

FRANCHISE DISCLOSURE DOCUMENT



COTTI PARTNERS LLC
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<https://www.Cotti.com>

The Franchisor is COTTI PARTNERS LLC (“we” or “us”). We develop and franchise retail stores utilizing the “Cotti Coffee” system. As a Cotti Coffee franchisee, you will operate a store that sells made-to-order coffee, tea, other non-alcoholic beverages, bottled products, coffee products, dessert, snacks, related merchandise and products, and provide related services (“Store,” or “Cotti Coffee Store”).

The total initial investment necessary to begin the operation of a Cotti Coffee Store ranges from \$259,170 to \$608,200. This amount includes payments of \$107,790 to \$162,700 that must be paid to us or an affiliate of ours.

This Disclosure Document summarizes certain provisions of our franchise agreement and other information in plain English. Undefined capitalized terms used in this disclosure document have the meaning assigned to them in the Franchise Agreement attached as Exhibit B. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchise development office at 8 The Green, Suite B, Dover, Delaware 19901, (862)777-2667 (phone).

The terms of your franchise agreement will govern our franchise relationship. Do not rely on this Disclosure Document alone to understand your franchise agreement. Read the franchise agreement and all your other contracts carefully. Show the franchise agreement and all your other contracts and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

ISSUANCE DATE: January 15, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You may 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.
How much will I need to invest?	Items 5 and 6 list fees 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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Cotti Coffee Store in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Cotti Coffee franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 A.

Your state also may 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 Delaware or the franchisor's principal place of business. 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 Delaware than in your own state.
2. **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. **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.
4. **Unregistered Trademark.** The primary logo that you will use in your business is not federally registered. If the franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections 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 thirty (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 five (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 six (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.
 - (iii) Subfranchisor. 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 franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations 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 Consumer Protection Division Attn: Franchise
670 G. Mennen Williams Building 525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Multi-Unit Development Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

COTTI PARTNERS LLC
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (“Franchise Disclosure Document” or “FDD”), “Cotti,” “CPLLC,” “we,” “us,” “our,” or “franchisor” (and where the context requires also includes our affiliates) refers to Cotti Partners LLC. “You,” “your,” or “franchisee,” refers to the person or entity that buys the franchise. If the franchisee or operator is not an individual, this refers to the franchisee entity and not the individual, unless otherwise noted.

The Franchisor

We are a Delaware limited liability company formed on November 20, 2025. Our principal place of business is 8 The Green, Suite B, Dover, Delaware 19901. We develop and franchise retail stores utilizing the Cotti Coffee system in the United States. We plan to begin offering Cotti Coffee franchises in the United States in 2026. As a Cotti Coffee franchisee, you will operate a store that sells made-to-order coffee, tea, other non-alcoholic beverages, bottled products, coffee products, dessert, snacks, related merchandise and products, and provide related services. We do not own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business, and we do not engage in any other business activity.

Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor. Our parent, Cotti USA Inc. (“Cotti USA”), a Delaware corporation, was formed on September 22, 2023, and has the registered office address at 16192 Coastal Highway, Lewes, Delaware, 19958. It does not own or operate a business of the type being franchised, it has never offered franchises in this or any other line of business, and it is not an approved supplier of any product or service you must purchase or lease.

We have six relevant affiliates. Our first affiliate, Cotti Coffee (China) Limited, is a limited company formed on June 3, 2021, under the law of Hong Kong, China, and has the registered office address at Room 6706, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, China. Through its subsidiaries, it owns or operates approximately 70 company-owned Cotti Coffee Stores in China, and is the licensor of approximately 16,628 company-owned Cotti Coffee Stores in China.

Our second affiliate, Cotti Coffee International Limited (“Cotti International”), is a company incorporated under the laws of Hong Kong, and has its principal place of business at Room 6706, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. Cotti International is the registered owner of our Marks, and it granted us the right to use the Marks under an exclusive licensing agreement. Cotti International is the holding company of the Cotti Coffee brand’s subsidiaries that operate and franchise approximately 234 Cotti Coffee Stores in the market outside of China. This includes approximately 47 company-owned Stores and 187 franchised or licensed Stores. It does not own or operate a business of the type being franchised, it has never offered franchises in this or any other line of business, and it is not an approved supplier of any product or service you must purchase or lease.

Our third affiliate, Cotti Coffee Hawaii LLC (“Cotti Hawaii”), is a Hawaii limited liability company formed on September 20, 2023, and has the registered office at 1287 KALANI ST STE 201, HONOLULU, Hawaii 96817. Cotti Hawaii operates one Cotti Coffee Store in Hawaii. It has never offered franchises in this or any

other line of business, and it is not an approved supplier of any product or service you must purchase or lease.

Our fourth affiliate, Cotti Supply Chain LLC (“CSC”), is a Delaware limited liability company formed on September 27, 2023, and has the registered office address at 16192 Coastal Highway, Lewes, Delaware, 19958. CSC is an approved supplier of certain products or services you must purchase, including equipment, store fixtures & furnishings, consumable inventory and other items. It does not own or operate a business of the type being franchised, and it has never offered franchises in this or any other line of business.

Our fifth affiliate, Cotti Tech LLC (“COTTI Tech”), is a Delaware limited liability company formed on September 27, 2023, and has the registered office address at 16192 Coastal Highway, Lewes, Delaware, 19958. It has previously granted licenses to others to operate under the Cotti name and offer the same products and services as Cotti Coffee Stores. As of the date of this FDD, Cotti Tech owns and operates one Cotti Coffee Store in Los Angeles, California. As of the date of this FDD, there are twenty-five licensee locations currently open and operating. The above Cotti licenses are not considered franchises since no substantial assistance has or will be provided by Cotti Tech to these licensees, and it does not and will not substantially control their operations.

Our sixth affiliate, Banyan Tree City Investment LLC, is a California limited liability company formed on September 28, 2023, and has the registered office address at 24712 Abita Ave Lomita, CA 90717. It operates one Cotti Coffee Store in California. It has never offered franchises in this or any other line of business, and it is not an approved supplier of any product or service you must purchase or lease.

The Franchise Offered

We offer franchises for Cotti Coffee Stores that will sell made-to-order coffee, tea, other non-alcoholic beverages, bottled products, coffee products, dessert, snacks, related merchandise and products, and provide related services. If approved by us, you will be offered a Franchise Agreement granting you the right to open a standard Cotti Coffee Store. It prepares coffee, tea, and other beverages, and sells a variety of baked goods, snacks, coffee products, and merchandise. Some Stores also offer sandwiches and other food items. The Store typically is at least 40 square meters; some Stores may not contain a seating area for customers. The Store may also be a stand-alone, an in-line Store, or a Store within another facility (such as a gas/petro location).

The Cotti Coffee Store must be constructed and operated in compliance with a comprehensive and unique system (the “System,” “Cotti Coffee System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; training and assistance; know-how; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and, our Franchise Operations Manual (the “Manual”), which you should expect to evolve over time, may be provided to you as a franchisee.

The Cotti Coffee Store must use the mark “Cotti Coffee” and additional marks associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, trade dress, logos, slogans, insignias, designs and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Cotti Coffee Store, as we may from time to time authorize or direct you to use in connection with the operation (“Marks”).

We offer the right to establish and operate a Store under the terms of a single-unit franchise agreement within a designated location (the “Franchise Agreement”). Our current form of Franchise Agreement and Attachments is Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Owners (referred to in this Disclosure Document as “your Owners”). The Franchise Agreement is signed by us, by you, and by those of your Owners whom we designate as Responsible Owner. In most instances, we will designate your principal equity owners, executive officers, and certain affiliated entities as Responsible Owner. By signing the Franchise Agreement, your Responsible Owner agrees to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Owners may be involved, we may require you or your Owners to sign additional confidentiality and non-competition agreements.

You may designate a Store Manager who will be the main individual responsible for your business (“Store Manager”). Your Store Manager does not have to own an interest in you or the franchise.

Market and Competition

The market for the goods and services offered by a Cotti Coffee Store is generally developed and competitive. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national, and chain restaurants and cafés, some of which may be franchise systems. We may establish other Cotti Coffee Stores in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

Industry Regulations

The food service industry is heavily regulated. Laws that apply to businesses in general will affect you. In addition, a variety of laws govern the operation of a food service business. Examples include laws, rules, and regulations relating to labor and employment; food safety, health and sanitation; packaging and sustainability; “Truth in Menu” (concerning menu item names and product labeling); nutritional information disclosures on menus and menu boards; nutritional claims; consumer pricing; the federal Americans with Disabilities Act of 1990 (“ADA”); and data protection (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act) and privacy. You must also comply with Payment Card Industry Data Security Standards. You must also comply with all provisions of the USA Patriot Act and Executive Order 13224. Your business is subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close or limit operations during state or national emergencies.

You are not allowed to serve alcohol at the Cotti Coffee Store without our written approval. To serve alcohol at the Cotti Coffee Store, you will need to comply with local and/or state alcoholic beverages licensing rules and regulations. You will also be subject to “dram-shop” laws, which may impose liability on sellers of alcohol for accidents or injuries caused by patrons of a restaurant, bar, or other seller of alcohol.

There may be other laws applicable to your business. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

ITEM 2
BUSINESS EXPERIENCE

Peiqiang Wang – Executive Director

Mr. Wang has served as our Executive Director since our establishment. He is the Director of COTTI USA and Head of the North American Market of Cotti Coffee brand. He has been in the management position with the Cotti Coffee brand since August 2021. In 2015, Mr. Wang founded Shenzhou Ucar Co., Ltd., and was its Executive Vice-President until August 2021.

Anthony Cheung - Regional Manager of Los Angeles

Mr. Cheung has served as our Regional Manager of Los Angeles since our establishment. From July 2020 to September 2021, he was the Vice President of the Platform Business Division and Head of the E-Commerce Center at Fulu Holdings. From September 2021 to June 2024, he was a Managing Partner at Jieying Dongni (Shanghai) Information Technology Co., Ltd.. From October 2024 to May 2025, he acted as Head of Commercial Store Operations at a furniture cross-border e-commerce company.

Kaixin Huang: Regional Manager of San Francisco

Ms. Huang has served as our Regional Manager of San Francisco since our establishment. From February 2023 to November 2025, he was the General Manager for multi-store operations at Maruwu Seicha. He was also Store Manager for both Pink Pink Tea Shoppe (November 2021 – Present) & Sharetea (November 2017 – November 2021).

Jiawei Sun: Regional Manager of New York

Mr. Sun has served as our Regional Manager of San Francisco since our establishment. From January 2019 to December 2024, he was the Regional Manager at HungryPanda US.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

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ITEM 5

INITIAL FEES

Deposit. Prior to opening your Store, and upon signing your Franchise Agreement, you must pay a Deposit of \$10,000 (the “Deposit”). The Deposit will be used to offset indemnification, overdue payments, fees, and liquidated damages in the event of noncompliance with System standards, and other liquidated damages or third-party fees, if any. The Deposit is not refundable if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause. In all other events, upon the termination or expiration of the Franchise Agreement, we will refund to you the unapplied balance, interest-free, of the Deposit within sixty (60) days following your completion and satisfaction of the post-termination obligations described in the Franchise Agreement.

Design Fee. Prior to opening your Store, and upon the start of the store design stage, you must pay us a Design Fee that ranges from \$700 to \$1,200 based on the size and condition of your Site. The Design Fee is imposed on all franchisees and is not refundable under any circumstances.

On-Site Training Fee. Prior to opening your Store, if you choose to have us conduct the training at a location designated by you, you agree to pay us the On-Site Training Fee in the amount of \$5,000 per time (each time not to exceed 7 days), plus all expenses related to our personnel’s travel, food, lodging and living expenses. Such on-site training is not mandatory and entirely optional for you. If you choose not to have an on-site training, no fee is due. For all franchisees who choose to have such on-site training, the On-Site Training Fee is uniform and is not refundable under any circumstances.

Equipment Fee. Prior to opening your Store, and upon the start of the build-out stage, you must pay our affiliate a fee ranging from \$42,460 to \$63,375 for the equipment for the operation of your Store, including the Store appliances (which include one milk coffee machine, two black coffee machines, and other equipment based on store needs), small wares (containers, food processors, etc.). The Equipment Fee is imposed on all franchisees and is not refundable under any circumstances.

Computer System. Prior to opening your Store, you must pay our affiliate a fee ranging from \$12,100 to \$15,875 for computer hardware and software, point-of-sale, and other computer-related accessories or peripherals for the operation of your Store. The Computer System fee is imposed on all franchisees and is not refundable under any circumstances.

Fixtures, Furnishings, and Signs Fee. Prior to opening your Store, and upon the start of the build-out stage, you must pay our affiliate a fee ranging from \$30,030 to \$46,500 for Fixtures, Furnishings, and Signs, which may include counter, cabinetry, shelving, store signage, decorative items, lighting fixtures, wall panels or materials, and flooring panels or materials. The Fixtures, Furnishings, and Signs Fee is imposed on all franchisees and is not refundable under any circumstances.

Store Setup Materials Transportation Cost and Equipment Installation Cost. Prior to opening your Store, and upon the start of the build-out stage, you must pay our affiliate a fee ranging from \$1,500 to \$4,500 for the transportation cost for the equipment, Fixtures, Furnishings, and Signs, and the installation of the equipment. The fee is imposed on all franchisees and is not refundable under any circumstances.

Opening Inventory. Prior to opening your Store, you must pay our affiliate a fee ranging from \$11,000 to \$16,250 for the first month’s inventory, which may include coffee beans, proprietary syrup and mix, paper goods, etc. The fee is imposed on all franchisees and is not refundable under any circumstances.

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ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Service Fee	Calculated by multiplying the Adjusted Gross Margin by the Service Fee Rate applicable to each revenue Tier (determined by the Monthly Adjusted Gross Margin Interval set forth below), with the fees for all Tiers being cumulative, i.e., the total Service Fee is calculated as the sum of fees for each tier, where each Tier's fee = (Amount of Adjusted Gross Margin within that Tier) × (Tier's Service Fee Rate); the Service Fee Rate is 0% for the part of Adjusted Gross Margin < Base Amount + \$11,000; the Service Fee Rate is 5% for the part of Adjusted Gross Margin from Base Amount + \$11,000 to less than Base Amount + \$14,000; the Service Fee Rate is 10% for the part of Adjusted Gross Margin from Base Amount + \$14,000 to less than Base Amount + \$17,000; the Service Fee Rate is 15% for the part of Adjusted Gross Margin from Base Amount + \$17,000 to less than Base Amount + \$20,000; the Service Fee Rate is 20% for the part of Adjusted Gross Margin from Base Amount + \$20,000 to less than Base Amount + \$23,000; the Service Fee Rate is 25% for the part of Adjusted Gross Margin is and more than Base Amount + \$23,000.	Daily	Base Amount means the agreed-upon monthly fixed cost, defined as the Store's base rent + estimated Triple Net Charges; Adjusted Gross Margin means for each period, the amount determined by deducting from the Store's total Gross Revenue, excluding revenue from (i) the Theoretical Cost of Goods Sold and (ii) the Theoretical Online Payment Handling Fees.
Replenishment of Deposit	Shortage amount	On demand within 5 business days	We will hold a Deposit from you in the amount of \$10,000. If we make deductions from the Deposit upon you default during the terms of the Franchise Agreement, we may notify you to replenish the deducted amount.

