenant. Upon Termination for any reason of the Franchise Agreement, and any extensions or Successor Franchise Agreements thereof, or upon any Transfer or repurchase of a Principal's rights under the Franchise Agreement or the franchise entity, or a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of two years thereafter, Principals, and Principal's Immediate Family, shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within the Territory or within 10 miles of the Territory or within 5 miles of any other Gregorys Coffee® outlet in operation or development at the time of such Termination or Transfer. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision. Principals agree that the Franchise Business attracts customers from up to 10 miles, and that such geographical restraint is not unreasonable.

3.3 Non-Solicitation of Customers. In addition to not using Customer Data other than permitted under the Franchise Agreement, during the term of the Franchise Agreement and for three years after the Termination of the Franchise Agreement, Principal and each of Principal's Immediate Family shall not, directly or indirectly, contact any former or then-current customer of the Franchise Business, or any former, then-current customer of Franchisor or an affiliate of the Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some

way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

4. Violation of Non-Competition, Non-Solicitation Provisions; Tolling of Covenants. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$500 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Franchise Agreement, or a Principal's disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Gregorys Coffee® Manuals and any and all Confidential Information.

6. Non-Disparagement. Principals shall not, during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or Personnel, the brand, the System, Franchisor's products and services, or other franchisees.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach and without the requirement of posting bond. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

8. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action. Principals acknowledge and agree that the restrictions related to Immediate Family is necessary because a Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Franchisor to prove whether a Principal disclosed Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business. Principals shall also make its Immediate Family aware of this Agreement as well as the non-compete, non-solicitation and confidentiality provisions in the Franchise Agreement.

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Nevada without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Nevada, and unless the enforcement of this Agreement is brought in connection with a Dispute under the Franchise Agreement (in which case this matter may be handled through arbitration as set forth in the Franchise Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Carson City, Nevada.

10. Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or proceeding.

11. Binding Agreement. This Agreement will bind each parties' respective heirs, personal representatives, successors and assigns. No rights under this Agreement are assignable by any Principal without Franchisor's written approval, and any purported assignment will be null and void and of no force or effect.

12. Survival of Covenants. All covenants made in this Agreement by Principals survive the Termination of this Agreement or the Franchise Agreement or Principal's disassociation with the Franchise Business or the System in any way.

13. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

14. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, changing room, etc.

15. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

16. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

17. Personnel. In this Agreement, "Personnel" means any individual or entity engaged by the Franchisee to perform work or services in connection with the business, including but not limited to employees, independent contractors, temporary workers, consultants, agents, subcontractors, interns, and volunteers, whether compensated or uncompensated.

**PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.**

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED \_\_\_\_\_.

**FRANCHISOR:**

**PRINCIPALS:**

GREGORY'S COFFEE FRANCHISE LLC

By: \_\_\_\_\_  
(Signature)

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

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

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

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

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

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

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

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

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

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

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

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

[Brand Protection Agreement for Principals Signature Page]



**EXHIBIT “A-5”  
TO THE FRANCHISE AGREEMENT**

**PERSONNEL BRAND PROTECTION AGREEMENT**

This PERSONNEL BRAND PROTECTION AGREEMENT (“Agreement”) is entered into as of \_\_\_\_\_, between \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Disclosed Party”), residing at \_\_\_\_\_.

A. Franchisee is the holder of a Gregorys Coffee® franchise developed by Gregory’s Coffee Franchise LLC (“Franchisor”).

B. Franchisor has developed certain confidential and proprietary information for the operation of a Gregorys Coffee® franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures (“Proprietary Information”).

C. Included in the Proprietary Information are confidential and proprietary ingredients, spices, mixes, batters, recipes, fillings, frostings, toppings, flavors, ingredients, sauces, syrups, processes for storage, preparation, cooking, grilling, baking, etc., methods, formulas, temperatures, cook times, measurements, and other information relating to food and drink items (collectively “Recipes”) for use in the operation of a Gregorys Coffee® franchise businesses.

NOW, THEREFORE, in consideration of the employment or contracted labor of Disclosed Party by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Disclosed Party acknowledges that during the course of his or her employment or contracted labor with Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Gregorys Coffee® franchise. Disclosed Party further acknowledges that such Proprietary Information was not known to him or her prior to their association with Franchisee or a Gregorys Coffee® franchise.

2. Non-Use, Non-Disclosure. Except as may be authorized by Franchisee and only in the performance of duties for Franchisee, Disclosed Party shall not, during the course of his or her employment or contracted labor or at any time thereafter, directly or indirectly, use, or disclose to any third party, or authorize any third party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all or any part of the Proprietary Information at any time.

2.1 No Reverse Engineering. Disclosed Party shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including without limitation, the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, contractor, employee or other person to do so. For purposes of this Agreement, reverse engineering as relates to the Recipes will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would

reasonably be expected to result from the Recipes.

3. Duty to Notify. Disclosed Party agrees to notify Franchisor or Franchisee or Disclosed Party's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy, or reproduce any part of the Proprietary Information. In the event it is discovered that Disclosed Party knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Disclosed Party agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Disclosed Party agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

4. Return of Materials. Immediately upon the termination of employment or its contracted labor, Disclosed Party agrees to deliver to Franchisee or to destroy at Franchisee or Franchisor's instruction and to provide evidence of such destruction (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, customer information, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information to which Disclosed Party has in its possession whether in hard or electronic soft copy.

5. Non-Solicitation of Customers. Disclosed Party shall not, during the course of his or her employment or contracted labor and for two years thereafter, directly or indirectly, contact any customer or former customer of Franchisee for the purpose of soliciting such customer to be a customer of a Competing Business.

6. Non-Disparagement. Disclosed Party shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisee and/or Franchisor (including their respective owners, officers, and Personnel), or the Gregorys Coffee® brand.

7. Irreparable Harm. In addition to other remedies available to Franchisee and/or Franchisor, in the event Disclosed Party violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Disclosed Party's violation. Additionally, Disclosed Party hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee and/or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Disclosed Party of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

8. Modification. Disclosed Party hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Disclosed Party, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the Gregorys Coffee® system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Disclosed Party hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

10. Survival of Covenants. All covenants made in this Agreement by Disclosed Party survive the termination of Disclosed Party's employment or contracted labor with Franchisee or the assignment or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by both parties.

12. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or proceeding.

13. Waiver. Disclosed Party understands and acknowledges that Franchisee may employ the use of cameras at the business premises, and Disclosed Party waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, changing room, etc.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

15. Third-Party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

16. Prior Disclosures. Disclosed Party acknowledges and agrees that prior to the execution of this Agreement, Disclosed Party may have received information Franchisee, Franchisor and/or their representatives, and that any such Proprietary Information obtained or received is subject to the protection and restrictions of this Agreement.

17. Personnel. In this Agreement, "Personnel" means any individual or entity engaged by the Franchisee to perform work or services in connection with the business, including but not limited to employees, independent contractors, temporary workers, consultants, agents, subcontractors, interns, and volunteers, whether compensated or uncompensated.

**DISCLOSED PARTY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.**

*[Remainder of page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date listed below.

Effective as of \_\_\_\_\_.

FRANCHISEE:

DISCLOSED PARTY (if a minor, see next page):

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

Age (if under 18): \_\_\_\_\_

**For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.**

I, \_\_\_\_\_ (Parent/Guardian), the undersigned and the parent and natural guardian of \_\_\_\_\_ (minor's name), hereby acknowledge that I have executed the foregoing Personnel Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Personnel Brand Protection Agreement.

DATED: \_\_\_\_\_.

Signature of Parent/Guardian: \_\_\_\_\_

Name of Parent/Guardian: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

[Personnel Brand Protection Agreement Signature Page]



**SCHEDULE “A-5.1”**  
**FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT**

Because you are becoming a part of the Gregorys Coffee® franchise system, it is important that you understand and acknowledge who is your employer (or the party that hired you as an independent contractor), and who is not.

You have been hired by \_\_\_\_\_ (Legal Name of Franchisee) (“Franchisee”), which is an independent franchise owner in the Gregorys Coffee® franchise system (which we call the “System”). Although Franchisee looks the same, has the same name, and is operated the same way as other Gregorys Coffee® outlets in the System, Franchisee is not part of the same company as those other Gregorys Coffee® outlets in the System. Gregory’s Coffee Franchise LLC is a completely separate company that owns or has been licensed the System to Franchisee. Gregory’s Coffee Franchise LLC has devised rules, systems of operation, and policies and procedures that all its franchisees must follow, including Franchisee, which makes each independent franchise Gregorys Coffee® outlet look and operate the same way as one another. This way, Gregory’s Coffee Franchise LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Gregorys Coffee® outlet.