Type of Fee (Note 1)	Amount	Due Date	Remarks
On-Site Training Fees	The then-current fee (currently \$5,000 per time plus all expenses related to our personnel's travel, food, lodging and living expenses)	On demand before the training	If you choose to attend the initial or ongoing training program at a location designated by us (currently virtually), we will not charge you an on-site training fee. If you choose to have us conduct any training at a location designated by you, you agree to pay us the On-Site Training Fee,. You must also reimburse us upon invoicing all expenses related to our personnel's travel, food, lodging and living expenses.
Payment Service Fee	Up to 5% of total charge	As incurred	We may charge this fee if you make a payment to us or our affiliate by credit card.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to us or, if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Loyalty and Gift Cards	Actual amount of gift card purchase	At the time of purchase	If a gift card is purchased from your Cotti Coffee Store, you will pay us the amount paid for the gift card, and we will hold this amount in an account and reconcile the account when a gift card is redeemed. If redeemed at your Cotti Coffee Store, you will be paid for the value redeemed.
Customer Issue Resolution	The actual costs we incur for responding to a customer complaint	On demand	Payable if a customer of your Cotti Coffee Store contacts us with a complaint and we provide a gift card, refund or other value to the customer as part of our addressing the issue.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.
Food Safety Audit	Actual cost of audit	As incurred	If you fail a food safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days. You will pay the third-party auditor directly upon invoicing or must reimburse us if we are invoiced.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal and travel expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Sales by more than 2% or you fail to submit required reports.
Professional Fees and Expenses	Actual cost	As incurred	You must reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Actual cost	As incurred	You must indemnify and reimburse us for any expenses or losses, including professional fees, that we or our representatives incur related in any way to your Cotti Coffee Store or Franchise.
Relocation Fee	Actual cost (including attorney fees)	Upon relocation	You must reimburse us for our expenses if we permit you to relocate your Cotti Coffee Store.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Cotti Coffee Store upon its termination, relocation or expiration.
Transfer Fee	Our actual costs	On demand	If you are approved to transfer the Franchise Agreement, you will not be required to pay a transfer fee, but you must pay our actual costs including attorneys' fees.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Liquidated Damages (In Term) (Note 2)	\$100 to \$2,000 per occurrence	Within the time period specified in our written notice of default	Due upon the occurrence of your default or noncompliance pursuant to Section 24.1 of the Franchise Agreement.
Liquidated Damages (Post Term)	\$10,000	Upon the termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Damages, cost and attorneys' fees	Varies	On demand	In the event of a dispute between you and us, the arbitrator has the right to award money damages, attorneys' fees and costs.

Note 1: Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer ("EFT") or other means. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Franchisor will not increase these fees prior to a prospective franchisee signing the Franchise Agreement. . Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index ("CPI") in the United States. We may periodically review and increase these fees based on changes to the CPI (in addition to any other increase), but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

We currently use multiple payment methods. You may be required to complete an ACH authorization. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

Note 2: Liquidated Damages (In Term). If the payment is not made by the due date, we have the right to directly deduct the amount from your Deposit and ask you to replenish the Deposit.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Deposit (Note 1)	\$10,000	Lump Sum	When sign the Franchise Agreement	Us
Design Fee (Note 2)	\$700 to \$1,200	Lump Sum	Prior to the design stage	Us
On-Site Training Fee (Note 3)	\$0 to \$5,000	Lump Sum	As incurred, before training	Us
Equipment (Note 4)	\$42,460 to \$63,375	Lump Sum	As incurred, before opening	Our affiliate
Computer System	\$12,100 to \$15,875	Lump Sum	As incurred	Our affiliate
Fixtures, Furnishings, and Signs (Note 5)	\$30,030 to \$46,500	Lump Sum	As incurred, before opening	Our affiliate
Opening Inventory (Note 6)	\$11,000 to \$16,250	As arranged	Before opening	Our affiliate
Store Setup Materials Transportation Cost and Equipment Installation Cost (Note 7)	\$1,500 to \$4,500	Lump Sum	As incurred, before opening	Our affiliate
Leasehold Improvements (Note 8)	\$15,000 to \$70,000	As arranged	As arranged	Contractors, architect, third parties
Rent (first 3 months) and Security Deposits (Note 9)	\$36,000 to 144,000	As incurred	As arranged	Landlord; third parties.
Utilities, WIFI, & Miscellaneous Fees (1 month) (Note 10)	\$1,580 to \$2,700	As incurred	As arranged	Third parties

Initial Pest Inspection and Treatment	\$200 to \$500	As incurred	As arranged	Third parties
Labor Cost (3 months) (Note 11)	\$45,000 to \$49,500	As arranged	As incurred	Third parties
Insurance (3 months) (Note 12)	\$600 to \$1,800	As arranged	As arranged	Insurance Companies
Lease Agent or Broker's Fee (Note 13)	\$0 to \$16,000	As arranged	As arranged	Third parties
Professional Fees (Note 14)	\$2,000 to \$5,000	As arranged	As arranged	Attorney, Accountant
Business Licenses, Permits, Fees (Note 15)	\$1,000 to \$6,000	Lump Sum	Before opening	Third parties (e.g. government agencies)
Additional Funds for First 3 Months of Operation (Note 16)	\$50,000 to \$150,000	Lump Sum	Monthly and As Incurred	Third parties
Estimated Total Initial Investment	\$259,170 to \$608,200			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating the Store. Our estimates are based on our experience, the experience of our affiliates and/or their licensees, and our current requirements for Cotti Coffee Stores. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Store may be greater or less than the estimates given, depending on the location of your Store, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

We and our affiliates do not finance any part of the initial investment.

Note 1: Deposit. Prior to opening your Store, and upon signing your Franchise Agreement, you must pay a deposit of \$10,000 (the "Deposit"). Upon the occurrence of your default pursuant to the Franchise Agreement, we may request liquidated damages ranging from \$100 to \$2,000 per occurrence and may deduct such amount from the Deposit. If you have no breach during the Term and have fulfilled all obligations required after the termination of the Franchise Agreement, we will return the Deposit to you within sixty (60) days of receiving a written refund request from you, without interest.

Note 2: Design Fee. The Design Fee ranges from \$500 to \$900 based on the size and condition of your Site. We will provide you with a floor plan, a design visualization, and a construction drawing. Our

design services do not include any re-design or substantial change due to changes made by you or changes based on data provided by you. Our design services are for the sole purpose of preserving the identity, reputation and goodwill we developed and the value of the System, and you are responsible for hiring qualified architects, engineers and ensuring the design complies with all relevant laws, regulations, and local rules.

Note 3: On-Site Training Fee. If you choose to attend the initial training program at a location designated by us (currently virtually in Cotti Academy and physically in our training store which may be located in China), we will not charge you an on-site training fee. If you choose to have us conduct the training at a location designated by you, you agree to pay us the On-Site Training Fee in the amount of \$5,000 per time (each time not to exceed 7 days), plus all expenses related to our personnel's travel, food, lodging and living expenses.

Note 4: Equipment. This amount includes the cost of the equipment for the operation of your Store, including the Store appliances (which include one milk coffee machine, two black coffee machines, and other equipment based on store needs), small wares (containers, food processors, etc.), and office equipment. The Equipment required may vary based on your Site and other commercial conditions.

Note 5: Fixtures, Furnishings, and Signs. Typical furniture and fixtures include counter, cabinetry, shelving, Store signage, decorative items, lighting fixtures, wall panels or materials, and flooring panels or materials. The price for the wall and flooring panels and materials uses a Store of 40 square meters as a baseline. The costs of this item vary based on differences in size, configuration, and location of the Store site.

Note 6: Opening Inventory. Our estimate is made based on one month of inventory, assuming 10,000 cups per month.

Note 7: Store Setup Materials Transportation Cost and Equipment Installation Cost. The price uses a Store of 40 square meters as a baseline. The costs of this item vary based on differences in size, configuration, and location of the Store site.

Note 8: Leasehold Improvements. A typical leased premises will require build-out. Your landlord may contribute or provide leasehold improvements depending on your lease terms. In addition, you may need installation and setup of phone lines, high speed internet service, and computer equipment. You will need to construct improvements to, or "build out," the premises at which you will operate the Store. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, and décor items which must be constructed according to our specifications. This estimate is based on premises with existing food & beverage service infrastructures. These costs are likely to vary depending upon the size, location, configuration, installation costs, and overall condition of the premises, and may be much higher, if you already have or wish to establish your Store in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. A landlord allowance covering a portion of the costs of constructing the leasehold improvements may be able to be obtained from the landlord. Any allowance will be negotiated between you and the landlord. We cannot estimate the amount, scope or type of allowance that may be available, if any, for a particular site or from any particular landlord. Your actual cost may be more or less than the figures in the chart. There are other variables regarding potential sites that are likely to be site-specific and may impact overall construction and/or operating costs, such as, for example, asbestos or other materials within walls of existing locations, special permitting rules and regulations, special HVAC requirements, or site-specific design criteria. These situations are site-specific and we cannot estimate the costs; a franchisee should evaluate those potential costs for any specific site that might be considered.

Note 9: Rent and Security Deposits. Generally, we require a Cotti Coffee Store to have a construction area of no less than 40 square meters. Estimated monthly lease expenses vary based on the size, location, character of the space, and market conditions. The estimate provided includes the initial three months' rent and a lease deposit equal six months' rent.

Note 10: Utilities, WIFI, & Miscellaneous Fees. Estimated monthly utilities vary based on the size, location, character of the space, and market conditions. This estimate provided includes one month's utilities. Some utility companies also may require a security deposit before commencing services.

Note 11: Labor Cost (3 months). The lower estimated cost is based on a team of one store manager and three staff. The costs will vary significantly depending on many factors including the size of the Site, your sales volume, management skills, etc.

Note 12: Insurance. You must obtain insurance coverage with the limits required by us as described in Item 8 of this Disclosure Document. Your landlord may require additional insurance.

Note 13: Lease Agent or Broker's Fee. Typically landlord bears the cost, but in some cases, tenants may have to pay.

Note 14: Professional Fees. We recommend that you consult with professionals including an attorney, accountant, and other advisors prior to signing a Franchise Agreement.

Note 15: Business Licenses, Permits, Fees. This is the estimated cost of the permits and licenses that you must have in order to operate your Store and the costs may vary greatly depending on your state's requirements. Each state establishes its own licensing requirements, and those requirements may change. You are solely responsible for investigating and determining the licensing requirements and costs in your state and taking all necessary actions to ensure that your Store remains in compliance with those requirements at all times. We strongly recommend that you consult with an attorney to determine exactly what permits and licenses you will need and how much those permits and licenses will cost. The amount necessary to obtain a liquor license varies greatly depending on the city, county and state licensing authority involved and may be based on whether a license is available from the licensing authority or must be purchased from a third party.

Note 16: Additional Funds for First 3 Months of Operation. You will need additional funds to support on-going expenses, such as replenishing the inventory of consumables and supplies, interest and principal repayments, marketing materials and services, and utilities, to the extent that your revenue does not cover these costs. The need for additional funds will vary widely among franchisees. Your costs will depend on factors such as: how closely you follow our recommended methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period. You should review these estimates carefully with an accountant or other Restaurant advisor before making any decision to buy a franchise. When making this estimate, we relied upon the experience of our affiliates.

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ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including point of sales system), construction services, uniforms, décor items, signs, inventory, supplies, materials, and related items we require, all of which must conform to the standards and specifications stated in our Manual or otherwise in writing, unless you have first obtained our written consent to do otherwise. If we require, you must purchase or lease these items only from suppliers and/or distributors that we designate or approve from time to time (which may include or be limited to us or our affiliates). You may not install or permit to be installed on the Store premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

To make sure that the highest degree of quality and service is maintained, you must operate the Store in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies, packaging and paper goods that meet our standards and specifications. All menu items must be prepared in accordance with the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes in our standards and/or specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system and communication systems), and other products used or offered for sale at the Store solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. A list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers.

We: (i) utilize proprietary ingredients, equipment, products, and recipes, and may continue to develop and own such; (ii) utilize certain materials and supplies (such as build-out fixtures, cups and containers) that bear our Marks; and (iii) offer to sell merchandise or related products, such as keychains, stickers, seasonal or co-branded products, that bear our Marks (collectively, “Proprietary Products”). Because of the importance of quality and uniformity of production and the significance of those Proprietary Products in the System, it is to your and our benefit that we closely control the production and distribution of those Proprietary Products. Therefore, you will use only our proprietary recipes and other Proprietary Products and will purchase those items solely from us or from a source designated by us (including our affiliates) all of your inventory of those products. We currently do not accept requests for alternative supplies or services for these Proprietary Products. Specifications and standards for such Proprietary Products and criteria for these suppliers will not be available to you.

All non-proprietary ingredients, materials, construction materials, equipment, utensils, and other supplies and materials used in your Cotti Coffee Store (collectively, “Non-Proprietary Products”) must strictly conform to our quality standards and reasonable specifications. In the situation when the Non-Proprietary Products are purchased or leased domestically, you may submit requests for alternative products or alternative suppliers for our approval.

You must order any sales and marketing material from us, or our designated suppliers (which may be an affiliate), that we require. We may create and make available to you, advertising and other marketing materials. We may charge you for these materials. We may make these materials available over the Internet (in which case you must arrange for printing the materials and pay all printing costs). We may also enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We may also in our sole discretion provide you with our designed marketing materials, and instruct you that you may modify or print such with vendors of your choice.

You must obtain our approval of the site for the Store before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Store before you sign the contract or lease. You must provide us with a copy of the fully signed lease for the Store premises.

Your Store must be constructed according to plans that we have approved. We will provide you with sample plans and/or our mandatory and recommended specifications for a Cotti Coffee Store, develop a design for your Store, and we have the right to designate the architect/designer that you must use. We also have the right to approve the contractor you select. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Store. You may not use the plans or begin building out your Store until we have approved the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We reserve the right to inspect your Store while it is being constructed. You may not open your Store for business without our approval. You must certify to us that your Store has been constructed in compliance with the Americans with Disabilities Act.

You must obtain the insurance coverage required under the Franchise Agreement, as follows: (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage and premises/operation liability for the Store and its operations with a limit of not less than \$2,000,000 combined single limit, written on an occurrence form, or such greater limit as may be required as part of any lease agreement for the Store; (ii) automobile liability insurance for non-owned automobiles including personal injury, wrongful death and property damage with single limit coverage in an amount not less than \$1,000,000, and this should include med-pay coverage; (iii) unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; (iv) plate gas insurance for coverage of your Store's windows and storefront displays; (v) steam boiler insurance; and (vi) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Store. We reserve the right to require that you obtain and maintain, in addition to all other policies of insurance, employment practices insurance in such amount as we specify. All of the required policies of insurance must name us, and our designated affiliates once established, as an additional insured with waiver of subrogation and must provide for a 30-day advance written notice to us of cancellation. You must provide us annually with a certificate of insurance as to the insurance coverage maintained.

You must participate in any loyalty or promotional program that we require. You must comply with all requirements of the loyalty or promotional programs as we may periodically modify them. Other than the our loyalty or promotional programs, you must not, internally or through a third party, participate in any other mobile or online ordering, purchasing or payment program or other proprietary, closed network, online stored value card program without our written approval.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant

new, additional or renewal franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to an additional or renewal franchise.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Stores in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Stores.

Currently, our affiliate CSC is the a designated supplier for the majority of the proprietary and non-proprietary equipment, fixtures, furnishings, signage, ingredients, supplies, and materials for the System. Our officers or directors stated in Item 2 do not own an interest in CSC. We do not provide any material benefits to franchisees in return for their purchase of particular products or services or for using designated suppliers. We reserve the right to designate ourselves or our affiliate as a sole supplier in the future for any other products, materials, services, and equipment.

We and our affiliates have the right to derive revenue and profit from the sale or lease of products and services to you, such as marking up the prices ("Revenues"). We and our affiliates also have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our Affiliate based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Revenues and Allowances. We or our affiliates may collect and retain any or all of these Revenues and Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor).

Upon your request, we will make specifications and standards for such products and criteria for these suppliers available to you. You must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We shall be deemed to have rejected your request if we fail to issue our approval within the 60-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier, product or service within ten days after invoicing. We may revoke approval of any supplier, product or service in our sole discretion in which case you must stop purchasing from such supplier. We apply the following general criteria, among others, in approving a proposed supplier: (1) quality and price of products and services; (2) conformity to the System standards (such as flavors); (3) production and delivery capability; (4) proximity to Cotti Coffee Stores to ensure timely deliveries of the products or services; and (5) the dependability of the supplier. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers' facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources.