It is important that you understand that Franchisee is your **only** employer (or is the only party associated with the Gregorys Coffee® franchise system that hired you as an independent contractor). If you are an employee of Franchisee, then Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. If you are an independent contractor, then Franchisee compensates you, hires you for certain hours or tasks, and provides you with the job description for your services to Franchisee. Gregory’s Coffee Franchise LLC is **not** your employer and has not hired you to provide services related to the Gregorys Coffee® franchise system. If Gregory’s Coffee Franchise LLC’s representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all customers of Gregorys Coffee® is the same or through at your place of work as it is at other Gregorys Coffee® outlets in the Gregorys Coffee® system. The fact that you are trained, or given direction or advice, by Gregory’s Coffee Franchise LLC’s representatives does not mean that Gregory’s Coffee Franchise LLC is your employer.

If you have any questions about your employment relationship or your contracted relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer (or the party that hired you as an independent contractor), Franchisee.

I have read this Franchise Relationship Acknowledgement, and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED: \_\_\_\_\_

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT “A-6”  
TO THE FRANCHISE AGREEMENT**

**LANDLORD’S CONSENT TO ASSIGNMENT**

\_\_\_\_\_ (“Landlord”) hereby consents to an assignment of the lease agreement (“Lease Agreement”) to Gregory’s Coffee Franchise LLC (“Franchisor”) for the purpose of securing the obligations of \_\_\_\_\_ (“Lessee” and Franchisor’s franchisee) to Franchisor. In the event of Lessee’s breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

Landlord agrees to provide Franchisor with all information relating to amounts owing, settlement agreements, and all matters related to the Lease Agreement within five days of written request from Franchisor.

Landlord agrees that if Lessee does not timely cure a default under the Lease Agreement, or the Lease Agreement or franchise agreement is terminated, Franchisor will have the right, but not the obligation, within 30 days of such date, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Landlord agrees to include the terms of the attached lease rider in the Lease Agreement.

Notices to Franchisor will be sent to: Gregory’s Coffee Franchise LLC, 755 Schneider Drive, South Elgin, Illinois 60177.

Landlord’s Contact Information:

LANDLORD:

Contact Person: \_\_\_\_\_

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

Mailing Address: \_\_\_\_\_

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

\_\_\_\_\_

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

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

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

**SCHEDULE “A-6.1”  
To the Landlord’s Consent to Assignment  
Lease Rider**

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and GREGORY’S COFFEE FRANCHISE LLC (“Franchisor”), Tenant’s franchisor):

1. The initial term of the lease plus renewal options will be for a period of not less than \_\_\_\_ years from the time Tenant opens for business.
2. Landlord consents to Tenant’s use and display of the Gregorys Coffee® Marks and signage as Franchisor may require from time to time for the Franchise Business, subject only to the provisions of applicable law. Landlord shall also provide Tenant and Tenant’s customers with a non-exclusive, mutual cross access easement for purposes of vehicular and pedestrian ingress and egress to access Tenant’s Franchise Business.
3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable and as may be required by the Franchisor, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.
4. The Premises will be used solely for the operation of a Gregorys Coffee® which operates using the Gregorys Coffee® Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises.
5. Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Gregorys Coffee® business; and (b) Landlord shall cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement, including allowing Franchisor, its personnel and agents to enter and remove signs, décor, and materials bearing or displaying any Marks, designs, or logos; and any other steps necessary (in Franchisor’s reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor’s proprietary designs and marks, provided that Landlord will not be required to bear any expense thereof.
6. If Franchisor so requests, and if available to Landlord, Landlord shall provide Franchisor with all sales, data, reports, and other information that Landlord may have related to the operation of the Franchise Business.
7. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Gregorys Coffee® franchise businesses or other franchise business offered by or through Craveworthy Brands by Tenant, Franchisor, or any other person or entity.
8. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant’s occupancy rights thereunder without Franchisor’s prior written consent.
9. Landlord’s consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to Franchisor, or any parent, subsidiary or affiliate of Franchisor or Tenant, or another operator that Franchisor has approved to be the franchisee and operate at the Premises.

10. Landlord shall not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a coffee shop or similar business. Additionally, Landlord shall not sell and shall prohibit any other tenant or subtenant in the building, or on the property, from engaging in activities predominantly related to the offer and sale of products and services similar to those offered by a Gregorys Coffee® restaurant. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

11. Landlord shall, upon reasonable request from Tenant’s lender, subordinate any interests it may have in Tenant’s equipment or other leasehold improvements to Tenant’s lender’s interests.

12. No amendment may be made to the lease without Franchisor’s prior written consent (which Franchisor will not unreasonably withhold or delay), and Franchisor may elect not to be bound by the terms of any amendment to the lease executed without obtaining Franchisor’s prior written approval to such amendment.

IN WITNESS WHEREOF, the parties have executed this Lease Rider effective as of the date of the lease agreement.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

**EXHIBIT "A-7"**  
**TO THE FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

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

I hereby authorize Gregory's Coffee Franchise LLC hereinafter called ("Company"), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account on a recurring basis, commencing as of the date below, and continuing for the term of my franchise agreement with the Company. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Type of Account: Checking/Savings: \_\_\_\_\_

I agree to provide accurate banking information and authorize the Company to verify account ownership through a test deposit or other verification methods as required by NACHA rules.

I understand that this authorization will remain in full force and effect through the term of my franchise agreement until I notify the Company in writing that I wish to revoke this authorization. I understand that the Company requires at least 15 days' written notice prior to the proposed effective date of termination to cancel this authorization. Notice shall be provided to the Company at both [franchise@craveworthybrands.com](mailto:franchise@craveworthybrands.com) and 755 Schneider Drive, South Elgin, Illinois 60177.

I consent to the use of electronic records and signatures for the purposes of entering into and executing this agreement and any related transactions.

Name: \_\_\_\_\_  
(please print)

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

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

**NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.**

**EXHIBIT “A-8”  
TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

This GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is entered into and made effective as of \_\_\_\_\_ by and between GREGORY’S COFFEE FRANCHISE LLC (“We,” “Us” or “Our”) and the undersigned Guarantor(s) (“Guarantor(s)”) who are the owners of \_\_\_\_\_ (the “Business Entity”) and their respective spouses or legal domestic partner (collectively and individually referred to as “spouse”).

**1. Scope of Guaranty.** In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantees to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees that no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Us and the Business Entity will affect the enforcement or validity of this Guaranty. Each Guarantor agrees that upon the death of a Guarantor, the estate of such Guarantor will be bound by the obligations of this Guaranty.

**2. Waivers.** Each Guarantor waives: (a) acceptance and notice of acceptance by Us of Guarantor(s) obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (d) any right Guarantor(s) may have to require that an action be brought against the Business Entity or any other person as a condition of Guarantor(s) liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against the Business Entity arising as a result of Guarantor(s)’ execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)’ capacity as guarantors.

**3. Consents and Agreements.** Each Guarantor consents and agrees that: (a) Guarantor(s)’ direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)’ liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)’ liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which We may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims (including the release of other guarantors) and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, where required by the Franchise Agreement, after its termination or expiration.

**4. Enforcement Costs.** If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) shall reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorneys’ assistants, arbitrators, and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

**5. Disputes.** Guarantor(s) and its spouse acknowledge and represent that Guarantor(s) and its spouse have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (disputes and arbitration) of the Franchise Agreement have been reviewed by Guarantor(s) and its spouse and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and/or its spouse and Us. Each Guarantor(s) and its spouse irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) or a spouse is domiciled. Each Guarantor will be held personally, jointly, and severally liable. Any settlement made between Us and the Business Entity, or between Us and another Guarantor, or any other determination made pursuant to this Agreement will be binding upon the Guarantor(s).

**6. Spouse’s Signature.** By signing below, the undersigned spouse acknowledges and consents to Guarantor(s) execution and performance under this Guaranty and the undersigned spouse also consents to his or her personal and marital assets securing the Business Entity’s performance under the Franchise Agreement and Guarantor(s)’ performance under this Guaranty.

**7. Counterparts.** This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) and its spouse have respectively signed this Guaranty effective as of the day and year first written above.

**Guarantor(s)’s Signature**

**Spouse Signature**

**Contact Information for Notice  
Guarantor’s Address:**

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

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

\_\_\_\_\_  
Spouse’s Address (if different):  
\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

Guarantor’s Address:  
\_\_\_\_\_

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

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

Spouse’s Address (if different):  
\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

Guarantor’s Address:  
\_\_\_\_\_

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

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

Spouse’s Address (if different):  
\_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT “A-9”  
TO THE FRANCHISE AGREEMENT**

**DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AND AUTHORIZATION**

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AND AUTHORIZATION (“Assignment”) is made and entered into as of the Effective Date (listed on the signature page below), by and between the undersigned Franchisee and Gregory’s Coffee Franchise LLC (“Franchisor”).