Collectively, the purchases and leases that you must make from us and our affiliates, from designated or approved suppliers, or under our standards and specifications will represent approximately 90% to 100% of your total purchases in establishing the Store, and approximately 90% to 100% of your total purchases in the continuing operation of the Store.

During our last fiscal year ended December 31, 2025, neither we nor our affiliates derived revenue or other material consideration as a result of franchisees' required purchases or leases.

You must order any sales and marketing material from us, or our designated suppliers (which may be an affiliate), that we require. We may create and make available to you, advertising and other marketing materials. We may charge you for these materials. We may make these materials available over the Internet (in which case you must arrange for printing the materials and pay all printing costs). We may also enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We may also in our sole discretion provide you with our designed marketing materials, and instruct you that you may modify or print such with vendors of your choice.

You must obtain our approval of the site for the Store before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Store before you sign the contract or lease. You must provide us with a copy of the fully signed lease for the Store premises.

Your Store must be constructed according to plans that we have approved. We will provide you with sample plans and/or our mandatory and recommended specifications for a Cotti Coffee Store, develop a design for your Store, and we have the right to designate the architect/designer that you must use. We also have the right to approve the contractor you select. You must arrange for construction plans to be created that incorporate our requirements into the size and shape of the approved site for your Store. You may not use the plans or begin building out your Store until we have approved the construction plans, and any changes to the construction plans must also be approved by us before the change may be implemented. Our review is not meant to assess compliance with any applicable laws, regulations or building codes. Our review is only to verify that the construction plans accurately present our trade dress, the Marks and meet our specifications. We reserve the right to inspect your Store while it is being constructed. You may not open your Store for business without our approval. You must certify to us that your Store has been constructed in compliance with the Americans with Disabilities Act.

You must obtain the insurance coverage required under the Franchise Agreement, as follows: (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage and premises/operation liability for the Store and its operations with a limit of not less than \$2,000,000 combined single limit, written on an occurrence form, or such greater limit as may be required as part of any lease agreement for the Store; (ii) automobile liability insurance for non-owned automobiles including personal injury, wrongful death and property damage with single limit coverage in an amount not less than \$1,000,000, and this should include med-pay coverage; (iii) unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; (iv) plate gas insurance for coverage of your Store's windows and storefront displays; (v) steam boiler insurance; and (vi) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Store. We reserve the right to require that you obtain and maintain, in addition to all other policies of insurance, employment practices insurance in such amount as we specify. All of the required policies of insurance must name us, and our designated affiliates once established, as an additional insured with waiver of subrogation and must provide for a 30-day advance written notice to us of cancellation. You must provide us annually with a certificate of insurance as to the insurance coverage maintained.

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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. "FA" refers to the Franchise Agreement.

Obligation	Section in Franchise Agreement ("FA")	Disclosure Document Item
a. Site Selection and acquisition/lease	Section 7	Items 7 and 11
b. Pre-opening purchases/leases	Section 7	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 7 and 18	Items 7 and 11
d. Initial and ongoing training	Section 8	Items 6, 7 and 11
e. Opening	Sections 7 and 10	Items 6, 7, 9 and 11
f. Fees	Sections 5, 6, 7, 8, 9, 10, 11, 13, 15, 18, and 24	Items 5, 6 and 7
g. Compliance with standards and policies/Franchise Operations Manual	Sections 9, 10 11, 12, 19, 20, 23 and 25	Items 8, 11, 12, 14 and <u>Exhibits G</u>
h. Trademarks and proprietary information	Sections 16 and 17	Items 13 and 14
i. Restrictions on products/services offered	Section 12	Items 8 and 16
j. Warranty and customer service requirements	Section 12	Items 1 and 11
k. Territorial development and sales quotas	Section 4	Items 1, 11 and 12
l. Ongoing product/service purchases	Section 12	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 12	Items 7, 8 and 11
n. Insurance	Section 18	Items 6, 7 and 8
o. Advertising	Section 11	Items 11, 13 and 14
p. Indemnification	Section 21	Not Applicable
q. Owner's participation/management and staffing	Section 10	Items 11, 15 and 17
r. Records and reports	Section 19	Item 11
s. Inspections and audits	Section 20	Items 6 and 11
t. Transfer	Sections 14 and 15	Item 17
u. Renewal	Section 5	Item 17
v. Post-termination obligations	Sections 17 and 25	Item 17
w. Non-competition covenants	Section 17	Item 17
x. Dispute resolution	Section 27	Item 17

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ITEM 10
FINANCING

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

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ITEM 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Before the opening of a Store, we will provide the following assistance and services:

1. We will provide an initial training program online free of charge by enrolling your Store Manager and other staff at COTTI Academy or other online training centers, and practical training in our training stores. You must be responsible for expenses associated such as the trainees’ salary, travel, lodging, and meals. (Franchise Agreement, Section 8.1.)
2. We will provide you with access to our Manuals which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Section 9.1.) We may provide all or a portion of the Manual to you electronically, such as via a password-protected website. The most recent version of the table of contents of the Manual that will be provided to franchisees is as follows (also see Exhibit G):

Store Manager Part I: Store Operation System	4 pages
Store Manager Part II: Store Business Management.....	17 pages
Duty Supervisor Part I: Job Responsibility and Standard Action	4 pages
Duty Supervisor Part II: Store Operation Management	26 pages
Duty Supervisor Part III: Store Emergency Handling	8 pages
Duty Supervisor Part IV: Store Asset Management	28 pages
Barista Part I: Store Basics.....	25 pages
Barista Part II: Store Operation Standards	77 pages
 Total Number of Pages.....	 189 pages

3. We will provide you with mandatory and recommended specifications and layouts for building and furnishing the Store, as well as a store design, which you will use to have site plans and build-out plans prepared, at your expense. We have the right to require you to use the architect/designer we designate and to inspect your Store during its construction. (Franchise Agreement, Section 7.4.)

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing Stores.

Site Selection

We must approve the site before you sign the lease.

In evaluating a proposed premises, we consider such factors as general location and neighborhood, traffic patterns, parking, size, lease terms, income per capita, existence of competitors, and other physical characteristics. Before leasing or purchasing the site for your Store, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. Typically, you and us would have already agreed on a Site at the time of the execution of the Franchise Agreement. If you and us have not agreed to a Site at the time of the execution of the Franchise Agreement, we will have 30 days after we receive the information and materials to evaluate the proposed

site. If we disapprove of the proposed site, you must select another site, subject to our consent. If we and you cannot agree on a site, your franchise agreement may be terminated, and part of or all of the Deposit will be forfeited. You must purchase or lease the site for your Store within 60 days after signing the Franchise Agreement. We generally do not own the premises for the Store and lease it to you.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of your Store is estimated to be 12 months. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools and inventory; and the time to convert, renovate or build out the premises for your Store. You must open your Store to the public within 15 months of signing the Franchise Agreement or on or prior to the scheduled opening date, whichever is sooner, unless we grant an extension to you in our sole discretion.

Continuing Obligations

During the operation of your Store, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications and procedures for the operation of your Store (See Franchise Agreement - Sections 12 and 16).
2. Provide additional training to you on the Cotti Coffee brand and System guidelines, or provide assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 8).
3. Allow you to continue to use confidential materials, including the Franchise Operations Manual, the Marks, and the Proprietary Software (See Franchise Agreement - Sections 9.1, 12, 13.2 and 16).

Advertising

Grand Opening Marketing:

We have no grand opening marketing requirement. If you choose to do so, you must submit all marketing plans and materials for our approval.

National or Regional Marketing Fund:

We currently have no national or regional marketing program or fund, but reserve the right to establish such.

If and when we establish a national or regional fund, the fund received will be used for national and regional advertising, marketing, publicity and promotional activity relating to our business and to maintain our websites. We will determine, in our fully unrestricted discretion, the manner in which the fund will be spent. Some portion of the fund may be used for creative concept production, marketing surveys, test marketing and related purposes.

If and when we establish a national or regional fund, we will have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and

allocation. We may conduct advertising activities internally through the in-house marketing team/media and/or engage external sources, including national and/or regional agencies. We also will have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The fund is intended to maximize general public recognition in all media of the Marks and patronage of Cotti Coffee Stores and we have no obligation to ensure that expenditures of the fund in or affecting any geographic area are proportionate or equivalent to payments of any fund contribution by franchisees operating in that geographic area, or that any Store will benefit directly or in proportion to the fund contribution paid for the development of advertising and marketing materials or the placement of advertising. We have no obligation to spend any amount on advertising in your territory. No amount of the fund will be spent for advertising that is principally a solicitation for the sale of franchises.

If and when we establish a national or regional fund, we will have the right to reimburse ourselves out of the fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to fund related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the fund contribution (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any fund contribution). We also reserve the right to use a portion of the fund to subsidize the cost of presenting refresher training and/or a franchisee meeting. We do not intend to use any portion of the fund to solicit new franchise sales.

If and when we establish a national or regional fund, we will prepare, and furnish to you upon written request, an annual statement of funds collected and costs incurred. We are not required to have any fund statement audited, but if we choose to have the fund audited it will be at the fund's expense.

Cooperative Marketing:

We currently do not have and do not anticipate forming, or approving the formation of, marketing cooperatives. You will not be required to participate in, or contribute to, a marketing cooperative.

Local Marketing:

We currently do not have a local marketing requirement, but reserve the right to make such requirements.

Website:

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System.

Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications ("apps") that we may have or introduce, may – in addition to advertising and promoting the products, programs or services available at Cotti Coffee Stores – also be devoted in part to offering Cotti Coffee franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Store; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “COTTI” name or any names confusingly similar to the Marks.

You are not permitted to promote your Store or use any of the Marks in any manner on any social or networking websites, such as Facebook, WeChat, Xiaohongshu, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Store’s operation, including prohibitions on your and the Store’s employees posting or blogging comments about the Store or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, WeChat, Xiaohongshu, Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video- sharing sites, and other similar social networking or media sites or tools). We have the right to establish branded social media pages/handles/assets. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain.

Advisory Council:

We currently do not maintain a franchisee advertising advisory cooperative to advise us on advertising policies.

Computer and Other Technology Systems

At our request, you must purchase or lease at your expense, and subsequently maintain in good working order, computer hardware and software, online ordering applications, required dedicated telephone, Wi-Fi, printer(s), point-of-sale, QR code scanner, surveillance or security systems, and other computer-related accessories or peripheral equipment as we specify and may change from time to time (the “Computer System”). Computer and technology systems will be used for, among other functions, web-based employee training, recording sales, processing credit and debit card transactions, and other recordkeeping and central functions. You may be required to license software used in the operation of the Store from us, an affiliate, or a third party in the future. You also may be required to pay a software licensing or user fee and support fee in connection with your use of software.

As of the issuance date of this Disclosure Document, we have Approved Suppliers for the Computer System and the estimated cost of these is between \$11,000 to \$12,700.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services. Our computer hardware and software requirements will periodically change and you will be required to upgrade your computer hardware and software. The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the monthly cost will be approximately \$1,100 but this could vary.

If we (a) establish and maintain any Websites or intranet systems for Cotti Coffee franchisees and for the promotion of Cotti Coffee Stores; (b) modify or upgrade our proprietary software that we now or in the future may create and license to you; and (c) provide ongoing maintenance and support services associated therewith, then you must pay a technology system fee.

The types of data generated, captured and stored within the POS System may include transaction data, inventory data, customer data, employee data, payment data, and other types of data. We have the right to access to operational and financial information and data produced by your POS System. There are no contractual limitations on our right to access the information and data.

Training

Initial Training:

We developed and maintain the Cotti Academy, an online training center for the System. The content and duration of all courses and materials offered at Cotti Academy are revised from time to time. The courses are designed to provide franchisees with knowledge and information in the various facets of the operation of a Cotti Store, including such areas as operational standards, personnel management, material management, and financial.

Prior to the Store's grand opening, your Responsible Owner, Store Manager, Duty Supervisors and Baristas must have completed, to our satisfaction, our mandatory initial training program. The initial training program is consisted of online self-learning on Cotti Academy in our proprietary software Cotti Station APP, as well as practical training in our training store (currently located in China. We plan to develop such training stores located in the U.S.). Cotti Academy allows you to complete and track the progress of your assigned courses online. We will verify the courses needed and monitor your training. The initial training program is approximately 182 hours. It typically takes 4 weeks for a Store Manager to complete the required courses, and it typically takes 2 weeks for a full-time Barista to complete all the required courses. The time needed to complete the required initial training program may vary based on your prior experiences and the amount of time you dedicate to training each week. The initial training program is conducted once prior to your opening on an as-needed basis.

We will provide our initial training program and electronic training materials at no charge to you so long as all persons attend the initial training program on Cotti Academy and in a training store designated by us (including training stores located in China). You must pay us the On-Site Training Fee at \$5,000/time (each time the assistant or training will last no more than 7 days) if you choose to have us conduct the initial training at a location designated by you, and you must reimburse us for any expenses our trainers incur, such as costs of travel (including International travel), visa fees, lodging, and meals. The initial training program must be completed prior to the date that your Cotti Coffee Store is scheduled to open. We will determine whether your trainees have satisfactorily completed initial training. If the trainee does not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Store. If the replacement trainee cannot complete the initial training program to our satisfaction, we have the right to terminate your Franchise Agreement.

Any trainee subsequently designated by you must also receive and complete the required initial training program to our satisfaction, at your expense.

If you request that we provide additional training or assistance to you, and if we determine that additional training or assistance is necessary, we may provide such training or assistance virtually.

For all remedial, replacement, additional or requested training or assistance, we do not charge a fee to provide such training as far as it is conducted through Cotti Academy and in a training store designated by us (including training stores located in China) at such time designated by us. If you request a on-site training or assistance at a location designated by you, you must pay our then-current On-Site Training Fee (currently \$5,000/time, each time the assistant or training will last no more than 7 days), and you must reimburse us for any expenses our trainers incur, such as costs of travel (including International travel), visa fees, lodging, and meals.

The instructional materials used in the initial training include our Manual, marketing and promotion materials, videos, online resources, training manuals and workbooks, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom or Online Training	Hours of On-The-Job Training	Location
Learning Map (Shop Clerk-Barista Stage)	0.1	0	Online
Corporate Culture - Discover Cotti (Shop Clerk-Barista Stage)	0.5	0	Online
Understanding of Store Positions and Roles (Shop Clerk-Barista Stage)	0.5	0	Online
Daily Store Regulations and Security Training (Shop Clerk-Barista Stage)	0.5	0	Online
System Operation (Shop Clerk-Barista Stage)	0.4	0	Online
Product manufacturing formula (Shop Clerk-Barista Stage)	4	0	Online
Store Traffic Flow (Shop Clerk-Barista Stage)	0.5	0.5	Online and Training Store
Material Visual Inventory (Shop Clerk-Barista Stage)	1	0.5	Online and Training Store
Beverage production process (Shop Clerk-Barista Stage)	2	4	Online and Training Store
Division of Labor in Beverage Production (Shop Clerk-Barista Stage)	0.5	4	Online and Training Store
A Good Cup of Coffee (Labels & Receipts and Key Product Memory Points) (Shop Clerk-Barista Stage)	0.5	2	Online and Training Store
Food safety control (Shop Clerk-Barista Stage)	1	2	Online and Training Store
Raw material prefabrication and handcrafted beverages (Shop Clerk-Barista Stage)	1	4	Online and Training Store
Customer Basic Service (Shop Clerk-Barista Stage)	1	2	Online and Training Store
Offline Marketing Guidelines (Shop Clerk-Barista Stage)	1	1	Online and

Stage)			Training Store
Government inspections and media reception (Shop Clerk-Barista Stage)	1	1	Online and Training Store
A Day at the Store (Shop Clerk-Barista Stage)	0.5	6	Online and Training Store
Opening and closing store workflow (Shop Clerk-Barista Stage)	1	6	Online and Training Store
Workflow during operating hours (Shop Clerk-Barista Stage)	1	6	Online and Training Store
Store Cleaning (Shop Clerk-Barista Stage)	2	6	Online and Training Store
Material Placement (Shop Clerk-Barista Stage)	1	2	Online and Training Store
Equipment Cleaning and Preparation (Shop Clerk-Barista Stage)	1	2	Online and Training Store
Review of Key Points in Food Safety (Shop Clerk-Barista Stage)	1	2	Online and Training Store
Store Duty Standards (Morning Shift) - Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	6	Online and Training Store
Personnel Management -Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	1	Online and Training Store
Store Duty Standards (Night Shift)-Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	6	Online and Training Store
Material Management (Shop Clerk-Duty Supervisor Phase)	1	4	Online and Training Store
Quality Management-Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	2	Online and Training Store
System Operation-Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	1	Online and Training Store
System Operation-Duty Supervisor (Shop Clerk-Duty Supervisor Phase)	1	1	Online and Training Store
Key Points of Store Management (Store Manager)	1.5	64	Online and Training Store
Customer Service (Store Manager)	2		
Talent Development and Training (Store Manager)	1.5		
Cost Management (Store Manager)	3		
Quality Management-Store Manager (Store Manager)	2		
System Operation-Store Manager (Store Manager)	1.5		
Emergency Response-Store Manager (Store Manager)	2		
New Store Opening Process (Responsible Owner)	1.5	0	Online
Settlement management (Responsible Owner)	1	0	Online
Total	46	136	182

The training through Cotti Academy consisted mainly of e-learning, pre-recorded sessions and materials, tests. The practical training instructors conducting our initial training program primarily include the duty supervisors and store managers of the training stores. Each of our instructors has at least one to two years of experience relevant to the subjects they are teaching with us and/or our affiliates.

The entire training program is subject to change 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 a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

We may choose to hold refresher training courses, and we may designate that attendance at refresher training is mandatory for your Store Manager and/or other Store personnel. We do not anticipate charging a fee for refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

Optional Training:

During the term of your Franchise Agreement, at our sole discretion, we may from time to time provide the Store with training programs concerning management and techniques. The Store Manager of Franchisee's Store are required to attend the additional training programs.

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ITEM 12

TERRITORY

We grant to you the right to operate a Cotti Coffee Store at a specific street address known as the “Site”. You will not receive any territory for the Cotti Coffee Store beyond the Site. The Site will be subject to our written approval, which will not be unreasonably withheld. You may not operate the Store from any location other than the Site without our prior written consent.

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. You will not receive any compensation from us or other franchisees for soliciting or accepting orders from customers who live anywhere or in close proximity to your Site.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products to any business or other customer at wholesale.

You may sell our menu items to customers who live anywhere but who choose to dine at or from your Store.

We may also allow you to provide catering and delivery services in the approximate of other Cotti Coffee Stores without compensating the operator of those restaurants. These policies may also allow other Cotti Coffee Stores to provide catering and delivery services in your approximate without compensating you. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may place advertisements in printed media and on television and radio that advertise your Site.

We will not modify your territorial rights in any circumstances unless you materially breached the Franchise Agreement, in which event we may modify, cancel, or suspend some or all of your territorial rights including terminating the Franchise Agreement.

We reserve all rights not expressly granted to you by the Franchise Agreement. We will not pay any compensation to you for soliciting or accepting orders within franchisee’s territory. Without limitation and without regard to proximity to the Cotti Coffee Store, we and our affiliates reserve the right to:

- (i) to own, franchise, or operate Cotti Coffee Stores at any location outside of the Site, regardless of the proximity to your Cotti Coffee Store;
- (ii) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory, including, but not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet;
- (iii) to use and license the use of other proprietary and non-Marks or methods which are not the same as or confusingly similar to the Marks, at any location, and use such trademarks for products and services which may be similar to or different from your Cotti Coffee Store;

- (iv) to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly or indirectly with your Cotti Coffee Store, regardless of the proximity to your Cotti Coffee Store;
- (v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere;
- (vi) to provide, and allow others to provide Delivery Services under the Marks, regardless of the proximity to your Cotti Coffee Store; and
- (vii) to engage in any other business activities not expressly prohibited by this Franchise Agreement. We are not required to pay you if we exercise any of our rights, regardless of the proximity to your Cotti Coffee Store.

You may not relocate your Cotti Coffee Store without our prior written approval. We may approve a request to relocate your Cotti Coffee Store in accordance with the provisions of the Franchise Agreement that provide for the relocation of your Cotti Coffee Store, and our then-current site selection policies and procedures. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of your Site, our expansion plans, and other factors that, at the time of a relocation request, are relevant to us.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Store which sells our proprietary products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

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ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us (“Marks”). These Marks may be used only in the manner we authorize and only for the operation of your Store.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Our affiliate Cotti Coffee International Limited is the registered owner for the below Marks which have been registered with the U.S. Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	U.S. Serial Number	Registration Date
COTTI COFFEE	97888052	September 3, 2024
@COTTI COFFEE	98027171	February 11, 2025
@COTTI COFFEE	97883748	September 3, 2024
@ COTTI COFFEE 库迪咖啡	98677559	May 27, 2025
@COTTI	98677482	May 27, 2025

Our affiliate Cotti Coffee International Limited has applied for the following Federal registered service mark and the application has been filed with USPTO:

Mark	U.S. Serial Number	Application Filing Date
Cotti	99537146	December 9, 2025

We have the right to use the above and other Marks under an non-exclusive licensing agreement with Cotti Coffee International Limited (the “Trademark License Agreement”) dated November 20, 2025. Our license allows us to use the Marks in connection with the offer and sale of franchises to third parties to own and operate businesses under the Marks. The license with Cotti Coffee International Limited covers the United States and has a ten-year term with the right to renew for an additional ten years. The Trademark License Agreement may be terminated by one party in the event: (a) the other party materially breaches any term of this Agreement and fails to cure such breach within 10 days of receipt of written notice; (b) the other party becomes insolvent, files for bankruptcy, or has a receiver appointed for its assets; or (c) the other party dissolves or ceases to conduct business in the ordinary course. There are no other agreements in effect that significantly limit our rights to use or license the above Marks in a manner material to the franchisee.

We do not have a federal registration for one of our principal trademarks. Therefore, our trademark does not have 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.

We intend to file all affidavits, renewal and other documents required to maintain our interest in and to the Marks. There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Responsible Owner are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel’s opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Responsible Owner in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain all rights in the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We and our affiliates own proprietary information and rights in numerous items, like recipes for our coffee, teas, smoothies, other beverages, products and related merchandise, the method of production and storage of the products, menu formats, advertising designs, packaging, processes, techniques, proprietary software and technologies, and information contained in the Manual. Some of those items are suitable for copyright protection and/or are protectable as trade secrets. We and our affiliate claim all statutory copyrights that attach to all, or part of, any original materials used in the Cotti Coffee System, including the Manual, advertising and promotional materials, and all other written materials we provide you.

The information in the Manual or accessible through our Proprietary Software, including without limitation Cotti Station APP and Cotti Partners APP is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Manual or the information accessible through our Proprietary Software, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your Cotti Coffee Store, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Manual, electronic information and communications, sales and promotional materials, the development and use of our System, Proprietary Software and the information accessible, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Cotti Coffee Stores, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Cotti Coffee Stores and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Cotti Coffee Store during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Cotti Coffee Stores during the term of the Franchise Agreement.

You must notify us within three business days after you learn about another’s use of language, a visual image or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your

use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of the costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets.

No patents or patents pending are material to us at this time.

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

We require that you either directly operate your Cotti Coffee Store or designate a manager (“Store Manager”) who has been approved by us in our commercially reasonable discretion. The “Responsible Owner” is an individual who will be primarily responsible for communicating with us about the Cotti Coffee Store. The Responsible Owner must have the authority and responsibility for the day-to-day operations of your Cotti Coffee Store unless designated to a Store Manager. If you are an individual, you are the Responsible Owner. If you are a legal entity, you must appoint an individual that has at least a 25% equity interest in the legal entity to be the Responsible Owner. Your Store Manager, if any, must successfully complete our training program (See Item 11). If you replace your Store Manager, the new Store Manager must satisfactorily complete our training program at your own expense. If the Store Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, we require your Responsible Owner to assume responsibility for supervision of your Cotti Coffee Store until such time that you obtain a suitable replacement Store Manager.

If you are a legal entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign a Franchise Owners Agreement, which is attached to the Franchise Agreement as Attachment C. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement.

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ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, merchandise, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as expressly authorized by us in writing. You must sell and offer for sale only the menu items, products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Store at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to vary the menu items offered at certain Cotti Coffee Stores based on regional or local tastes or ingredients. If we allow a Cotti Coffee Store to modify its menu to accommodate regional or local tastes or ingredients, we are not required to grant to you a similar variance or modification.

You must keep the Store very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point of sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Store. You may not conduct any other business from the Store or rent out the space without our consent.

We reserve the right to determine the maximum prices for the goods, products and services offered from your Store, as permitted by applicable law.

You are not restricted as to the customers whom you may solicit or service.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	Five years.
b. Renewal or extension	Sections 5.1 and 5.2	You may enter into a successor franchise agreement of five years if you meet certain conditions including notifying us in writing not less than six (6) months before the expiration of the Term, and not be in default under the Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Franchise Agreement and have received no more than three separate written notices of default from us in the 12-month period preceding your renewal notice or at the time you sign the Successor Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 5.2	If we decide to grant you a successor franchise agreement, you must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher Service Fee) from the franchise agreement that covered your original term, and you must have the right under your lease to maintain possession of the Site location, and make such modifications and renovations in compliance with our System standards for newly opened Stores.
d. Termination by franchisee	Section 22	You may terminate the Franchise Agreement without cause within thirty (30) days of the Effective Date of this Franchise Agreement; or if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice, subject to applicable state law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	Sections 23.1, 23.2, 23.3	We can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined - curable defaults	Section 23.3	You have 30 days to cure defaults not listed in Section 23.2 of your Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined - non-curable defaults	Sections 23.1 and 23.2	Non-curable defaults include: (i) failure to open your Cotti Coffee Store; (ii) material misrepresentation; (iii) failure to comply with an any federal, state or local law; (iv) conviction, plead guilty or nolo contendere to a felony or any other crime or offense; (v) knowingly maintaining false books, underreporting or under recording of Adjusted Gross Margin or Gross Revenue, certain underreporting or under recording; (vi) misuse or unauthorized use of our Marks, System, goodwill or intellectual properties; (vii) health or safety violations; (viii) abandonment; (ix) failure to pay any amounts owed to us; (x) assignment without our consent; (xi) violation of the brand covenants; (xii) if a regulatory authority suspends or revokes a license or permit that is required to operate the Cotti Coffee Store; (xiii) failure to complete the Initial Training Program; (xiv) repeated defaults, even if cured; (xv) any breach of the Franchise Owners Agreement or other agreements between you and us or our affiliates; (xvi) failure to secure the premises for your Franchised Franchise; (xvii) engage in any conduct that, in our reasonable judgment, is damaging or potentially damaging to the reputation, goodwill, or brand image of Cotti Coffee, the System, or our Affiliates; (xviii) bankruptcy, insolvency, and others.
i. Franchisee’s obligations on termination/non-renewal	Sections 24 and 25	Obligations include liquidated damages, complete de-identification, comply with all surviving covenants, payment of amounts due and return of Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 14	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	Section 15.1	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 15.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 15.3	If you are in good standing and meet other requirements listed in Section 15.3, we may approve your transfer to a new owner. We will not unreasonably withhold our approval of any proposed transfer, provided the following conditions are satisfied: (i) you have provides us written notice of the proposed transfer at least 45 days prior to the transaction, including submittal of all supporting document; (ii) the proposed transferee meets our qualifications, in our opinion, of good moral character, business experience and financial

Provision	Section in Franchise Agreement	Summary
		resources; (iii) your monetary obligations to us and our affiliates must be paid in full and you must have cured all existing defaults; (iv) the transferee must successfully complete the initial training program; (v) the transferee must have obtained all licenses and permits required by law to own and operated the business; (vi) the transferee must sign our then-current form of franchise agreement; (vii) you must reimburse us for all of our fees and costs, including attorney fees; (viii) you and your owners must sign a general release; (ix) we have not elected to exercise our Right of First Refusal; (x) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us, if we require; (xi) your landlord consents to the assignment of the lease for the premises; (xiii) you or transferee must remodel the premises to comply with our then-current standards and specifications; (xiv) you agree to comply with all other obligations that survive the termination, expiration or transfer of the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.2	We have 30 days to match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 26	We may, but are not required to, purchase your Franchise, inventory or equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 15.5	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the franchise	Section 17.2	You may not participate in or have an ownership interest of more than 5% in a diverting business, induce any customer to transfer their business to you or perform services for a competitive business (i.e., a business offering substantially similar products and services) anywhere, and you may not interfere with our or our other franchisees' Franchised Franchises. Subject to applicable state law.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.3	Owners may not have an interest in, own, manage, operate, finance, control or participate in any competitive business within a two-mile radius of your Cotti Coffee Store, for one year. If you or your owners engage in any activities prohibited by the Franchise Agreement during the restricted period, then the restricted period applicable to you or the non-compliant owner shall be extended by the period of time during which you or the non-compliant owner, as applicable, engaged in the prohibited activities. Subject to applicable state law.
s. Modification of agreement	Sections 9.1 and 29.9	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 29.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Franchise Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 27	Except for certain claims and subject to state law, all disputes must be mediated and arbitrated in Delaware, subject to applicable state law.
v. Choice of forum	Section 27.4	All disputes must be mediated, arbitrated, and if applicable, litigated in Delaware, subject to applicable state law.
w. Choice of law	Section 29.1	Delaware law applies, subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote the sale of our franchises but reserve the right to do so.

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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 Franchise 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Mr. Peiqiang Wang, at 8 The Green, Suite B, Dover, Delaware 19901, phone: (862)777-2667, and email: eric.wang@cotticoffee.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company Owed	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	0	0	0
	2024	0	0	0
	2025	0	0	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
All	2023	0
	2024	0
	2025	0

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Table 3
Status of Franchised Outlets
For Years 2023 to 2025

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF YEAR
All	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Totals	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 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 FRANCHISEES	OUTLETS AT END OF YEAR
All	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table 5
Projected Openings for Year 2026 as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Calendar Year	Projected New Company Owned Outlets In The Next Calendar Year
Total	0	0	0

The name, address, and telephone number of all franchisees as of December 31, 2025 is included as Exhibit C. We are a new Franchisor and there is no existing franchisee.

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the issuance date of this Disclosure Document appear at Exhibit D. If you buy a Cotti Coffee Store, your contact information may be disclosed when you leave the franchise system.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Cotti Coffee system.

There are no trademark-specific organizations formed by our franchisees that are associated with the Cotti Coffee system.

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ITEM 21
FINANCIAL STATEMENTS

Included as Exhibit E are our unaudited financial statements since our establishment on November 20, 2025 to January 15, 2026. We have not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years. Our fiscal year ends December 31.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following agreements with exhibits:

Franchise Agreement (with Attachments) – Exhibit B
Form of General Release – Exhibit F
State Specific Addenda – Exhibit H
Form of Letter of Intent for Franchise – Exhibit I

ITEM 23
RECEIPTS

The Receipt pages are located on the last two pages of this Disclosure Document.