**RECITALS**

WHEREAS, Franchisee has entered into a franchise agreement with Franchisor of even date herewith (“Franchise Agreement”); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Gregorys Coffee® trademarks, trade names, or other substitute marks, trade dress, and other associated intellectual property (collectively, the “Marks”) in conjunction with Franchisee’s Franchise Business; and

WHEREAS, all capitalized terms used, but not defined herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee’s Facebook, Instagram, Tik-Tok, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, and the like (collectively the “Social Media Accounts”). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, Including providing all passwords and administrative access as well as assisting with the transfer second-factor security identification through means such as text message or email verification to such Social Media Accounts.

2. Franchisee hereby assigns and transfers (or in Franchisor’s sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on Marketing and Social Media Accounts, URL’s, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a “Listing” and collectively the “Listings”).

3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:

- a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
- b. Franchisee shall not, after Termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.

- c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts and/or Listings.
- d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether Franchisee is allowed to manage under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past or in the future. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed, and interpreted in accordance with the laws of the state of Nevada without giving effect to its conflicts of law provisions.

9. This Assignment may be signed in counterparts by electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the parties have respectively signed this Assignment effective as of the Effective Date written below.

Dated effective as of \_\_\_\_\_.

**FRANCHISOR:**  
Gregory's Coffee Franchise LLC

**FRANCHISEE:**  
\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

**EXHIBIT "A-10"**  
**TO THE FRANCHISE AGREEMENT**  
**FRANCHISEE REPORT**

**We will not ask You to complete the Franchise Report, and We will disregard any answers from You, if You live or plan to operate Your Franchise Business in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin. Washington Franchisees cannot complete, fill out, or sign this Franchisee Report.**

Please review each of the following questions carefully and provide honest responses to each question.

1. If You have received any oral, written, visual or other claim, guarantee or representation of any sort by Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, except for information (if any) expressly set forth in Item 19 of the Franchisor's disclosure document (or an exhibit referred to therein), please describe what You received and if known, from whom You received the information. If none, please write "none."

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2. If You have received any information or representations inconsistent with the statements in the FDD or Franchise Agreement, please list those below. If none, please write "none."

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**FRANCHISEE:**

\_\_\_\_\_

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

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

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

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



**EXHIBIT “A-11”  
TO THE FRANCHISE AGREEMENT  
STATE SPECIFIC ADDENDA**

**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with California law, California law controls.

2. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

3. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The franchise agreement requires binding arbitration. The arbitration will occur at Carson City, Nevada with the costs being borne by you for travel to, and lodging in, Carson City, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. The franchise agreement requires application of the laws of Nevada, but the California franchise laws may prevail in some instances. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California laws.

7. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Investment law and the California Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

8. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

9. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

9. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

10. Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

11. Late Fees in Exhibit "A-3" is amended to include the following: "The highest interest rate allowed in California is 10% annually."

12. Paragraph 4.1 is amended to remove the following language, "Although We must approve of Your site, We do not warrant or guarantee the success of the site."

13. Section 5.1 of the franchise agreement is amended to include the following:  
"Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the franchise agreement or other agreements have been fulfilled by the franchisor and the franchisee is open for business."

14. Paragraph 20.10 is amended to remove the following language, "You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us."

15. Paragraphs 20.14 and 20.18 are not enforceable in the state of California.

16. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

17. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

18. 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 a 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.

FRANCHISOR:  
Gregory's Coffee Franchise LLC

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

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

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

**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

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.

Franchisees rights upon termination and non-renewal 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 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.

Section 5.1 is modified to add the following language to the end of the paragraph: "Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under this Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business."

**IN WITNESS WHEREOF**, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement as of \_\_\_\_\_.

FRANCHISOR:  
Gregory's Coffee Franchise LLC

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

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

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

**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”) between \_\_\_\_\_ (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted.** Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the Franchisor or sources designated by the Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Franchisor. However, the publication by the Franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the Franchisor does not constitute designation of a source nor does a reasonable right of the Franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the Franchisor.

(2) Allowing the Franchisor to establish a Franchisor-owned outlet engaged in a substantially identical business to that of the Franchisee within the exclusive territory granted the Franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the Franchisor to compete unfairly with the Franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the Franchisor without the consent in writing of the Franchisee.

(4) Allowing the Franchisor to obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the Franchisee.

(5) Requiring the Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the Franchisee and the Franchisor to be referred to any person, if referral would be binding on the Franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the Franchisor which the Franchisee had ordered for private retail consumers prior to the Franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the Franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the Franchisee meets certain conditions specified in the agreement.

(9) Requiring a Franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the Franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the Franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the Franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:  _____ By: _____ Name: _____ Title: _____ Date: _____	FRANCHISOR: Gregory's Coffee Franchise LLC  By: _____ Name: _____ Title: _____ Date: _____
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**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

This Addendum dated \_\_\_\_\_, by and between Gregory's Coffee Franchise LLC a Nevada limited liability company, hereinafter referred to as "Franchisor" and ##, LLC/Inc., hereinafter referred to as "Franchisee."

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
3. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Section 20.14 of the franchise agreement regarding representations and Section 20.18 of the franchise agreement regarding acknowledgement of receipt of the FDD are not applicable to franchisees in Maryland.

Except as expressly amended or modified herein, all terms, provisions and conditions of the original Franchise Agreement shall remain in full force and effect. In the event of a conflict or inconsistency between the provisions of this Addendum and any provisions of the original Franchise Agreement, the provisions hereof shall in all respects govern and control.

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto have caused this Agreement to be effective as of the date listed above with the full authority of the Company principal they represent.

**FRANCHISOR:**

**GREGORY'S COFFEE FRANCHISE LLC**

By: \_\_\_\_\_  
(Signature)

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

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

**FRANCHISEE:**

**##, LLC/INC.**

By: \_\_\_\_\_  
(Signature)

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA**

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, 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 that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. 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 franchisee.
9. Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the Franchise Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business.

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Franchisee (Signature)



**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE COMMONWEALTH OF VIRGINIA**

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 does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires

the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**16. 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a

“franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**19. Deferral of all Initial Franchise Fees and Development Fees.** The franchisor will defer collection of all initial franchise fees until the franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business. The development fee will be prorated such that the franchisee will pay the franchisor the development fee proportionally upon the opening of each franchise unit.

20. Section 14.12 of the franchise agreement does not apply in and is not enforceable in Washington.

21. Paragraph 20.10 of the franchise agreement is amended to remove the following language, “You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us.”

22. Paragraph 20.14 and 20.22 of the franchise agreement do not apply in Washington.

The undersigned parties do hereby acknowledge receipt of this Addendum.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

The following shall apply to Franchise Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT “B”  
TO THE FDD**

**FINANCIAL STATEMENTS  
(Attached)**

January 27, 2026

**GREGORYS COFFEE FRANCHISE LLC  
FINANCIAL STATEMENTS  
JANUARY 27, 2026**

**GREGORYS COFFEE FRANCHISE LLC**  
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**MUHAMMAD ZUBAIRY, CPA PC**

Certified Public Accountant

646.327.7013

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Gregorys Coffee Franchise LLC**

**Opinion**

We have audited the balance statement of Gregorys Coffee Franchise LLC, as of January 27, 2026, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Gregorys Coffee Franchise LLC, as of January 27, 2026, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gregorys Coffee Franchise LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gregorys Coffee Franchise LLC's ability to continue as a going concern for a reasonable period of time.

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



Muhammad Zubairy, CPA PC  
Westbury, NY  
January 29, 2026

**GREGORYS COFFEE FRANCHISE LLC**  
**BALANCE SHEET**  
**January 27, 2026**

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**ASSETS**

Cash	<u>\$ 100,000</u>
Total Assets	<u><u>\$ 100,000</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

<b>Current Liabilities</b>	
Due to related party	<u>\$ 100,000</u>
Total Current Liabilities	<u>100,000</u>
<b>Members' Equity</b>	<u>—</u>
Total Liabilities and Members' Equity	<u><u>\$ 100,000</u></u>

See notes to financial statements

# GREGORY'S COFFEE FRANCHISE LLC

## NOTES TO FINANCIAL STATEMENTS

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### 1. THE COMPANY

Gregorys Coffee Franchise LLC is a Nevada Limited Liability Company formed in December 2025 to offer franchisees an opportunity to own and operate a coffee shop that offers varieties of coffees, teas, scratch-made pastries and unique seasonal items under the brand name Gregorys Coffee.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate franchise, for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxes on Income**- The Company's entity was organized as a limited liability company. Accordingly, under the internal revenue code, all taxable income or loss flows through to its member. Therefore, no income tax expense or liability is recorded in the accompanying financial statements.

### 3. REVENUE RECOGNITION

The Company will record revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations will be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation will be amortized over the life of the related franchise agreements. Commissions paid for franchises will be amortized over the life of the franchise agreement.

### 4. RELATED PARTY TRANSACTIONS

The Company periodically receives advances from related parties. These advances are due upon demand and do not bear interest. At December 31, 2025, the balance due to a related party was \$100,000.

**GREGORY'S COFFEE FRANCHISE LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**5. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through January 29, 2026, the date the financial statements were available to be issued.

**EXHIBIT “C”  
TO THE FDD**

**SCHEDULE OF FRANCHISEES:**

As of February 1, 2026

We have no open and operating franchise businesses as of February 1, 2026.

No franchisees have been terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2025, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document

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

**EXHIBIT “D”  
TO THE FDD**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>CONTACT</b>	<b>DEPARTMENT</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	651 Bannan Street, Ste 300, Sacramento, CA 95811	(916) 445-7205 (866) 275-2677 <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.DFPI@dfpi.ca.gov">ask.DFPI@dfpi.ca.gov</a>
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General’s Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280, St. Paul, MN 55101	(651) 539-1600
New York	Secretary of State		99 Washington Ave, Albany, NY 12231	(518) 473-2492
North Dakota	Insurance & Securities Department	Insurance Commissioner	600 East Boulevard Ave., Bismarck, ND 58505-0510	(701) 328-2910
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387

Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 <sup>nd</sup> Floor, Pierre, SD 57501-3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 <sup>st</sup> Floor, Richmond, VA 23219	
Washington	Director	Department of Financial Institutions	150 Israel Rd. SW, Tumwater, WA 98501	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

If a state is not listed, Gregory’s Coffee Franchise LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Gregory’s Coffee Franchise LLC has appointed an agent for service of process.

**EXHIBIT “E”  
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR  
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

<b>STATE</b>	<b>CONTACT</b>	<b>DEPARTMENT</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>
California	Commissioner of Financial Protection and Innovation <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.DFPI@dfpi.ca.gov">ask.DFPI@dfpi.ca.gov</a>	Department of Financial Protection and Innovation	<u>Sacramento:</u> 651 Bannon Street, Suite 300, Sacramento, CA 95811 <u>San Diego:</u> 1455 Frazee Road Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 <sup>th</sup> Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205 <u>San Diego:</u> (619) 525-4233 <u>San Francisco:</u> (415) 972-8559 <u>Los Angeles:</u> (213) 576-7500 <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 32314-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681
Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, Baltimore Maryland 21202-2020	(410) 576-6360

Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 <sup>th</sup> Floor, Lansing, MI 48933	(517) 373-7117
Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7 <sup>th</sup> Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 <sup>st</sup> Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416-6042
North Dakota	Insurance & Securities Department		600 East Boulevard Avenue, Dept. 401, Bismarck, ND 58505-0510	(701) 328-2910
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 <sup>nd</sup> Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor, Richmond, VA 23219	(804) 371-9051
Washington	Department of Financial Institutions	Securities Division	P.O. Box 41200, Olympia, WA 98504-1200	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6 <sup>th</sup> Street, NW, Washington DC 20580	(202) 326-3128

**EXHIBIT "F"  
TO THE FDD**

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<b>Chapter 2: Accounting &amp; Insurance</b>	<b>15 (8 pages)</b>
<b>Chapter 3: Preparing to Open</b>	<b>23 (6 pages)</b>
<b>Chapter 4: Personnel &amp; Training</b>	<b>29 (5 pages)</b>
<b>Chapter 5: Products Offered &amp; Purchasing</b>	<b>34 (7 pages)</b>
<b>Chapter 6: Product Preparation</b>	<b>41 (21 pages)</b>
<b>Chapter 7: Financial Management &amp; Controls</b>	<b>62 (6 pages)</b>
<b>Chapter 8: Cleaning &amp; Maintenance</b>	<b>68 (15 pages)</b>
<b>Chapter 9: Evaluations &amp; Compliance</b>	<b>83 (10 pages)</b>
<b>Chapter 10: Security &amp; Safety</b>	<b>93 (9 pages)</b>
<b>Chapter 11: Promoting &amp; Marketing</b>	<b>102 (3 pages)</b>

**EXHIBIT "G"**  
**TO THE FDD**

**AREA DEVELOPMENT AGREEMENT**

**GREGORYS COFFEE®  
AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into effective as of \_\_\_\_\_ by and between **GREGORY’S COFFEE FRANCHISE LLC**, a Nevada limited liability company (“We,” “Us,” or “Franchisor”), and \_\_\_\_\_ (“You” or “Area Developer”).

**RECITALS:**

WHEREAS, You desire to acquire the right to develop and operate multiple Gregorys Coffee® Franchise Units in the Development Area described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You have entered into a separate Franchise Agreement with Us for the right to operate Your first Gregorys Coffee® franchise signed contemporaneously with this Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

**Article 1 - Definitions**

1.1 Each of the following terms shall have the meanings set forth below. Additionally, unless otherwise clearly required by the context, when used in this Agreement, all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporarily with this Agreement.

“Develop” or “Developed” whether capitalized or not means to open and operate Gregorys Coffee® Units. You must have a fully executed Franchise Agreement for a Unit to be considered in “development” if not yet opened or to be considered “developed” if the Unit is operational. Otherwise, the Unit will be considered an Undeveloped Unit as defined below.

“Development Area” means the geographical area set forth in Exhibit “A.”

“Development Business” means the business of developing Gregorys Coffee® Franchise Businesses in the Development Area and in compliance with the Development Schedule.

“Development Schedule” means the schedule setting forth the number of Franchise Units to be developed within a set period of time within the Development Area.

“Franchise,” “Franchise Business,” “Franchise Unit,” or “Unit” means a business that has signed a Franchise Agreement to operate a Gregorys Coffee® business in the Development Area.

“Franchise Agreement” means Our franchise agreement which licenses the right to use Our Marks and System for the operation of a Gregorys Coffee® Franchise Unit at a single designated location.

“Owners” means You and each of Your owners, partners, members, managers, officers, directors or shareholders.

“Termination” Includes expiration, non-renewal, repurchase of Your rights, transfer, or any other means by which this Agreement is no longer in effect, or wherein You are no longer an area developer for the Gregorys Coffee® brand.

“Undeveloped Unit” is any Unit for which You do not have a fully executed Franchise Agreement together with a fully executed lease agreement that has been approved by Us.

## **Article 2 – Development Area Rights**

2.1 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to develop Gregorys Coffee® businesses in the Development Area in accordance with the Development Schedule set forth on Exhibit “B.” You will be provided with a first right of refusal to Develop within the Development Area, and You will be guaranteed the ability to open the required number of Franchise Units within the Development Area, but We, Our affiliates, and other franchisees may also develop within the Development Area.

2.2 Character of Rights. The rights and privileges granted to You under this Agreement are personal in nature. You represent and We rely upon Your representations in entering into this Agreement that the individuals listed on Exhibit “C” are the Owners of and sole holders of a legal and beneficial interest in Your Development Business. The rights set forth herein are territorial only and do not grant or imply any license for You to use the Marks or System in any manner. Any such rights are granted only through Our Franchise Agreement. This Agreement does not create or grant rights or obligations outside the Development Area.

2.3 Franchisor’s Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein prevents Us from granting the right to establish or operate, or Us establishing, owning, and operating Gregorys Coffee® outlets or similar operations outside of the Development Area. We, or our affiliate, either personally or through agents and representatives, or franchises, also reserve the right to operate, sell and Market Gregorys Coffee® outlets in non-traditional locations and large institution-type locations both within and outside Your Development Area. These franchises may Include locations at malls, convention centers, sporting arenas, hotels, military bases, universities, airports, hospitals, transportation facilities (Including rail or bus terminals, toll road plazas and highway rest stops), urban office buildings, supermarkets, carnivals or street fairs, government facilities, shopping malls, educational facilities, casinos, resort properties, amusement parks or amusement centers, and other similar locations. Any non-traditional outlet opened in Your Development Area will not be counted toward Your development obligations set forth in the Development Schedule. Furthermore, We and Our affiliates expressly reserve the right to sell, Market, and distribute the Gregorys Coffee® products in the Development Area and elsewhere without compensation to You using other Marketing strategies and distribution channels, Including, through websites, the Internet, social media, national accounts, apps, wholesale outlets, retail outlets, etc. We also reserve the right to use other and different proprietary marks in connection with the sale of franchises, products or services similar to, the same as, or dissimilar from those which You will use in Your Franchise Businesses at any location, Including in the Development Area, without compensation to You.

### **Article 3 - Development & Term**

3.1 Minimum Development Schedule. You shall open the number of Franchise Units by the deadlines set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open and operating Franchise Business located within the Development Area by the applicable deadline and remains operating during the term hereof.

3.2 Right of First Refusal. You are granted a right of first refusal as set forth above in paragraph 2.1 to Develop Gregorys Coffee® franchises within the Development Area pursuant to Your Development Schedule. This right of first refusal will last for so long as You are in compliance with the Development Schedule and have Units remaining to be Developed.

3.2.1 Exercising Your Right of First Refusal. We will provide You notice if We receive interest from a prospective franchisee to open a Unit within the Development Area. Our notice to You will include the city in which the prospective franchisee wishes to purchase a franchise. Whereupon, You will have 10 days from the time of notice to exercise Your right to purchase a franchise in that city. To exercise Your right of first refusal, You shall sign Our then-current Franchise Agreement and pay the remaining balance of the initial franchise fee.