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EXHIBIT A TO THE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

<u>CALIFORNIA</u> Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	<u>NORTH DAKOTA</u> North Dakota Insurance & Securities Department 600 East Boulevard Avenue Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Insurance Commissioner
<u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	<u>OREGON</u> Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance
<u>ILLINOIS</u> Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	<u>RHODE ISLAND</u> Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation
<u>INDIANA</u> Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	<u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation

<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	<u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
<u>MICHIGAN</u> Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	<u>WASHINGTON</u> Washington Department of Financial Institutions, Securities Division PO Box 41200 Olympia, WA 98504-1200 Agent: Director of Department of Financial Institutions, Securities Division, 150 Israel Road SW, Tumwater, WA 98501
<u>MINNESOTA</u> Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce	<u>WISCONSIN</u> Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities
<u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Agent for service: New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

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EXHIBIT B TO THE DISCLOSURE DOCUMENT

COTTI PARTNERS LLC FRANCHISE AGREEMENT

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EXHIBIT B

COTTI PARTNERS LLC
FRANCHISE AGREEMENT

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ATTACHMENT A – SITE ADDENDUM

ATTACHMENT B – STATEMENT OF OWNERSHIP

ATTACHMENT C – FRANCHISE OWNER AGREEMENT

COTTI PARTNERS LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (along with its attachments, the “Franchise Agreement,” or “Agreement”) is made, entered into and effective as of the Effective Date identified on Attachment A (“Effective Date”), by and between COTTI PARTNERS LLC, a Nevada limited liability company (“Franchisor,” “we,” “us,” or “our”), and (“Franchisee,” “you” or “your”). If more than one person or entity is listed as the franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Franchise Agreement.

AGREEMENT DATA SCHEDULE

1. **Effective Date**. The Effective Date of the Franchise Agreement is: _____, 20__.
2. **Site**. The Site of the Store is _____. If a particular site has not been selected and approved at the time of the signing of this Franchise Agreement, once we have approved a location for your Site, you and we will execute Attachment A.
6. **Notice Address**. Franchisee Notice Address is:
Attn: _____

1. INTRODUCTION

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement. It is your responsibility to read through the entire Franchise Agreement. This Franchise Agreement creates legal obligations that you must follow. We recommend that you consult with a legal professional to ensure that you understand these obligations. If you have any questions, or if you do not understand a certain provision or section, please review it with us or your legal and financial advisors before you sign this Franchise Agreement.

This Franchise Agreement has defined terms. A defined term is a shorthand reference within a document that refers to another name or idea in the document. Defined terms are underlined and surrounded by double quotes, typically with capitalized first letters, and may be contained in parentheses throughout the Franchise Agreement.

2. GRANT OF FRANCHISE

As a Cotti Coffee franchisee, you will operate a Store that sells made-to-order coffee, tea, other non-alcoholic beverages, bottled products, coffee products, dessert, snacks, related merchandise and products, and provide related services (“Store,” or “Cotti Coffee Store”). The Cotti Coffee Store will operate under the trade name and mark “Cotti Coffee” and additional marks associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names,

trade dress, logos, slogans, insignias, designs and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Cotti Coffee Store, as we may from time to time authorize or direct you to use in connection with the operation (“Marks”).

We hereby grant you a non-exclusive license to own and operate a Cotti Coffee Store using a comprehensive and unique system (“System” as further defined below) that we authorize from a single location that we approve (“Site”) strictly in compliance with the terms and conditions set forth in this Franchise Agreement, and, if permitted by our then-current policies, standards and specifications and approved by us, to also provide delivery and/or catering services (“Delivery Services”) at the Site in accordance with our then-current policies, standards and specifications.

“System” means the comprehensive and unique system to be used in the conduct of the Cotti Coffee Store, as set forth in this Agreement and the Franchise operation manual. The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; training and assistance; know-how; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and once developed, our Franchise Operations Manual (the “Manual”), which you should expect to evolve over time, that may be provided to you as a franchisee.

You recognize and acknowledge the distinctive significance to the public of the System and Marks and acknowledge and understand our high and uniform standards of quality, appearance and service to the value of the System. You acknowledge that we may change, improve or otherwise modify the System as we deem appropriate in our discretion and you agree to promptly accept and comply with any such changes, improvements or modifications. You further acknowledge that our grant to operate a Cotti Coffee Store is based on the representations contained in your application. You acknowledge and agree that this Franchise Agreement does not grant you the right or option to open any additional Cotti Coffee Stores. You also acknowledge and agree that this Franchise Agreement does not grant you any right to sub-license or sub-franchise any of the rights we grant you in this Franchise Agreement. You may only open an additional Cotti Coffee Store under a separate franchise agreement with us, which we may grant in our sole discretion.

As part of you accepting our grant to open and operate Cotti Coffee Cotti Coffee Store, you hereby acknowledge that: (i) you have received a copy of our most recent franchise disclosure document; (ii) you are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances; and (iii) you are aware of the fact that we may have negotiated terms or offered concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

3. FRANCHISEE AS ENTITY

3.1 Entity Representations

For purpose of this Franchise Agreement, “Owner(s)” means any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you, this Franchise Agreement, or the Cotti Coffee Store. If you are a corporation, partnership, limited liability company or other form of business entity (“Entity”), you agree and represent that:

- 3.1.1 Authority. You have the authority to execute, deliver, and perform your obligations under this Franchise Agreement and all related agreements and are duly organized or formed, validly existing, and in good standing under the laws of the state of your incorporation or formation.
- 3.1.2 Company Documents. At our request, you will furnish copies of all documents and contracts governing the rights and obligations of your Owners (such as, Articles of Incorporation or Organization and partnership, operating or shareholder agreements or similar documents, the “Company Documents”). You will not alter, change, or amend your Company Documents, without obtaining our prior written approval, which approval we will not unreasonably deny or withhold, and will grant if such changes will not prevent you from performing your obligations under this Franchise Agreement.
- 3.1.3 Transfer Restrictions.
- Your Company Documents will recite that this Franchise Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Franchise Agreement’s restrictions.
- 3.1.4 Naming. You agree not to use the name “Cotti Coffee” or any similar wording in the name of your Entity.
- 3.1.5 Owner Identification. You certify that Attachment B to this Franchise Agreement completely and accurately describes all of your Owners and their interests in you as of the Effective Date. You agree to sign and deliver to us a revised Attachment B to reflect any permitted changes in the information that Attachment B now contains.
- 3.1.6 Single Purpose Entity. The Cotti Coffee Store will be the only business that the Entity may operate, and your organizational documents must reflect this (although the Owners in the Entity may have other business interests subject to any restrictions on competitive businesses contained in this Franchise Agreement).
- 3.1.7 Franchise Owner Agreement. All Owners must sign the Franchise Owner Agreement, attached as Attachment C to this Franchise Agreement. You agree that, if any person or Entity ceases to be one of your Owners, or if any individual or Entity becomes an Owner of you (such ownership change must comply with the “Transfer Conditions” discussed later in this Franchise Agreement), you will require the new Owner to execute all documents required by us, including the Franchise Owner Agreement.
- 3.1.8 No Offerings. You agree that you will not offer any securities (in a public or private offering or otherwise) or engage in any type of fundraising (like crowdfunding) without our prior written consent, which may be withheld in our sole discretion.

4. TERRITORIAL RIGHTS AND LIMITATIONS

On the terms and conditions of this Franchise Agreement, Franchisor grants to Franchisee a franchise to operate one Cotti Coffee Store using Cotti Coffee System and the Marks at the site identified in AGREEMENT DATA SCHEDULE (the “Site”). Franchisee hereby accepts the Franchise and undertakes to operate the Cotti Coffee Store according to the provisions of this Franchise Agreement for the entire Term, as defined in Section 5.1 (“Term”). Franchisee may not operate the Store from any location other than the Site without Franchisor’s prior written consent.

You will not receive any territory for the Cotti Coffee Store beyond the Site. We, and our affiliates, have the right to operate, and to license others to operate, other Cotti Coffee Stores at any location outside the Site, even if doing so will or might affect your operation of the Cotti Coffee Store. We reserve all rights not expressly granted to you by the Franchise Agreement. Without limitation and without regard to proximity to the Cotti Coffee Store, we and our affiliates reserve the right to:

- (i) to own, franchise, or operate Cotti Coffee Stores at any location outside of the Site, regardless of the proximity to your Cotti Coffee Store;
- (ii) to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory, including, but not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet;
- (iii) to use and license the use of other proprietary and non-Marks or methods which are not the same as or confusingly similar to the Marks, at any location, and use such trademarks for products and services which may be similar to or different from your Cotti Coffee Store;
- (iv) to engage in any transaction, including to purchase or be purchased by, merge or combine with, to convert to the System or be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly or indirectly with you Cotti Coffee Store, regardless of the proximity to your Cotti Coffee Store;
- (v) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere;
- (vi) to provide, and allow others to provide Delivery Services under the Marks, regardless of the proximity to your Cotti Coffee Store; and
- (vii) to engage in any other business activities not expressly prohibited by this Franchise Agreement. We are not required to pay you if we exercise any of our rights, regardless of the proximity to your Cotti Coffee Store.

5. TERM AND RENEWAL

5.1 Generally

The term of this Franchise Agreement will begin on the Effective Date and continue for five years terminated earlier (“Term”). If this Franchise Agreement is the initial franchise agreement for your Cotti Coffee Store, you may enter into 1 successor franchise agreement (a “Successor Franchise Agreement”), as long as you meet the conditions for renewal specified below. The Successor Franchise Agreement shall be the current form of franchise agreement that we use in granting Cotti Coffee franchises as of the expiration of the Term. The terms and conditions of the Successor Franchise Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement. The successor term will be the five years. If you are signing this Franchise Agreement as a Successor Franchise Agreement, the references to “Term” shall mean the applicable renewal term of the Successor Franchise Agreement. Except as otherwise provided in this Section, you will have no further right to operate your Cotti Coffee Store following the expiration of the successor term unless we grant you the rights to enter into another franchise agreement, in our sole discretion. If you are renewing a prior franchise agreement with us under

this Franchise Agreement, the renewal provisions in your initial franchise agreement will dictate the length of the Term of this Franchise Agreement, as well as your remaining renewal rights, if any.

5.2 Renewal Requirements

If we in our sole discretion decide to offer you a Successor Franchise Agreement, you must:

- 5.2.1 Notice. Notify us in writing of your desire to enter into a Successor Franchise Agreement not less than six (6) months before the expiration of the Term;
- 5.2.2 No Defaults. Not be in default under this Franchise Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Franchise Agreement and have received no more than three separate written notices of default from us in the 12-month period preceding your renewal notice or at the time you sign the Successor Franchise Agreement;
- 5.2.3 Successor Franchise Agreement. Sign the Successor Franchise Agreement and all ancillary documents that we require franchisees to sign. The terms and conditions of the Successor Franchise Agreement may vary materially and substantially from the terms and conditions of this Franchise Agreement;
- 5.2.4 General Release. Sign our current form of general release which contains a release of all claims by you and your individual owners (if applicable) against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities;
- 5.2.5 Modifications. At least 60 days but not more than 180 days before the expiration of the Term, you must renovate, upgrade any equipment, tools, technology and other operations to comply with our then-current standards and specifications;
- 5.2.6 Site. Have the right under your lease to maintain possession of the premises where your Site is located for the duration of the successor term; and
- 5.2.7 Renovations. You must also make such renovations, refurbishments and modernizations to the Site and the Cotti Coffee Store within the time frame required by us, including the design, equipment, signs, décor, inventory, fixtures, furnishings, trade dress, presentation of Marks, supplies and other products and materials as necessary to meet our then-current System standards for a newly opened Cotti Coffee Store.
- 5.2.8 Additional Actions. Take any additional actions that we reasonably require.

6. FEES

6.1 Adjusted Gross Margin

For purposes of this Franchise Agreement, “Base Amount” means the agreed-upon monthly fixed cost, defined as the Store’s base rent + estimated triple net charges; “Adjusted Gross Margin” means for each period, the amount determined by deducting from the Store’s total “Gross Revenue”, excluding revenue from (i) the “Theoretical Cost of Goods Sold” and (ii) the “Theoretical Online Payment Handling Fees”.

Gross Revenue means the total of all revenue, income and consideration derived from the sale of all merchandise, products and services offered at or from the Store, whether received in cash, credit (whether or not collected), electronic payment, voucher, coupon, services in kind, barter or exchange, or otherwise. Gross Revenue will include the full retail value of all barter or exchange transactions in which the Store provides products or services in exchange for goods or services provided by any vendor, supplier or customer. You may deduct from Gross Revenue for purposes of this computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate taxing authority. You may also deduct from Gross Revenue all fees paid to delivery service providers.

Theoretical Cost of Goods Sold consists of two main components: (i) Product Purchase & Packaging Cost: the purchase price paid by you to us or our affiliates for goods, which includes ingredients, raw materials, and product-specific packaging (e.g., cups, sleeves, straws, lids); and (ii) Additional Costs: the sum of Theoretical Shrinkage Rate, External Packaging (e.g., delivery bags, cup carriers), and Low-Value Consumables (e.g., receipt paper, hand soap, detergent).

Theoretical Online Payment Handling Fees means the estimated fees charged by payment service providers for processing customer transactions through online or electronic payment methods.

All theoretical costs are calculated by us or our affiliates' system. You acknowledge and agree that such theoretical cost varies by item and that the system-calculated values shall be final and binding for purposes of determining the Adjusted Gross Margin.

6.2 Service Fee

You agree to pay us a Service fee (“Service Fee”) calculated by multiplying the Adjusted Gross Margin by the Service Fee Rate applicable to each revenue Tier (determined by the Monthly Adjusted Gross Margin Interval set forth below), with the fees for all Tiers being cumulative, i.e., the total Service Fee is calculated as the sum of fees for each tier, where each Tier’s fee = (Amount of Adjusted Gross Margin within that Tier) × (Tier’s Service Fee Rate).

Tier	Monthly Adjusted Gross Margin Interval	Service Fee Rate
1	The part of Adjusted Gross Margin < Base Amount + \$11,000	0%
2	Base Amount + \$11,000 ≤ the part of Adjusted Gross Margin < Base Amount + \$14,000	5%
3	Base Amount + \$14,000 ≤ the part of Adjusted Gross Margin < Base Amount + \$17,000	10%
4	Base Amount + \$17,000 ≤ the part of Adjusted Gross Margin < Base Amount + \$20,000	15%
5	Base Amount + \$20,000 ≤ the part of Adjusted Gross Margin < Base Amount + \$23,000	20%

6	The part of Adjusted Gross Margin $\geq$ Base Amount + \$23,000	25%
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The Service Fee is due daily or such other time period as we designate in Section 6.9 below, the Franchise Operations Manual, or otherwise in writing. The Service Fee Rate is calculated daily by us or our affiliates' system automatically, you acknowledge and agree that the above-mentioned calculation method of the Service Fee may be subject to minor and immaterial deviations from the final system-calculated amount.

6.3 Design Fee

You must pay us a design fee for us to develop the store design for you ("Design Fee"). The Design Fee ranges from \$700 to \$1,200 based on the size and condition of your Site. For the Design Fee stated above, we will provide you with a floor plan, a design visualization, and a construction drawing. Our design services do not include any re-design or substantial change due to changes made by you or changes based on data provided by you. Our design services are for the sole purpose of preserving the identity, reputation and goodwill we developed and the value of the System, and as provided in Section 7.4 below, you are responsible for hiring qualified architects, engineers and ensuring the design complies with all relevant laws, regulations, and local rules. The Design Fee must be received prior to the design stage for the build-out of the premises of your Cotti Coffee Store and is not refundable.

6.4 Equipment and Tools

The costs for equipment and tools will depend on the type of franchised store agreed upon by both parties and will be based on the actual list of equipment and tools. The costs for equipment and tools are not refundable.