3.3 Franchise Locations. The location of each Franchise Unit will be selected by You but must be approved in writing by Us, as further set forth in the applicable Franchise Agreement. We must pre-approve the site for each Unit as set forth in the applicable Franchise Agreement.

3.4 Timing of Execution of Leases and Franchise Agreements with Your Development Schedule. No later than six months before the end of each development period listed in the Development Schedule, You must have executed (in accordance with this Agreement) a lease (or purchase agreement) and a Franchise Agreement and paid the remaining balance due for that Unit. Your obligations to locate, lease, and construct a Unit will be governed by the timelines stated in the applicable Unit Franchise Agreement, except that the requirement for opening and commencing operation of the Unit for the purposes of this Agreement will be based on the Development Schedule deadlines in this Agreement and not the opening deadline listed in that Franchise Agreement.

3.5 Time of the Essence. Time is of the essence with respect to compliance with the Development Schedule and all other obligations of Yours under this Agreement.

3.6 Term. The term of this Agreement is the development period set forth on the Development Schedule. This Agreement will Terminate prior if terminated according to Article 9 below, or once You have Developed all the Franchise Units listed on the Development Schedule if developed prior to the last deadline set forth on the Development Schedule. There is no right to renew this Agreement.

### **Article 4 - Fees**

4.1 Area Development Fee. You shall pay a one-time, non-refundable area development fee (“Development Fee”) as set forth on Exhibit “B”. The Development Fee is equal to all the initial franchise fees for the Units to be calculated by adding the initial franchise fee for the first Unit, plus \$12,500 (“Deposit”) multiplied by the total number of additional Units (after the first Unit). The Development Fee will be allocated pro rata to cover the initial franchise fee for each Franchise Unit as developed after the first Unit. No rights or privileges under this Agreement exist until the Development Fee is paid in full Including the right to Develop, or to sell or transfer Your Development rights.

4.2 Additional Units. If You wish to purchase more Franchise Units than the number of Units listed in the Development Schedule, You must first receive Our prior written approval as to the number and whether You are able to add additional Units to the Development Schedule. If approved, You shall pay a Development Fee of \$12,500 for each additional Franchise Unit to be developed, plus the remaining balance of \$12,500 payable at the time of approval by Us for Your Development of additional Units.

4.3 Initial Franchise Fee. You shall pay Us the balance of the initial franchise fee (“Franchise Fee”) for each Unit opened or operated by You during the term hereof, after the applicable Deposit has been applied to that Unit and upon signing the Franchise Agreement for that Franchise Unit. The Franchise Fee is set forth in the Development Schedule.

4.4 Non-Refundable. No payment, Fee, or Deposit paid by You is refundable, regardless of whether You meet Your Development Schedule.

#### **Article 5 - Franchise Agreement(s)**

5.1 Franchise Agreement. Each Franchise Unit opened by You in the Development Area pursuant to this Agreement will be governed by Our then-current Franchise Agreement executed by You and Us. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us prior to acquisition or lease of any related real property, or commencing construction or improvements, or any other development activity or operations for the applicable Franchise Unit.

5.2 Modification of the Franchise Agreement. We reserve the right, from time to time, to amend, change, or modify Our form Franchise Agreement, which modifications will apply to those Franchise Agreements signed after such modifications are made.

5.3 Guaranty. You agree that all of the Owners with any amount of interest in Your Development Business must each personally sign an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and shall be personally bound by, and liable for, the breach of every provision of this Agreement and sign the Guaranty and Assumption of Obligations attached as Exhibit “D”.

5.4 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

#### **Article 6 - Operating Standards and Covenants; Confidentiality**

6.1 Compliance. You shall, at Your expense, comply with all applicable laws, ordinances, rules, and regulations pertaining to the development of Your Franchise Businesses as contemplated herein.

6.2 Cost of Doing Business. You shall be responsible for all Your costs of doing business and other costs and expenses in connection with Your obligations herein.

6.3 Franchise Obligations. You shall promptly pay all Your obligations and liabilities to Us and Your suppliers, lessors, trade accounts and government agencies. We have no liability for Your obligations, and You shall indemnify and hold Us harmless from any such obligations.

6.4 Periodic Reports. Upon Our request (which will not be more than once per month), You shall provide to Us, no later than five days from the date of request, a written progress report of Your activities and progress in developing and establishing Franchise Units in the Development Area, as requested.

6.5 Indemnification. You shall protect, indemnify and hold Us harmless from and against any and all claims, proceedings, expenses, costs, damages and liabilities, Including, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect or omission of Yours or Your Personnel, customers, agents or guests, in the operation of Your Development Business, Including, malfeasance, misstatements, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement.

6.6 Confidentiality. Unless otherwise signed as part of Your Franchise Agreement, each of Your principals are required to sign Our standard principal brand protection agreement attached as Exhibit "E."

## **Article 7 - Marks**

7.1 Ownership of Marks. You acknowledge that You have no interest whatsoever in the Marks or derivatives thereof and that Your license to use the Marks is derived solely from Your Franchise Agreement(s).

7.2 Use of Marks. You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form without Our consent. You shall obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

## **Article 8 - Our Right of Termination**

8.1 Termination. In addition to the other rights of termination that We may have at law or equity or as contained in this Agreement We will have the following rights of termination:

8.1.1 No Cure Period. Upon a violation or default under paragraphs (1) through (6) below, this Agreement will automatically Terminate upon written notice to You.

1) You or any of Your Owners makes or attempts to make an unauthorized assignment of this Agreement, Your Franchise Agreements, Franchise Units, or any ownership change in You without Our prior written consent, which consent will not be unreasonably withheld or delayed;

2) You or any of Your Owners commit or are convicted of or plead guilty or no contest to, or enter into a plea in abeyance, stipulated order of continuance, or related agreement, to a felony a crime involving moral turpitude or dishonesty, or You or Your Owners engage in any conduct or behavior that We believe is reasonably likely to have a material adverse effect on the System, the Marks, the goodwill associated therewith or Our interest therein; You or any of Your Owners make disparaging remarks against Us, Our management, Personnel, the System, or Our brand to Our other franchisees or in a public forum, Including radio, television, newspapers, the Internet, or Social Media that is not publicly recalled within five days of written notice;

3) You repeatedly breach (three or more times) the same provision of this Agreement within a 12-month period;

4) You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization, or a bill in equity or other proceeding for the appointment of a receiver of: (1) You; (2) Your Franchise Business; or (3) another custodian for Your Franchise Business or Operating Assets, is filed or consented by You, or if

a receiver or other custodian (permanent or temporary) of Your Operating Assets or property, or any part of them, is appointed by any court of competent jurisdiction, or the real or personal property of Your Franchise Business is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclosure a lien or mortgage against any of Your Operating Assets and it is not dismissed within 30 days.;

5) You make any material misrepresentation relating to the acquisition of the Development Business; or

6) You voluntarily or otherwise abandon the development of Franchise Units in the Development Area hereunder exhibited by not responding to our calls, emails, letters, or other attempts to reach You for a period of 30 or more days, or Your actions to Us, to other franchisees or area developers, or to the public reasonably indicate that You do not plan to continue development operations.

8.1.2 5-Day Cure Period. You fail to make a payment to Us or an affiliate of Ours and fail to cure within five days of receiving written notice of default.

8.1.3 30-Day Cure Period. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement and fail to cure within 30 days of receiving written notice of default from Us.

8.1.4 45-Day Cure Period. You fail to meet Your development obligations set forth in the Development Schedule and fail to cure within 45 days of receiving written notice of default from Us.

8.2 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for cause, We will have the right to terminate this Agreement upon written notice to You.

## **Article 9 - Obligations Upon Termination or Expiration**

9.1 Our Rights Upon Termination. Upon Termination of this Agreement, for any reason, Your rights under this Agreement are terminated, and We will be free to own, operate or franchise Gregorys Coffee® businesses anywhere in the Development Area other than as prohibited by any existing signed Franchise Agreement. The foregoing is in addition to any other right or remedy We may have at law or in equity.

9.2 Already Developed or Developing Units. After Termination of this Agreement, You may continue to own and operate Your individual Franchise Units in the Development Area that You have Developed or that are in development with a signed and approved lease agreement prior to Termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s).

9.3 Undeveloped Units. Upon Termination of this Agreement, You will no longer have the right to develop any Undeveloped Units and You will cease to have any exclusivity rights with regard to the ongoing development of Franchises in the Development Area.

9.4 Forfeit of Amounts Paid. Upon Termination of this Agreement, You will forfeit all Development Fees, initial fees, Unit Deposits, payments, or any other deposits or installments made or paid to Us or an affiliate

## **Article 10 – Transfer**

Article XIV of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this

Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. However, the transfer fee to Transfer this Agreement is \$10,000, plus the transfer fee for each active franchise agreement transferred, as set forth in the applicable franchise agreement, if You transfer open and active Units with this Agreement.