6.5 On-Site Training Fee

If you choose to attend the initial or ongoing training program at a location designated by us (currently virtually and in the training store), we will not charge you an on-site training fee. If you choose to have us conduct any training at a location designated by you, you agree to pay us a "On-Site Training Fee" in the amount of \$5,000 per time (assuming each time the assistant or training lasts no more than 7 days), plus all expenses related to our personnel's travel, food, lodging and living expenses. The On-Site Training Fee must be received prior to the start of the on-site training and is not refundable. All expense reimbursements must be paid to us within ten days after invoicing.

6.6 Technology Fee

We do not charge a technology fee for your use of our proprietary technology including Cotti Station APP or the Cotti Partners APP ("Technology Fee"). We can change the software and technology that must be used by Cotti Coffee Store at any time we deem appropriate in our sole discretion.

You must also pay certain fees to suppliers for certain business solutions that will support your business efficiencies. These may include phone systems, security systems, scheduling software, employee shift/task management software, and any other solutions we may recommend or require from time to time in the Franchise Operations Manual for your Cotti Coffee Store. We reserve the right to upgrade, modify and add new systems, which may result in additional initial and ongoing expenses that you will be

responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems and for any increase in fees from third-party providers.

6.7 Deposit

- 6.7.1 You agree to make a one-time payment of the Deposit (“Deposit”) in the amount of **\$10,000.00** at the time you sign this Franchise Agreement.
- 6.7.2 The Deposit serves as a guarantee for your complete performance of the obligations and responsibilities specified in this contract and its attachments, and compliance with all agreed terms. The Deposit may primarily be used for the following purposes:
- (a) To ensure you make timely and full payments of all fees to us in accordance with this Franchise Agreement. If you breach this Franchise Agreement, we are entitled (but not obligated) to directly deduct the outstanding amount, along with any interest or liquidated damages, from the Deposit.
 - (b) To ensure you fully, completely, and timely perform all obligations under this Franchise Agreement and assume the corresponding legal responsibilities. If you breach this Franchise Agreement, we are entitled (but not obligated) to deduct any liquidated damages or compensation payable by you from the Deposit.
- 6.7.3 If we make deductions from the Deposit as outlined above, we may notify you to replenish the deducted amount. You must replenish the deposit within five (5) business days of receiving the replenishment notice from us. If you refuse to make the payment, it will be considered a material breach, and we have the right to unilaterally terminate the contract and hold you liable.
- 6.7.4 If you have no breach during the Term and have fulfilled all obligations required after the termination of the Franchise Agreement, we shall return the Deposit to you within sixty (60) days of receiving a written refund request from you, without interest, unless otherwise agreed in the Franchise Agreement.

6.8 Late Fee

If any sums due under this Franchise Agreement have not been received by us when due then, in addition to those sums, you must pay us \$100 per occurrence, plus the lesser of the daily equivalent of eighteen percent (18%) per year simple interest or the highest rate allowed by law (“Late Fees”). If no due date has been specified by us, then interest accrues from the original due date until payment is received in full.

6.9 Payment Methods

You must designate a bank account (“Franchise Bank Account”) and provide us with all information necessary for automated clearing house (ACH), direct deposit, or measures necessary for the implementation of the Cotti System. You must deposit all revenue that you generate from the operation of your Cotti Coffee Store into the Franchise Bank Account.

When payments were collected by us from customer purchases made on or through our Proprietary Software, including COTTI COFFEE APP, or through applet, single-screen systems, or integrated third-party platforms, fees owed to us shall be deducted daily by us or our affiliates’ system automatically. Such

fees deducted include, without limitation, Theoretical Cost of Goods Sold, Service Fee, Theoretical Online Payment Handling Fees, any other fees due to third-parties that we pay on behalf of you, any other fees or liquidated damages due to us or our affiliates. All payments and fees will be recorded by us or our affiliates' system automatically in your virtual account. Your virtual account balance will be calculated daily to show a credit or a debt. When your virtual account is in a credit position, you may submit a request for withdrawal, such request will be processed within two business days, and the requested amount will be transferred to the Store's Franchised Bank Account.

When payments are collected by you from customers, and not otherwise accounted for or deducted as provided above, you must remit the Service Fee to us monthly on or prior to the seventh day of each month for the previous month. We may also require you to sign our ACH authorization form allowing us to electronically debit your Franchise Bank Account for: (i) all fees payable to us under this Franchise Agreement (other than the Initial Franchise Fee); and (ii) any other amounts that you owe to us or any of our affiliates including, but not limited to, those owed for the purchase of products or services. You must sign and deliver to us any other documents that we or your bank may require authorizing us to debit your Franchise Bank Account for these amounts. You must make sufficient funds available for withdrawal from the Franchise Bank Account by electronic transfer before each due date. If any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event, any excess amounts that you owe will be payable upon demand, together with a non-sufficient funds fee of \$100 per occurrence plus Late Fees. If we allow you make any payment to us or our affiliate(s) by credit card for any fee required, we may charge a payment service fee of up to 5% of the total charge. We reserve the right to periodically specify (in the Franchise Operations Manual or otherwise in writing) different required payment methods for any payment due to us or our affiliates.

We reserve the right to periodically specify in writing different payment methods for any payment due to us or our affiliates.

6.10 Payment Frequency

We reserve the right to periodically specify (in the Franchise Operations Manual or otherwise in writing) different payment frequencies (for example, weekly/biweekly/monthly payments) for any payment due to us or our affiliates.

6.11 Application of Payments

We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate. We will not be bound by any instructions for allocation you specify.

6.12 Payment Obligations

Your obligations to pay us the fees under this Franchise Agreement are absolute and unconditional, and will remain in full force and effect throughout the entire duration of this Franchise Agreement, and shall continue for such period of time thereafter as you owe us fees under this Franchise Agreement. You will have no right to offset any fees paid to us and must pay us all fees regardless of any claims you may have against us. We will have the right, at any time before or after termination of this Franchise Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you under this Franchise Agreement or any other agreement, loan, transaction

or relationship between the parties. Without limiting the generality of the foregoing, you agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations, withhold any fees due to us or our affiliates or amounts due to us for purchases by you or any other amounts due to us.

7. ESTABLISHING YOUR COTTI COFFEE STORE

7.1 Opening

You must open your Cotti Coffee Store to the public on or prior to the scheduled opening date or within 15 months after the Effective Date, whichever is sooner, unless we grant you an extension, which we may withhold in our sole discretion. We have preferred service providers for the construction or buildout of your Site. If you choose to conduct the construction or buildout using the service providers of your choice, you must ensure strict compliance with our System standards and that you meet the scheduled opening date. You may not open your Cotti Coffee Store before: (i) all required attendees have successfully completed the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits, EIN, tax registration and other governmental approvals required to establish, open and operate the Cotti Coffee Store; (iv) we provide our written approval of the construction, buildout and layout of your Site; (v) you fulfill all requirements for equipment and tools, and inventory; (vi) you fulfill all other pre-opening requirements as prescribed by us; (vi) and you receive our written approval. Upon the satisfaction of the above conditions, you may open your Cotti Coffee Store.

If you believe we have failed to adequately provide pre-opening services or training to you as provided in this Franchise Agreement, you shall notify us in writing within 30 days following the opening of the Cotti Coffee Store. Absent the timely provision of such notice to us, you shall be deemed to conclusively acknowledge that all pre-opening and opening services and training required to be provided by us were sufficient and satisfactory in your judgment.

7.2 Site Selection

We will provide you with advice and general specifications for identifying a suitable location for the Site. If you and we have agreed on a Site as of the Effective Date, it will be specified in the AGREEMENT DATA SCHEDULE.

The Site must conform to our minimum site selection criteria. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to accept or reject a proposed site within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 30-day period. If we disapprove of the proposed site, you must select another site, subject to our consent. Our approval shall be evidenced by the execution of the AGREEMENT DATA SCHEDULE or Attachment A by you and us. You must only operate the Cotti Coffee Store at the location specified in the AGREEMENT DATA SCHEDULE or Attachment A and your Cotti Coffee Store may not offer products or services from any other location. You acknowledge that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the Site. Our approval of the site indicates only that we believe the site meets our minimum criteria. You agree to locate and obtain our approval of the Site within 60 days after the Effective Date.

7.3 Lease

If you lease the Site, you must submit to us, in the form we specify, a description of the site, a proposed copy of the lease and such other information and materials we may reasonably require at least ten days before signing the lease. If you own, otherwise control the Site, including the land, building and related real estate, or own 51% or more of an entity that owns, leases or otherwise controls the Site, then you will, as the lessee, enter into a lease for the Site for a term coextensive with the term of this Franchise Agreement.

We will only review the lease to determine that it complies with the terms of this Franchise Agreement and will not review the lease for or provide you with any business, economic, legal or real estate analysis or advice. However, you are solely responsible for the terms of the lease and any site acceptance letter we provide for the lease does not provide any representation or warranty of any kind, express or implied, concerning the terms of the lease or the viability or suitability of the site for the Site. You must promptly send us a copy of your fully executed lease for our records. The lease may not be amended, assigned or terminated without our written approval. If the landlord terminates the lease for the Site, that termination will constitute a breach of this Franchise Agreement.

7.4 Construction

We will provide you with specifications for the design and layout for a Site. You must hire an architect approved by us in order to modify these plans to comply with all local ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the Site. You must first review and accept the architect's drafted floor plan and submit your floor plan to us for our review and acceptance. Once we accept your floor plan, the architect must develop your full construction drawings for the Site. Upon your review and acceptance, you must submit your construction drawings to us for our final review and approval. Once we accept your floor plan and approve your construction drawings, drawings and specifications may not be changed or modified without our prior written approval. Once accepted by us, you must, at your sole expense, construct and equip the Site to the specifications contained in the Franchise Operations Manual and purchase (or lease) and install the equipment, fixtures, furnishings, signs and other items that we require. All exterior and interior signs of the Site must comply with the specifications that we provide to you. We must approve the architects, contractors and other suppliers you use to construct your Site. You agree to provide us with status updates as to construction of the Site. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the System. We must approve the layout of your Site prior to opening. We may conduct a pre-opening inspection of your Site. You agree to make any changes we require before opening. You acknowledge and agree that you will not be permitted to open your Cotti Coffee Store unless you comply with our request to modify and/or reconstruct your Site.

7.5 Catastrophe

If your Site is destroyed or damaged by fire or other casualty and the Term of this Franchise Agreement and the lease for your Site has at least two years remaining, you will within 30 days after the date of such destruction or damage of your Site, commence all repairs and reconstruction necessary to restore the Site to its condition prior to such casualty. If it is commercially unreasonable to repair or reconstruct the Site, you may (i) relocate the Site pursuant to the relocation provisions contained in this Section 7.5, Section 7.7, and in accordance with the lease provisions for your Site and the Term shall be extended for the period from the date the Site closed due to the destruction or damage until it reopens; or (ii) request that this Franchise Agreement to be terminated, and we shall not unreasonably withhold our approval.

7.6 Use of Site

You may not use your Site or permit your Site to be used for any purpose other than offering the products and services that we authorize and you may only offer the products and services that we authorize from your Site.

7.7 Relocation

You may not relocate your Site without our prior written approval, which we may withhold in our sole discretion. If we allow you to relocate, you must: (i) comply with all requirements of the Franchise Agreement with respect to the selection, construction and decoration your new Cotti Coffee site; (ii) open your new Site and resume operations within 30 days after closing your prior Site; and (iii) reimburse us for our reasonable expenses (including attorney fees and costs). Upon our approval of the relocation of your Site, Attachment A shall be updated with the new location, and the remainder of this Franchise Agreement shall remain in full force and effect. You agree to fully de-identify the former location of your Site in accordance with our requirements at your sole cost and expense.

8. TRAINING

8.1 Initial Training Program

We will provide our initial training program at no charge to you so long as all persons attend the initial training program simultaneously at a location designated by us (currently virtually in the COTTI Academy and in the training store). The initial training program must be completed prior to the date that your Cotti Coffee Store is scheduled to open. You must pay us the On-Site Training Fee if you choose to have us conduct the initial training at a location designated by you. We reserve the right to vary the length and content of the initial training program as we deem appropriate in our sole discretion based on the experience of the attendee. We shall determine the scheduling, exact duration, contents and manner of the initial training program in our discretion and may delay your attendance until a suitable time near the grand opening date for your Cotti Coffee Store in our discretion.

8.2 Requested Training

Upon your written request, and if we determine that it is necessary in our sole discretion, we may provide additional assistance or training to you at a mutually convenient time. If you request us to provide the training at a location designated by you, and if we determine that it is necessary in our sole discretion, you must pay the On-Site Training Fee for this training.

8.3 Remedial Training

If we determine, in our sole discretion, that you are not operating your Cotti Coffee Store in compliance with this Franchise Agreement and/or the Franchise Operations Manual, we may require that you, your employees and other designees attend remedial training that is relevant to your operational deficiencies. If you attend the remedial training at a location designated by us (currently virtually), we will not charge a fee. If you request us to provide the remedial training at a location designated by you, you must pay the On-Site Training Fee for this training.

8.4 Training Expenses

You are solely responsible for all expenses and costs that your trainees incur for all trainings and conferences, including wages, travel, lodging, food and living expenses. You also agree to reimburse us for all expenses and costs that we incur to travel to your Cotti Coffee Store or other locations designated by

you, including travel, food, lodging and living expenses. All expense reimbursements must be paid to us within ten days after invoicing.

9. OTHER FRANCHISOR ASSISTANCE

9.1 Franchise Operations Manual

We will lend you a confidential franchise operations manual (the “Franchise Operations Manual” or “Manual”) in text or electronic form for the Term of this Franchise Agreement. The Franchise Operations Manual will help you establish and operate your Cotti Coffee Store in accordance with the System. The information in the Franchise Operations Manual is confidential and proprietary and may not be disclosed to third parties without our prior written approval. The Franchise Operations Manual may be updated and modified throughout the Term, both formally through amendments to the Franchise Operations Manual and informally through email or other written materials we make available to you. You acknowledge that your compliance with the Franchise Operations Manual is vitally important to us and other System franchisees and is necessary to protect our reputation and the goodwill of the Marks and to maintain the uniform quality of operation throughout the System.

You agree to establish and operate your Cotti Coffee Store strictly in accordance with the Franchise Operations Manual. The Franchise Operations Manual may contain, among other things: (i) a description of the authorized products and services that you may offer at your Cotti Coffee Store; (ii) mandatory and suggested specifications, operating procedures, and quality standards for goods, products, services, ingredients and menu items that you use or offer at your Cotti Coffee Store; (iii) policies and procedures that we prescribe from time to time for our franchisees; (iv) mandatory reporting and insurance requirements; (v) policies and procedures pertaining to any gift card program that we establish; and (vi) a written list of furniture, fixtures, equipment, products and services (or specifications for such items) you must purchase for the development and operation of your Cotti Coffee Store and a list of any designated or approved suppliers for such items. The Franchise Operations Manual is designed to establish and protect our brand standards and the uniformity and quality of the products and services offered by our franchisees. We can modify the Franchise Operations Manual at any time. The modifications will become binding immediately when we send you notice of the modification. All mandatory provisions contained in the Franchise Operations Manual (whether they are included now or in the future) are binding on you.

While the Franchise Operations Manual is intended to protect the reputation and goodwill of the Marks, you will be responsible for the day-to-day operation of your Cotti Coffee Store and the Franchise Operations Manual is not designed to control the day-to-day operation of the Cotti Coffee Store.

9.2 General Guidance

We will, upon reasonable request, provide advice or guidance regarding your Cotti Coffee Store’s operation based on reports or inspections or discussions with you. We will provide reasonable marketing consulting, guidance and support throughout the Term that we deem appropriate. Any advice will be given during our regular business hours and via written materials, electronic media, telephone or other methods, in our discretion. We cannot guarantee the continued participation by or employment of any of our shareholders, directors, officers, or employees.

9.3 Website

We maintains a website for Cotti Coffee Stores (“System Website”) that may include the information about your Cotti Coffee Store that we deem appropriate. We may modify the content of and/or discontinue the System Website at any time in its sole discretion.

9.4 Supplier Agreements

We may, but are not required to, negotiate agreements with suppliers to obtain products or services for our franchisees. If we succeed in negotiating an agreement, we may arrange for you to be able to purchase the products directly from the supplier. We may receive rebates from these suppliers based on your purchases. We may also purchase certain items from suppliers in bulk and resell them to you at our cost (including overhead and salaries), plus shipping fees and a markup, in our sole discretion.

10. MANAGEMENT AND STAFFING

10.1 Owner Participation

If you are an Entity, you must designate an Owner who will be principally responsible for communicating with us about the Cotti Coffee Store (“Responsible Owner”). If you are an individual, you are the Responsible Owner. The Responsible Owner must have the authority and responsibility for the day-to-day operations of your Cotti Coffee Store and must have at least 25% equity. You acknowledge that a major requirement for the success of your Cotti Coffee Store is the active, continuing and substantial personal involvement and hands-on supervision by your Responsible Owner, who must at all times be actively involved in the operation of the Cotti Coffee Store on a full-time basis and provide on-site management and supervision, unless we permit you to delegate management functions to a Store Manager, see below.

10.2 Store Manager

You may hire a manager to assume responsibility for the daily in-person on-site management and supervision of your Cotti Coffee Store (“Store Manager”), but only if: (i) we approve the Store Manager in our commercially reasonable discretion; (ii) the Store Manager successfully completes the initial training program; and (iii) your Responsible Owner agrees to assume responsibility for supervision of your Cotti Coffee Store if the Store Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement Store Manager. If you hire a new Store Manager, the new Store Manager must attend and successfully complete our then-current initial training program, and you will be responsible for all then-current training fees, as well as your cost and expenses, associated with the replacement Store Manager’s training.

10.3 Staff

You must hire a sufficient number of Duty Supervisor(s) and Baristas. The Duty Supervisors and Baristas must attend and successfully complete the training program for the respective positions. You must determine appropriate staffing levels for your Cotti Coffee Store to ensure full compliance with this Franchise Agreement and our System standards. You are solely responsible to hire, train and supervise employees or independent contractors to assist you with the proper operation of the Cotti Coffee Store. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings levied or fixed by any city, state or federal governmental agency, or otherwise required by law) due for your employees or as applicable, for your independent contractors. These employees and independent contractors will be employees or contractors of yours and not of ours. We do not control the day-to-day activities of your employees or independent contractors or the manner in which they perform

their assigned tasks. You must inform your employees and independent contractors that you are exclusively responsible for supervising their activities and dictating the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, consulting agreements, time cards and similar items.

You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, firing, hours worked, rates of pay and other benefits, work assignments, training and working conditions, compliance with wage and hour requirements, personnel policies, recordkeeping, supervision and discipline. We will not provide you with any advice or guidance on these matters. You must require your employees and independent contractors to review and sign any acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee or independent contractor that you are his or her sole employer. You must also post a conspicuous notice for employees and independent contractors in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the sole employer. We may prescribe the form and content of this notice. You agree that any direction you receive from us regarding employment/engagement policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel competent in employment law.

11. FRANCHISEE MARKETING AND ADVERTISING

11.1 Standards

All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws, rules and regulations as well as our standards and requirements set forth in the Franchise Operations Manual. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property or legal rights of others.

11.2 Promotional Programs

We may periodically create advertising and sales promotion programs and materials to enhance the collective success of all Cotti Coffee franchisees operating under the System. You must participate in all such rebates, giveaways, advertising and sales promotion programs in accordance with the terms and conditions that we specify. These promotional programs may require that you offer products or services at no charge or discounted rates. We may also request that you purchase and use advertisements and promotional materials that we designate for your Cotti Coffee Store.

11.3 Marketing Materials

You must order any sales and marketing material from us, or our designated suppliers (which may be an affiliate), that we require. We may create and make available to you, advertising and other marketing materials. We may charge you for these materials. We may make these materials available over the Internet (in which case you must arrange for printing the materials and pay all printing costs). We may also enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We may also in our sole discretion provide you with our designed marketing materials, and instruct you that you may modify or print such with vendors of your choice.

11.4 Approval

We must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify) before you use them. We will be deemed to have disapproved the materials if we fail to issue our approval within 20 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapproved). If you use any unauthorized advertising or promotional materials, you must pay \$500 per occurrence to us.

11.5 Online Advertising

You may not maintain a separate website, conduct e-commerce, or otherwise maintain a presence on the Internet in connection with your Cotti Coffee Store without our express written permission, which we may revoke at any time, in our sole discretion. Any website that we permit you to establish will be subject to all of your marketing and advertising requirements under this Franchise Agreement and the Franchise Operations Manual. If you wish to utilize social media or advertise online, you must follow our online policy and obtain our written approval. Our online policy may change as technology and the Internet changes. We may require that you utilize our designated supplier for social media marketing services, at your expense. You may not use the Marks in any fundraising campaign, including crowdfunding. We may restrict your use of social media. We restrict your ability to independently market on the Internet, and we may not allow you to use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks.

11.6 Advisory Council

We have the right to form, change, merge or dissolve an advisory council (“Council”) at any time, in our sole discretion, to advise us on advertising policies and to promote communications between us and all franchisees. Any such Council will be governed by bylaws that will specify that members of the Council would consist of both franchisees and franchisor representatives and will specify the manner in which members are selected, subject to any changes to such bylaws or structure that we deem necessary in our sole discretion. Any Council would serve in an advisory capacity only.

12. BRAND STANDARDS

12.1 Generally

You agree to operate your Cotti Coffee Store: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with the standards and all other terms of this Franchise Agreement and the Franchise Operations Manual. Any required standards exist to protect our interests in the System and the Marks, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Franchise Operations Manual or other written materials and may be periodically modified over the Term. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

12.2 Authorized Products and Services

The products or services offered by the Cotti Coffee Store are subject to change and we do not represent that your Cotti Coffee Store will always be permitted or required to offer all of the products or services currently offered. You agree to offer all products and services that we require from time to time.

You may not offer any other products or services at your Cotti Coffee Store without our prior written permission. We may, without obligation to do so, add, modify or delete authorized products and services, and you must do the same upon notice from us. You may incur additional expenses to offer new products or services. Our addition, modification or deletion of one or more products or services shall not constitute a termination of this Franchise Agreement. You will not enter into any agreements with any third parties that can process orders for you on your behalf without our express written permission, which we may revoke at any time, in our sole discretion. We may, but are not required to, create Cotti Coffee proprietary products for sale at your Cotti Coffee Store. If we develop any of these products, you agree to maintain a reasonable inventory of these items at all times. You agree to comply with all applicable federal, state, municipal licensing, insurance and other laws and regulations applicable to the sale of alcoholic beverages and to obtain the liquor liability insurance in the amounts and in compliance with the requirements set forth in the Franchise Operations Manual.

12.3 Suppliers and Purchasing

You agree to purchase or lease all products, supplies, equipment, services, and other items specified in the Franchise Operations Manual. If required by the Franchise Operations Manual, you agree to purchase or lease certain products and services only from suppliers designated or approved by us (which may include, or be limited exclusively to us or our affiliates). You acknowledge that our right to specify the suppliers that you may use and add or remove suppliers is necessary and desirable so that we can control the uniformity and quality of products and services used, sold or distributed in connection with the development and ongoing operation of your Cotti Coffee Store, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we choose to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon your purchases or any other of our franchisee's purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any vendor you choose so long as your purchases conform to our System and specifications. We may restrict the sourcing of current and future items. You may not purchase items or supplies from a supplier that we have not approved or wish to offer any new product or service that we have not authorized in writing. You agree to maintain an adequate inventory of all items in accordance with the Franchise Operations Manual.

Only a limited number of non-proprietary products sourced domestically are open to proposed alternative suppliers submitted by you. If you wish to purchase such items or supplies from a supplier that we have not approved, you must send us a written notice specifying the supplier's name and qualifications or product or service information and provide any additional information that we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 60-day period. You must reimburse us for all costs and expenses that we incur in reviewing a proposed supplier, product or service within ten days after invoicing. We may revoke approval of any supplier, product or service in our sole discretion in which case you must stop purchasing from such supplier.

12.4 Equipment Maintenance and Changes

You agree to keep any equipment used in the operation of your Cotti Coffee Store in good condition and promptly replace or repair any equipment that is damaged, worn out or obsolete. We may require that you add new equipment or change, upgrade or replace your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes

to their equipment is critical to our ability to administer and change the System, and you agree to comply with any such required change within the time period that we reasonably prescribe.

12.5 Hours of Operation

You must keep your Cotti Coffee Store open for the minimum hours and minimum days of operation as specified in the Franchise Operations Manual, which may change over the Term. Your Cotti Coffee Store must be open every day of the year, other than those approved national holidays listed in the Franchise Operations Manual, unless otherwise agreed to by us. We may require you to establish specific hours of operation and submit those hours to us for approval.

12.6 Customer Issues

You acknowledge the importance to the System and uniform standards of quality, service and customer satisfaction, and recognize the necessity of opening and operating a Cotti Coffee Store in conformity with the System. You agree to manage the Cotti Coffee Store in an ethical and honorable manner and ensure that all those working at the Cotti Coffee Store provide courteous and professional service to customers. If you receive a customer complaint, you must promptly follow the complaint resolution process that we specify to protect the goodwill associated with the Marks. Also, if we are contacted by a customer of your Cotti Coffee Store who wishes to lodge a complaint, we reserve the right to address the customer's complaint in order to preserve goodwill and prevent damage to the Marks. Our right to address complaints may include refunding money to a dissatisfied customer, in which case you must reimburse us for these amounts including the value of any gift card, refund or other value we provide to the customer as part of addressing the issue. Payment shall be due within ten days of receipt of invoice from us.

We may contact any customer of your Cotti Coffee Store at any time for any purpose. We, or our authorized representative, shall have the right, during regular business hours, or at such other times as may be mutually agreed upon by you and us, to inspect all client lists and documents and records related to the Cotti Coffee Store. Upon reasonable request, you must furnish to us in whatever format we require, all client information and records for the Cotti Coffee Store, both active and inactive, which shall include, but not be limited to, names, addresses, and telephone numbers of such clients ("Customer List"). You acknowledge and agree that we are the sole owner of the Customer List and that you shall not use the Customer List for any purpose other than for the operation of the Cotti Coffee Store or distribute, in any form or manner, the Customer List to any third party without our prior written consent.

12.7 Standards Compliance

You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks.

12.8 Payment Vendors and Data Security

You agree to maintain, at all times, credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, payment providers, merchant service providers, loyalty and gift cards, and electronic fund transfer systems (together, "Payment Vendors") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment. You agree not to use any Payment Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any

service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC, or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements and other standards that PCI Security Standards Council, LLC (or its successor) requires of a merchant that accepts payment by credit and/or debit cards or electronic payments.

12.9 Gift Cards and Loyalty Programs

You agree to participate in our gift card, promotion and loyalty programs (such as new customer vouchers, reactivating dormant users), if any, and agree to make gift cards, promotion and loyalty programs available for purchase and redemption at your Cotti Coffee Store subject to the policies and procedures contained in the Franchise Operations Manual. You agree to purchase any items we require related to the gift cards, promotion and loyalty program from the supplier that we designate. You agree to pay to us an amount equal to the value of any gift card purchased from your Cotti Coffee Store, and we agree to hold such amount in an account. If a gift card is redeemed at your Cotti Coffee Store, we will pay you an amount equal to the value of the gift card that was redeemed.

12.10 Privacy

You agree to comply with all applicable international, federal, state and local laws pertaining to the privacy of customer, employee and transactional information (“Privacy Laws”). You agree to research and proactively ensure that your Cotti Coffee Store is in compliance with Privacy Laws. You also agree to comply with our standards and policies pertaining to Privacy Laws. You agree to inform us of any conflicts between our standards and policies and any Privacy Laws that govern your Cotti Coffee Store and ensure that your conduct complies with all those Privacy Laws.

12.11 Remodeling

You agree to remodel and make all improvements and alterations to your Cotti Coffee Store that we reasonably require from time to time to reflect our then-current image, appearance and Site specifications. There is no limitation on the cost of any remodeling that we may require. You will not install or permit to be installed on or about the Site any furnishings, fixtures, equipment, signs, décor, ATM machines, vending machines, video games, juke boxes, public telephone or other type of vending machine, whether or not coin-operated, or the like that we have not previously approved. You will be required to pay a Service Fee on the revenues you receive from any approved machines. You may not remodel or significantly alter your Site without our prior written approval, which will not be unreasonably withheld. However, we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current standards, specifications or image requirements. Except as otherwise provided in the Franchise Agreement, you will not be required to remodel the Store more than once every five years.

12.12 Site Maintenance

You agree to maintain your Site in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Site as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.13 Delivery Services

You agree to follow the policies in the Franchise Operations Manual, including online and off-site policies and procedures, which may require you to provide catering and delivery services and/or utilize third-party delivery services and which may change over time in our sole discretion. You may be required to use the third-party delivery service(s) with which we have a contract, and you may not contract with any other delivery platform without our written authorization. You are solely responsible for all costs and fees charged by any third-party delivery service platforms. You acknowledge and agree that customers should be free to order from the Cotti Coffee location that they wish and, therefore, you are not guaranteed any specific territory, territorial rights or area for catering, online ordering or delivery services. Our delivery and catering policies and procedures in the Franchise Operations Manual shall be subject to change at any time. We may also allow you to provide catering and delivery services close to other Cotti Coffee Stores without compensating the operators of those Stores. These policies may also allow other Cotti Coffee Stores to provide catering and delivery services close to your Cotti Coffee Store without compensating you. We also may require that you discontinue catering and/or delivery services in our sole discretion.

13. TECHNOLOGY

13.1 Technology

You must utilize the technology, including software, computer hardware and components, point of sale system, cash register(s), communication equipment, and other related accessories or peripheral equipment (collectively, “Technology”) that we require. We may change the Technology that you must use for your Cotti Coffee Store at any time. You will utilize the Technology in connection with the Cotti Coffee Store pursuant to the policies and procedures as contained in the Franchise Operations Manual. We currently do not charge you a fee for your use of our proprietary technology or software.

For other required Technology, you agree at your expense to use any approved supplier that we require. We may change or add approved suppliers of this Technology at any time, in our sole discretion. You will, at your expense, purchase and maintain any required communication services, Internet services (including the requirement to maintain a high-speed Internet connection), dedicated telephone and power lines. You acknowledge and agree that changes to Technology are dynamic and not predictable within the Term of this Franchise Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of Technology in the System and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section for that purpose. You will keep the Technology in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to Technology, as we may specify periodically. There is no limitation on the frequency and cost of your obligation to maintain, update or upgrade your Technology or its components. You acknowledge that you are solely responsible for protecting your Cotti Coffee Store from computer viruses, bugs, failures, data breaches and attacks by hackers and other unauthorized intruders in the Technology.

13.2 Proprietary Software

We have developed proprietary software that is used by Cotti Coffee franchisees, us, and the customers, including without limitation, Cotti Station APP, Cotti Partners APP, third-party integrations (“Proprietary Software”). We may continue to develop these and other Proprietary Software. We may require you to enter into a license agreement with us (or our affiliate) for the use of such Proprietary

Software. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We currently do not charge you a fee for your use of our Proprietary Software.

13.3 Our Access

You will provide any assistance we require to connect to the Technology. We will have the right at any time to retrieve data and other information from your Technology as we, in our sole discretion, deem necessary or desirable. You shall ensure that we have access at all times to any Technology that we request, at your cost. You must provide us with any and all requested codes, passwords and information necessary to access your Technology at our request.

14. TRANSFER BY US

This Franchise Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) (including any Cotti Coffee Master Franchisee) to our interest in this Franchise Agreement; provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Franchise Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Franchise Agreement to one or more designees without assigning this Franchise Agreement.