**Article 11 – Integration of the Various Articles of the Franchise Agreement**

Article XV through Article XXI of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. Additionally, the non-competition geographic restrictions are adjusted for this Agreement to be 25 miles from Your Development Area and 5 miles from any other Gregorys Coffee® outlet in operation or development. However, You will still be able to operate a Gregorys Coffee® business in the Development Area in those territories for which You are allowed to operate under an active Franchise Agreement. Nothing in this, or in any related agreement, however, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document that We furnished to You.

**Article 12 - Notices**

12.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission, during normal business hours, Monday through Friday, holidays excepted, when confirmed by telecopier or facsimile transmission; (iv) through the email address below or other authorized email address when confirmed by receipt verifications, which confirmation cannot be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, three days after deposit in the mail addressed as follows:

<p>Franchisor:                  Gregory’s Coffee Franchise LLC                  755 Schneider Drive                  South Elgin, Illinois 60177                  Email: <a href="mailto:FRANCHISING@CRAVEWORTHYBRANDS.COM">FRANCHISING@CRAVEWORTHYBRANDS.COM</a></p> <p>With a courtesy copy to (which will not act as notice or service to Gregory’s Coffee Franchise LLC):                  The Franchise &amp; Business Law Group                  Attn: Kara K. Martin                  222 South Main, Ste 500                  Salt Lake City, Utah 84101                  Email: <a href="mailto:KMARTIN@FBLGLAW.COM">KMARTIN@FBLGLAW.COM</a></p>	<p>Area Developer:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Email: _____</p>
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IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the day and year first above written.

FRANCHISOR:

AREA DEVELOPER:

**GREGORY'S COFFEE FRANCHISE LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

*[Signature Page of the Area Development Agreement]*

**EXHIBIT "A"**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA**

The Development Area will consist of the following area (map may be attached):

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**Our approval of the Development Area is not a guarantee or a warranty of the potential success of the Development Area.**

\_\_\_\_\_  
Area Developer Initial and Date

\_\_\_\_\_  
Franchisor Initial and Date

**SCHEDULE “A-1”**  
**MAP OF THE DEVELOPMENT AREA**  
**(optional)**

**EXHIBIT "B"**  
**TO THE AREA DEVELOPMENT AGREEMENT**

**FRANCHISE UNIT**  
**DEVELOPMENT SCHEDULE AND FEES**

**1. Development Schedule**

Total Number of Units to be Developed: \_\_\_\_\_

Unit #	Deadline to Open (indicate by June 1 or December 1 of the applicable year)

**2. Development Fees**

Summary	Number or Amount
Total Units to be Developed	_____
(a) Development Fee for the first Unit	\$35,000
(b) Development Fee per Unit after the first Unit	\$12,500
Total Non-Refundable Development Fee <sup>1</sup> (Multiply the Development Fee in (b) by the number of Units to be developed plus the amount in (a).)	\$_____
Balance of Initial Franchise Fee Owing per Unit to be Developed <sup>2</sup>	\$12,500

<sup>1</sup> Due upon signing this Agreement.

<sup>2</sup> Due upon signing the Franchise Agreement for each Unit as developed, including the first Unit and is not refundable.

\_\_\_\_\_  
Area Developer Initial and Date

\_\_\_\_\_  
Franchisor Initial and Date

**EXHIBIT "C"**  
**TO THE AREA DEVELOPMENT AGREEMENT**  
**COMPANY REPRESENTATIONS AND WARRANTIES**

You make the following additional warranties and representations:

You are a (check one):

- Partnership                       Corporation  
 Sole Proprietorship               Limited Liability Company

Name of your entity: \_\_\_\_\_

The state in which your entity was formed: \_\_\_\_\_

Date of formation: \_\_\_\_\_

EIN: \_\_\_\_\_

The name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership, or limited liability company (please print or type names and add extra lines if necessary):

Name	Address	Percentage of Ownership*

\*Corporation: Percentage owned of outstanding voting stock.

\*Partnership: Percentage owned in voting and in capital and profits.

\*Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type names and add extra lines if necessary):

Name	Title

The address where Your company records are maintained is: \_\_\_\_\_  
 \_\_\_\_\_.

The name and address of the person acting as principal contact who has been approved by Us and who will be directly responsible for supervising Your Development Business operations and who has authority to work with Us and make decisions relating to the operations of the Development Business:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_

You shall provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated: \_\_\_\_\_.

**AREA DEVELOPER:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

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

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

**EXHIBIT “D”  
TO THE AREA DEVELOPMENT AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

This GUARANTY AND ASSUMPTION OF OBLIGATIONS (“Guaranty”) is entered into and made effective as of \_\_\_\_\_ by and between **Gregory’s Coffee Franchise LLC** (“We,” “Us” or “Our”) and the undersigned Guarantor(s) (“Guarantor(s)”) owners of \_\_\_\_\_ (the “Business Entity”).

**1. Scope of Guaranty.** In consideration of and as an inducement to Our signing and delivering the Area Development Agreement dated \_\_\_\_\_ (the “Development Agreement”), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantee to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Development Agreement; and (b) shall be personally bound by, and personally liable for the breach of, any provision in the Development Agreement, Including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Franchisor and the franchisee thereunder will affect the enforcement or validity of this Guaranty. Each Guarantor agrees that upon the death of a Guarantor, the estate of such Guarantor will be bound by the obligations of this Guaranty.

**2. Waivers.** Each Guarantor waives: (a) acceptance and notice of acceptance by Us of Guarantor(s) obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor(s); (d) any right Guarantor(s) may have to require that an action be brought against the Business Entity or any other person as a condition of Guarantor(s) liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor(s) may have against the Business Entity arising as a result of Guarantor(s)’ execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor(s) may be entitled in Guarantor(s)’ capacity as guarantors.

**3. Consents and Agreements.** Each Guarantor consents and agrees that: (a) Guarantor(s)’ direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Development Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)’ liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)’ liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which We may from time to time grant to Business Entity or to any other person, Including, the acceptance of any partial payment or performance of the compromise or release of any claims (Including the release of other guarantors) and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Development Agreement and, where required by the Development Agreement, after its termination or expiration.

**4. Enforcement Costs.** If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) must reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorney’s assistants, arbitrators, and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

**5. Disputes.** Guarantor(s) acknowledge and represent that Guarantor(s) have had an

opportunity to review the Development Agreement and agree that the provisions related to disputes and arbitration of the Development Agreement have been reviewed by Guarantor(s) and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and Us. Each Guarantor(s) irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) is domiciled.

**6. Counterparts.** This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original, and when said counterparts have been exchanged between the parties, they will be of full force and effect.

IN WITNESS WHEREOF, the Guarantor(s) have respectively signed and sealed this Guaranty effective as of the day and year first written above.

**Guarantor(s)**

**Address for Notice**

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

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

\_\_\_\_\_

Email: \_\_\_\_\_

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

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

\_\_\_\_\_

Email: \_\_\_\_\_

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

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

\_\_\_\_\_

Email: \_\_\_\_\_

**EXHIBIT “E”  
TO THE AREA DEVELOPMENT AGREEMENT**

**BRAND PROTECTION AGREEMENT FOR PRINCIPALS**

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the “Agreement”) is entered into and made effective as of the date written on the signature page, by GREGORY’S COFFEE FRANCHISE LLC (“Franchisor” or the “Company”) and the undersigned (individually and collectively, the (“Principals”).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor to be able to obtain the rights to open and operate multiple Gregorys Coffee® Franchise Businesses using the System developed by Franchisor, including certain confidential and proprietary information of Franchisor (“Area Development Agreement”); and

WHEREAS, Franchisor has developed Confidential Information, which Confidential Information includes Recipes for the operation of a Gregorys Coffee® Franchise Business and may continue to develop new Recipes and revise current Recipes for use in association with the Gregorys Coffee® System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Area Development Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor’s entering into the Area Development Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Area Development Agreement and Franchise Agreement, as applicable.

NOW THEREFORE, in consideration of Franchisor entering into the Area Development Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain knowledge of confidential matters related to the System and made available to Principals that are necessary and essential to the operation of Franchise Businesses, without which information the Franchise Businesses could not efficiently, effectively, and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Area Development Agreement, Principals and any of a Principal’s Immediate Family, shall not during the term of the Area Development Agreement or any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Businesses or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the Confidential Information, including restrictions on disclosure to Personnel and other third parties.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all Personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for

those losses sustained due to such violation.

2.2 No Reverse Engineering. Principals shall not, either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile, or deconstruct any portion of the Confidential Information, and shall not allow, encourage, or permit any partner, owner, director, member, manager, agent, Personnel or other person to do so. For purposes of this Agreement, reverse engineering as it relates to the Recipes, Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.3 Limited Use. Principals must limit their use of the Confidential Information, Including, their recollection of any part of the Confidential Information, to the performance of their duties as described in the Area Development Agreement, the Franchise Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Confidential Information for personal use or gain.

3. Non-Competition; Non-Solicitation. The following covenants will be enforced during and after the term of the Area Development Agreement:

3.1 In-Term Covenant. During the term of the Area Development Agreement and for any extensions thereof, except as permitted under the Area Development Agreement and applicable Franchise Agreements, Principals and each Principal's Immediate Family, shall not directly or indirectly be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business in any capacity or location, except with Franchisor's prior written consent. Principals understand and acknowledge that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Unless Principal remains a part of a company with an active Franchise Agreement (in which case the in-term covenants will govern), then upon the Termination of the Area Development Agreement, or a Principal's disassociation from the Development Business and for a continuous, uninterrupted period of two years thereafter, except as permitted by the applicable Franchise Agreements, Principals, and Principals' Immediate Family members, shall not directly or indirectly, be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business within the Development Area or within 25 miles of the Development Area or within 5 miles of any other Gregorys Coffee® outlet in operation at the time of Termination or Transfer. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

3.3 Non-Solicitation of Customers. Subject to applicable state law, Principals and Principals' Immediate Family shall not, during the term of the Area Development Agreement and for three years thereafter, directly, or indirectly, contact any former or then-current customer of the Franchise Business or Franchisor or an affiliate of Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

4. Violation of Non-Competition, Non-Solicitation Provisions; Tolling of Covenants. In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$500 per day

for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Unless Principal remains a part of a company with an active Franchise Agreement, upon the Termination of the Area Development Agreement, or a Principal's disassociation from the franchise entity, each Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Gregorys Coffee® Manuals and any and all Confidential Information.

6. Non-Disparagement. Principals shall not, during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any form or medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or Personnel, the brand, the System, Franchisor's products and services, or other area developers or franchisees.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether arising from this Agreement or the Area Development Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

8. Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action. Principals acknowledge and agree that the restrictions related to Immediate Family is necessary because a Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Us to prove whether a Principal disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Nevada without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Nevada, and unless the enforcement of this Agreement is brought in connection with a Dispute under the Area Development Agreement (in which case this matter may be handled through arbitration as set forth in the Area Development Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Carson City, Nevada.

10. Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or proceeding.

11. Binding Agreement. This Agreement will bind each parties' respective heirs, personal representatives, successors and assigns. No rights under this Agreement are assignable by any Principal without Franchisor's written approval, and any purported assignment will be null and void and of no force or effect.

12. Survival of Covenants. All covenants made in this Agreement by Principals will survive the Termination of this Agreement or the Area Development Agreement or Principal's disassociation with the Franchise Business or the System in any way.

13. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

15. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

16. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, etc.

**PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated effective as of \_\_\_\_\_.

**FRANCHISOR:**

GREGORY'S COFFEE FRANCHISE LLC

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

(Signature)

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

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

**PRINCIPALS:**

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

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

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

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

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

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

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

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

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

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

**EXHIBIT “D”**  
**TO THE AREA DEVELOPMENT AGREEMENT**  
**STATE SPECIFIC ADDENDA**

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT  
FOR THE STATE OF CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the area development agreement contains a provision that is inconsistent with California law, California law controls.

2. The area development agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

3. The area development agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

4. The area development agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The area development agreement requires binding arbitration. The arbitration will occur at Carson City, Nevada with the costs being borne by you for travel to, and lodging in, Carson City, Nevada and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of an area development agreement restricting venue to a forum outside the State of California.

6. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

7. You must sign a general release if you transfer, renew or terminate your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

8. The area development agreement provides for waiver of a jury trial. This may not be enforceable in California.

9. Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

10. Area Development Agreement owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

11. Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

12. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

13. Mandatory compliance with the California Department of Alcohol Beverage Control laws pertaining to the sale and consumption of alcoholic beverages related to the franchisor's business. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.

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

15. Section 4.1 of the area development agreement is amended to include the following:

"The Department has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open."

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT  
FOR THE STATE OF ILLINOIS**

Illinois law governs the area development 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, an area development agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal 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 any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following is added to Article 4 of the Area Development Agreement:

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

IN WITNESS WHEREOF, the Franchisor and Area Developer have respectively signed and sealed this Area Developer Agreement as of \_\_\_\_\_.

**FRANCHISEE:**  
\_\_\_\_\_

**FRANCHISOR:**  
Gregory’s Coffee Franchise LLC

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT  
FOR THE STATE OF MARYLAND**

This Addendum Agreement is made contemporaneously with the Area Developer Agreement dated \_\_\_\_\_, by and between Gregory's Coffee Franchise LLC, a Utah limited liability company, hereinafter referred to as "Franchisor" and ##, LLC/Inc., and \_\_\_\_\_ and \_\_\_\_\_ hereinafter collectively referred to as "Area Developer."

1. An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
3. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
4. All representations requiring prospective area developers to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. This development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Except as expressly amended or modified herein, all terms, provisions and conditions of the original Area Developer Agreement shall remain in full force and effect. In the event of a conflict or inconsistency between the provisions of this Addendum and any provisions of the original Area Developer Agreement, the provisions hereof shall in all respects govern and control.

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto have caused this Agreement to be effective as of \_\_\_\_\_, with the full authority of the Company principal they represent.

*[Remainder of page intentionally left blank; signatures follow on next page]*

FRANCHISOR:  
**Gregory's Coffee Franchise LLC**

AREA DEVELOPER:

\_\_\_\_\_

By: \_\_\_\_\_  
Its, \_\_\_\_\_

By: \_\_\_\_\_  
Its, \_\_\_\_\_

INDIVIDUALS:

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

## ADDENDUM TO THE AREA DEVELOPER AGREEMENT FOR THE STATE OF MINNESOTA

The disclosure document, franchise agreement, area developer agreement and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document, franchise agreement and area developer agreement are amended to include the following:

Minnesota statute ‘ 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ‘ 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, 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 that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee’s right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. 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. Payment of all initial franchise fees owed to the franchisor, or its affiliate, by the franchisee shall be deferred until after all initial obligations owed to the franchisee under the Franchise Agreement or other agreements have been fulfilled by the franchisor and the franchisee has commenced doing business.

\_\_\_\_\_  
Franchisee (Signature)

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT  
FOR THE STATE OF VIRGINIA**

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 does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

## WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

**1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

**4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

**5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

**6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

**7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

**8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**16. 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.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully

evaluate any information provided by the franchise broker about a franchise.

**19. Deferral of all Initial Franchise Fees and Development Fees.** The franchisor will defer collection of all initial franchise fees until the franchisor has fulfilled its pre-opening obligations to the franchisee and the franchisee is open for business. The development fee will be prorated such that the franchisee will pay the franchisor the development fee proportionally upon the opening of each franchise unit.

The undersigned parties do hereby acknowledge receipt of this Addendum.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT  
FOR THE STATE OF WISCONSIN**

The following shall apply to Area Developer Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the “Act”), shall apply to and govern the provisions of Area Developer Agreements issued in the State of Wisconsin.
- b. The Act’s requirements, including that in certain circumstances a Franchisee receive ninety (90) days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section 9 of the Area Developer Agreement to the extent they may be inconsistent with the Act’s requirements.

**EXHIBIT “H”  
TO THE FDD**

**RELEASE AGREEMENT (FORM)**

**RELEASE AGREEMENT**

This RELEASE AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_ by and between GREGORY’S COFFEE FRANCHISE LLC (“Franchisor”) and \_\_\_\_\_, LLC/INC., \_\_\_\_\_, AND \_\_\_\_\_ (jointly and severally “Franchisee”). The above will collectively at times be referred to as “Parties” and individually as “Party.” Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

**RECITALS**

WHEREAS, Franchisee entered into a Gregory’s Coffee® franchise agreement on \_\_\_\_\_ with Franchisor (“Franchise Agreement”); and

WHEREAS, the Franchise Agreement was personally guaranteed by \_\_\_\_\_ and \_\_\_\_\_ (“Personal Guarantor(s)”); and

WHEREAS, the Franchise Agreement has been terminated effective as of \_\_\_\_\_.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of crossclaim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.

3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the



English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. Franchisee and Personal Guarantor(s) are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement and the Brand Protection Agreement for Principals signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Nevada without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Nevada even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Carson City, Nevada will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Carson City, Nevada.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Carson City, Nevada, and the laws of the state of Nevada will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

6.4 Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorneys' fees and other costs reasonably incurred in such action or proceeding.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

9. The following 3 paragraphs are **FOR CALIFORNIA FRANCHISEES ONLY**: These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

The parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.

10. **FOR WASHINGTON FRANCHISEES ONLY**: If Personal Guarantor(s) or Franchisee is a resident of Washington or the franchise business will be located or operated, wholly or partly, in Washington, then this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or any rule or order adopted thereunder.

**IN WITNESS WHEREOF**, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

FRANCHISEE:

**GREGORY'S COFFEE FRANCHISE LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

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

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

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

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

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

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

**PERSONAL GUARANTOR(S):**

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

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

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

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

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

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

**EXHIBIT "T"  
TO THE FDD**

**PROOF OF CONCEPT ACKNOWLEDGEMENT**

PROOF OF CONCEPT ACKNOWLEDGEMENT

**This Acknowledgement does not apply to franchises who intend to operate the franchise business in the state of California or Washington.**

I am currently in discussions related to the purchase of a Gregorys Coffee® franchise, a brand that is part of the Craveworthy Brands portfolio. I recognize that Gregorys Coffee® is an emerging brand, and that it has not yet reached proof of scale, and similar to other brands, it likely won't until it has grown to over 100 units.

I understand that while in proof of concept, the menu offerings, packaging, equipment needs, store design and/or concepts, overall systems, and marketing strategy are subject to change as the system grows. I acknowledge that as part of an emerging brand, I may be asked to provide feedback to Craveworthy Brands on key learnings, insights and ideas. I also understand and acknowledge that Craveworthy Brands has the final decision in what learnings and ideas will be brought to market, if any and that all insights, ideas, and other concepts I may provide are considered a "work-made-for-hire."

I acknowledge that although Craveworthy Brands may strive to reach proof of scale for the Gregorys Coffee® brand, I understand that proof of scale may never be reached. Craveworthy Brands believes that unit-level economics are part of developing the brand's identity and building its following, and although Craveworthy Brands makes no representation that it will be successful in this endeavor to take Gregorys Coffee® to proof of scale, Craveworthy Brands truly believes that together we will achieve great things.

FRANCHISOR:  
Gregory's Coffee Franchise LLC

PROSPECTIVE FRANCHISEE:

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

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

By: \_\_\_\_\_  
Name: \_\_\_\_\_, personally  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_, personally  
Date: \_\_\_\_\_

**EXHIBIT “J”  
TO THE FDD  
SIGNING CHECKLIST**



**Franchise Documents Signing Checklist**

**The following items need to be filled out, signed, or dated by the party indicated**

**1. When you receive the FDD.**

<b>DOCUMENT</b>	<b>PAGE OR SECTION NUMBER</b>	<b>INSTRUCTIONS</b>	<b>CHECK WHEN COMPLETED</b>
FDD Receipt Pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date <u>both</u> copies. You will keep the copy labeled “Franchisee Copy” and return the other copy (“Franchisor Copy”) to the franchisor (“Gregory’s Coffee Franchise LLC”).	_____

**2. When you sign the Franchise Agreement and other documents.**

<b>DOCUMENT</b>	<b>PAGE OR SECTION NUMBER</b>	<b>INSTRUCTIONS</b>	<b>CHECK WHEN COMPLETED</b>
Franchise Agreement	(page 1)	Fill in the franchisee name	_____
Franchise Agreement	(page 3)	In first paragraph fill in date and franchisee name.	_____
Franchise Agreement	(page 44)	Fill in the franchisee name, address, and email	_____
Franchise Agreement	(page 52)	<p><b>1.</b> If the franchisee is an entity, (1) fill in the entity name on the line before LLC/INC., and have the president, manager, etc. sign on behalf of the entity.</p> <p><b>2.</b> If there is no entity, the franchisee will sign on the lower lines and print his or her name on the line before “personally.”</p>	_____
Territory	Exhibit A-1 (page 53)	If the premises is not already known, this will be filled out and initialed later.	_____
Company Reps. and Warranties	Exhibit A-2 (page 54-55)	The franchisee must fill in the appropriate fields, date, and sign.	_____
Brand Protection Agreement for Principals	Exhibit A-4 (page 59-63)	Each owner and principal manager of the franchisee must fill out and sign this agreement on page 63.	_____
Personnel Brand Protection Agreement	Exhibit A-5 (page 64-67)	To be filled out and signed by each one of franchisee’s employees. You are required to provide us with a signed copy for each employee within 10 days of their hire.	_____
Employee -Franchise Relationship Acknowledgement	Schedule A-5.1 (page 68)	This is signed by all franchisees as part of their onboarding materials. You are required to provide us with a signed copy for each employee within 10 days of their hire.	_____

Lessor's Consent to Assignment	Exhibit A-6 (page 69)	Landlord and Franchisee fill in each required section, signs, and dates. A copy of this must be provided to the franchisor within 15 days of signing.	_____
Lease Rider to Landlord's Consent	Exhibit A-6.1 (page 70-71)	Landlord and Franchisee fill in and sign. A copy of this must be provided to the franchisor within 15 days of signing.	_____
ACH Agreement	Exhibit A-7 (page 72)	This must be filled out with all the appropriate bank information and signed.	_____
Guaranty of Assumption of Obligations	Exhibit A-8 (page 73-74)	Franchisee must fill in the date, the name of its entity and the date of the franchise agreement on the first page. <b>EVERY OWNER</b> of the franchisee ( <u>and their spouses</u> ) must sign and fill out the signature page.	_____
Digital and Social Media Authorization for Assignment	Exhibit A-9 (page 75-76)	Franchisee and franchisor must sign this.	_____
Franchisee Report	Exhibit A-10 (page 77)	Franchisee must fill out relevant information, sign, and date.	_____
State Addenda	Exhibit A-11	Depending on your state, you may be required to fill out and sign a state specific addendum.	_____

### 3. Exhibits to the FDD.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Form Release Agreement	Exhibit H	This does <u>not</u> get signed at the time of signing the franchise agreement. This agreement or a form thereof will only be signed upon the termination, non-renewal or transfer of the franchise.	_____
Proof of Concept Acknowledgment	Exhibit I	Franchisor and all franchisee owners will sign this document. <b>NOT SIGNED</b> for California, Maryland, or Washington franchisees	_____

### 4. Items to complete after you sign the franchise agreement.

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED
Proof of insurance	The franchisee must get and maintain insurance and provide proof of insurance that lists the franchisor as an additional insured. The franchisee must provide this <b>annually</b> to the franchisor.	_____

Franchisee's d.b.a.	In the state where your franchise is located, you need to file for a dba or "doing business as" under the name "Gregorys Coffee _____." The blank line will be the city or neighborhood where your franchise is located or as assigned by the franchisor. For example, if your franchise is located in Irvine, California, your filed dba could be "Gregorys Coffee – Irvine." The franchisor must approve your dba before you file it. You must send a copy of the dba filing to the franchisor after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that also you <u>cannot</u> use the name "Gregorys Coffee" as part of your company name.	_____
Franchisee's certificate of occupancy	Franchisee must provide a certificate of occupancy before you schedule on-site opening assistance/training	_____
Franchisee's entity documents	Articles of incorporation/organization along with bylaws or operating agreement sent to franchisor. Amendments must be provided to franchisor immediately after filing with the state.	_____
Copy of lease agreement	The franchisee must provide a copy of the lease agreement with the signed Landlord Consent and Lease Rider to the franchisor within 15 days of executing the Lease.	_____

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	February 5, 2026
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	February 19, 2026
South Dakota	February 5, 2026
Virginia	Pending
Washington	Pending
Wisconsin	February 5, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**  
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Gregory's Coffee Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Gregory's Coffee Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Gregory's Coffee Franchise LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

Gregory's Coffee Franchise LLC is located at 755 Schneider Drive, South Elgin, Illinois 60177. Its telephone number is (847) 608-8500.

The issuance date of this disclosure document is February 3, 2026, as amended April 13, 2026.

The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

<b>Name</b>	<b>Address</b>	<b>Phone Number</b>
Gregg Majewski	755 Schneider Drive, South Elgin, Illinois 60177	(847) 608-8500

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

\_\_\_\_\_

I received a disclosure document dated February 3, 2026, as amended April 13, 2026, that included the following Exhibits:

A.	Franchise Agreement and Exhibits	F.	Table of Contents, Operations Manual
B.	Financial Statements	G.	Area Development Agreement
C.	Schedule of Franchisees	H.	Release Agreement (Form)
D.	List of Agents for Service of Process	I.	Proof of Concept Acknowledgement
E.	List of State Agencies Responsible for Franchise Disclosure and Registration Laws	J.	Signing Checklist

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_  
(If signing on behalf of a company)

Name: \_\_\_\_\_  
(Print name)

Please keep this copy for your records.

**RECEIPT**  
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Gregory's Coffee Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Gregory's Coffee Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Gregory's Coffee Franchise LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

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Name	Address	Phone Number
Gregg Majewski	755 Schneider Drive, South Elgin, Illinois 60177	(847) 608-8500

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

\_\_\_\_\_

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E.	List of State Agencies Responsible for Franchise Disclosure and Registration Laws	J.	Signing Checklist

Date: \_\_\_\_\_  
(Do not leave blank)

By: \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_  
(If signing on behalf of a company)

Name: \_\_\_\_\_  
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Gregg Majewski at 755 Schneider Drive, South Elgin, Illinois 60177, or by emailing it to [franchise@craveworthybrands.com](mailto:franchise@craveworthybrands.com).