We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

15. TRANSFER BY YOU

15.1 Approval

For purposes of this Franchise Agreement, “Transfer” means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree) assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the Franchise Agreement, the Cotti Coffee Store (or any portion thereof), or a direct or indirect ownership interest in an Entity that is the franchisee (or any interest therein), including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

Neither you nor any Owner may engage in any Transfer without our prior written approval. Any Transfer without our approval shall be void and constitute a breach of this Franchise Agreement. Our consent to a Transfer shall not constitute a waiver of any claims we may have against you or the Owners, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the Franchise Agreement by the transferee.

15.2 Our Right of First Refusal

If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the Cotti Coffee Store (our “Right of First Refusal”). If we notify you that we intend to purchase the Cotti Coffee Store within such 30-day period, you or the Owner, as applicable, must sell the Cotti Coffee Store to us on the

same terms as are contained in the offer that you received; provided that we may substitute cash for any non-cash form of payment proposed in the offer.

We will have at least an additional 30 days to conduct a due diligence review and to prepare for closing. You agree to provide us with all information and records that we request concerning the Cotti Coffee Store, and we will have the absolute right to terminate the obligation to purchase the Cotti Coffee Store for any reason during the due diligence period. You and we will act in good faith to agree on the terms and conditions of the written offer, and closing will take place on the 61st day following receipt of your offer. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of this Section (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the Right of First Refusal specified in this Section.

Our Right of First Refusal is fully transferable by us to any affiliate or third party.

15.3 Transfer Conditions

We will not unreasonably withhold our approval of any proposed Transfer; provided that the following conditions are all satisfied ("Transfer Conditions"):

- 15.3.1 **Written Notice.** You have provided us with written notice of the proposed Transfer at least 45 days prior to the transaction. You must also submit a copy of the proposed purchase agreement together with all supporting documents and schedules between you and the proposed transferee to us for our review to ensure that the Transfer does not violate any term of this Franchise Agreement.
- 15.3.2 **Qualified Transferee.** The proposed transferee is, in our opinion, an individual of good moral character who has sufficient business experience, aptitude and financial resources to own and operate a Cotti Coffee Store and otherwise meets all of our then-applicable standards for franchisees and the purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or threaten the future operation of the Cotti Coffee Store.
- 15.3.3 **Monetary Obligations.** All of your monetary obligations to us and our affiliates have been paid in full and you and the Owners are in full compliance with the terms of this Franchise Agreement and all other agreements with us or our affiliate(s) and have cured all existing defaults of this Franchise Agreement.
- 15.3.4 **Training.** The transferee has (or if the transferee is an Entity, its approved Responsible Owner or any Store Manager have) successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the training fee).
- 15.3.5 **Licenses and Permits.** The transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Cotti Coffee Store.
- 15.3.6 **New Franchise Agreement.** You must request that the transferee be provided with our then-current form of franchise disclosure document. You agree that we will not be liable for any representations

that you or your Owners make that are inconsistent with such franchise disclosure document. The transferee and its owners sign our then-current form of franchise agreement and related documents, including, but limited to, our then-current form of Franchise Owner Agreement or other guaranty (unless we, in our sole discretion, instruct you to assign this Franchise Agreement to the transferee), except that: (i) the Term and successor term(s) shall be the Term and successor term(s) remaining under this Franchise Agreement; and (ii) the transferee does not need to pay a separate initial franchise fee.

- 15.3.7 **Transfer Fee.**We do not charge a transfer fee, however you must reimburse us for all of our fees and costs, including attorney fees.
- 15.3.8 **General Release.**You and each of your Owners sign a general release in the form we prescribe for all known and unknown claims against us, our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees which arise before or contemporaneously with the Transfer. If the proposed transferee has any previous relationship with us or our affiliates, then the proposed transferee must also execute a general release.
- 15.3.9 **Right of First Refusal.**We do not elect to exercise our Right of First Refusal.
- 15.3.10 **Subordination.**We may, in our sole discretion, require you to enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the Franchise Agreement.
- 15.3.11 **Site.**Your landlord consents to your assignment of the lease for the Site to the transferee, or the transferee is diligently pursuing an approved substitute location within the Territory.
- 15.3.12 **Remodel.**You must remodel your Site to comply with our then-current standards and specifications, or you obtain a written commitment from the transferee to do so.
- 15.3.13 **Other Conditions.**You and each of your Owners agree to comply with all obligations that survive the termination, expiration or Transfer of this Franchise Agreement. The transfer must be made in compliance with any laws that apply to the transfer including all laws governing the offer and sale of franchises. You or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

15.4 Transfer to an Entity

If you are an individual, you may transfer your ownership interests to an Entity provided that: (i) the Owner or Owners of the Entity are the same persons who signed this Franchise Agreement and (ii) you comply with the Transfer Conditions. Our Right of First Refusal will not apply for a Transfer conducted under this Section and you must reimburse us for all of our fees and costs, including attorney fees (in lieu of the Transfer Fee), associated with your Transfer to the Entity. In lieu of entering into a new Franchise Agreement, you will be required to enter into any required documentation, which may include an approval of transfer agreement, a general release of claims and a Franchise Owner Agreement in the forms that we prescribe.

15.5 Death or Disability

Upon the death or disability of you (if you are an individual) or of an Owner (if you are an Entity), your interest in the Cotti Coffee Store or the Owner's ownership interest in you, as applicable, must be assigned to a third party or another Owner approved by us within 180 days of such person's death or disability, as the case may be. For purposes of this Section, a person is deemed to have a disability only if the person has a medical or mental illness, problem or incapacity that would prevent the person from substantially complying with his or her obligations under this Franchise Agreement or otherwise operating the Cotti Coffee Store in the manner required by this Franchise Agreement and the Franchise Operations Manual for a continuous period of at least 90 consecutive calendar days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is disabled, the existence of disability will be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then (for the purpose of this Section) the person automatically will be considered disabled as of the date of refusal. Your (or the deceased Owner's) estate or legal representative must apply to us for the right to Transfer to the next of kin within 120 calendar days after your or your Owner's death or disability. We may appoint an Interim Manager and charge you our actual cost if the death or disability of you or any Owner has any impact on the Cotti Coffee Store.

16. INTELLECTUAL PROPERTY

16.1 Ownership and Use of Intellectual Property

For purposes of this Franchise Agreement, "Intellectual Property" means the Marks, copyrighted materials, "Confidential Information" (defined below), Proprietary Software and its content, the System and "Improvements" (defined below). You acknowledge that: (i) us, or our affiliates, if applicable, are the sole and exclusive owner of the Cotti Coffee Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Franchise Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Cotti Coffee Store during the Term pursuant to, and only in compliance with, this Franchise Agreement, the Franchise Operations Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service, or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You agree to comply with all provisions of the Franchise Operations Manual governing your use of the Intellectual Property. This Franchise Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property. You agree that during the Term of this Franchise Agreement and after its termination, expiration or Transfer you will not, directly or indirectly, contest our interest in the Intellectual Property.

For purposes of this Franchise Agreement, "Confidential Information" means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Cotti Coffee Store, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System, the Franchise Operations Manual, written directives and all drawings, equipment, computer and point of sale programs (and output from such programs), proprietary software or technology, information stored on or accessible through our Proprietary Software, and any other information, know-how, techniques, material and data imparted or made available by us to you.

For purposes of this Franchise Agreement, "Improvements" means any improvements or additions to the System, marketing, method of operation, or the products or services offered by a Cotti Coffee Store.

16.2 Changes to Intellectual Property

We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, Proprietary Software, our copyrights or the Confidential Information. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days, at your expense. We will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

16.3 Use of Marks

You agree to use the Marks as the sole identification of your Cotti Coffee Store; provided, however, you must identify yourself as the independent owner of your Cotti Coffee Store in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you by this Franchise Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate, and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours. You agree that any use of the Marks by you and your Cotti Coffee Store shall contribute and inure to our benefit.

Upon our request, you agree to display in a conspicuous location in your Site, a sign containing a notice stating that your Cotti Coffee Store is owned and operated independently by you.

16.4 Use of Confidential Information

You acknowledge that you will use the Confidential Information only in the operation of the Cotti Coffee Store, and you will not disclose Confidential Information to others, except as expressly authorized by this Franchise Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including safeguarding access to the Franchise Operations Manual. You will not copy or permit copying of Confidential Information. Your obligations under this Section begin when you sign this Franchise Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus three years. We will respond promptly and in good faith to any inquiry by you about continued protection of any Confidential Information.

All data that you collect, create, provide or otherwise develop (including, but not limited to, customer information and customer lists) is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the Term of this Franchise Agreement and solely for your use in connection with the Cotti Coffee Store. You agree to provide us with the information that we reasonably require with respect to data and cybersecurity requirements. You agree to indemnify us for any loss of data, including, but not limited to, customer information resulting from a breach of such data caused, in whole or in part, by you.

The restrictions on the disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information: (i) made in confidence to a government official, either directly or

indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (iii) made in cases of suit for retaliation based on the reporting of a suspected violation of law, disclosure of Confidential Information to an attorney, and for use of the Confidential Information in such court proceeding, so long as any document containing the Confidential Information is filed under seal and Confidential Information is not otherwise disclosed except pursuant to court order.

We do not make any representation or warranty that your use of the System and Confidential Information will not infringe on the patent, copyright or other proprietary rights of third parties. You agree that we will have no liability to you in the event that the System and/or any Confidential Information is held not to be secret or confidential or in the event that any infringement of others' proprietary rights occurs because of your use of the System and Confidential Information.

16.5 Improvements

If you conceive of or develop any Improvements, you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we authorize to operate a Cotti Coffee Store, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Cotti Coffee Store. These obligations shall survive the termination, expiration or Transfer of this Franchise Agreement.

16.6 Notification of Intellectual Property Issues

You must notify us as soon as possible, but no later than three (3) business days of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding, or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

17. BRAND COVENANTS

17.1 Reason for Covenants

The covenants in this Section 17 shall be referred to as the “Brand Covenants.”

You acknowledge that the System is distinctive and has been developed by us and/or our affiliates at great effort, time and expense, and that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Franchise Agreement. You also acknowledge that competition by you, the Owners, or persons associated with you or the Owners (including family members) could seriously jeopardize the entire System because you and the Owners have received an advantage through knowledge of our day-to-day operations and Confidential Information related to the

System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our System.

17.2 Unfair Competition During the Term

For purposes of this Franchise Agreement, “Competitive Business” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by the Cotti Coffee Store; or (ii) provides or offers to provide services the same as or similar to the type of services sold by you, but excludes a Cotti Coffee Store operating pursuant to a franchise agreement with us. A Competitive Business shall not include ownership of up to five percent (5%) of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any business that otherwise would meet the definition of a Competitive Business.

You agree not to compete with us during the Term by engaging in any of the following activities (“Prohibited Activities”): (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in any Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); (iii) inducing any customer of ours (or of one of our affiliates’ or franchisees’) to transfer their business to you or to any other person that is not then a franchisee of ours; or (iv) inducing or attempting to induce any employees or workers of ours (or of one of our affiliates’ or franchisees’) to leave their employment with us (or of one of our affiliates or franchisees).

17.3 Unfair Competition After the Term

For purposes of this Section, the “Restricted Period” means a period of one year after the termination, expiration or Transfer of this Franchise Agreement. For purposes of this Section, the “Restricted Territory” means the geographic area within a two-mile radius of the Site.

During the Restricted Period, you agree that you will not engage in any Prohibited Activities within the Restricted Territory and that you will cause each of your Owners to not engage in any Prohibited Activities within the Restricted Territory. If you or any Owner engages in a Prohibited Activity within the Restricted Territory during the Restricted Period, then the Restricted Period applicable to you (and applicable to each non-compliant Owner under the Franchise Owner Agreement) will be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

17.4 Employees and Others

Any Store Manager and, if you are an Entity, any officer that does not own equity in you must sign our current System Protection Agreement. You must ensure that all of your employees, officers, directors, partners, members, independent contractors, and other persons associated with you or your Cotti Coffee Store who may have access to our Confidential Information, and who are not required to sign a System Protection Agreement, sign the Confidentiality Agreement before having access to our Confidential Information. You must use your best efforts to ensure that these individuals comply with the terms of the Confidentiality Agreements and System Protection Agreements, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement or System Protection Agreement, including reasonable attorney fees and court costs.

17.5 Covenants Reasonable

The parties agree that of the Brand Covenants will be construed as independent of any other covenant or provision of this Franchise Agreement. It is the parties' intent that the provisions of this Section be judicially enforced to the fullest extent permissible under applicable law. If all or any portion of any Brand Covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, you agree to be bound by any lesser covenant subsumed within the terms of such Brand Covenant that imposes the maximum duty permitted by law, as if the resulting Brand Covenant were separately stated in and made a part of this Section. Accordingly, the parties agree that any reduction in scope or modification of any part of the non-competition provisions contained herein shall not render any other part unenforceable. You acknowledge and agree that: (i) the terms of this Franchise Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Cotti Coffee franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Cotti Coffee Store; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Franchise Agreement. You hereby waive any right to challenge the terms of the Brand Covenants as being overly broad, unreasonable or otherwise unenforceable.

We have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any Brand Covenant without your consent (before or after any dispute arises), effective when we give you written notice of this reduction and you agree to comply with any covenant as so modified.

17.6 Breach of Covenants

You agree that failure to comply with the terms of Brand Covenants will cause substantial and irreparable damage to us and/or other Cotti Coffee franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Section 17 will entitle us to injunctive relief. We may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Franchise Agreement are exclusive of any other, but may be combined with others under this Franchise Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of the Brand Covenants.

18. INSURANCE

Before your Cotti Coffee Store first opens for business, you will obtain insurance in the types and amounts specified herein. You will maintain all required insurance in force during the Term of this Franchise Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Franchise Agreement.

We currently require you to maintain the following insurance coverages: (i) comprehensive general liability insurance including product liability, property damage, personal injury liability, bodily injury coverage and premises/operation liability for the Cotti Coffee Store and its operations with a limit of not less than \$2,000,000 combined single limit, written on an occurrence form, or such greater limit as may be required as part of any lease agreement for the Cotti Coffee Store; (ii) automobile liability insurance for non-owned automobiles including personal injury, wrongful death and property damage with single limit

coverage in an amount not less than \$1,000,000, and this should include med-pay coverage; (iii) unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of the law; (iv) plate glass insurance for coverage of your Cotti Coffee Store' windows and storefront displays; (v) steam boiler insurance; and (vi) all-risk personal property insurance in an amount equal to at least 100% of the replacement costs of the contents and tenant improvements located at the Cotti Coffee Store.

Our insurance requirements are subject to change during the Term of this Franchise Agreement, and you agree to comply with each such change. You agree to provide us a copy of your Certificate of Insurance or other proof of coverage prior to opening, within ten days of any renewal of a policy, and at any other time on demand. You agree to obtain these insurance policies from insurance carriers that are rated "A" or better by A.M. Best & Company, Inc. and that are licensed and admitted in the state in which you operate your Cotti Coffee Store. All insurance policies (except for employment liability insurance policies) must be endorsed to: (i) name us, any affiliate we require, our members, officers, directors and employees, as additional insureds ("Additional Insureds"); (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30-days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten days' notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards, or other relevant changes in circumstances.

If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Franchise Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten days after invoicing, all costs and premiums that we incur, plus a twenty percent (20%) administrative surcharge.

19. REPORTING REQUIREMENTS

19.1 Books and Records

You agree to record all transactions and Gross Revenue of your Cotti Coffee Store in the manner that we specify. You agree to prepare and maintain for at least seven years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Cotti Coffee Store including a list of all customers that your Cotti Coffee Store does business with and all contracts that your Cotti Coffee Store enters into. You must send us copies of your books, records, customer data and contracts within five days of our request. This obligation survives the expiration, termination or Transfer of this Franchise Agreement.

19.2 Reports

If requested by us, you will prepare and submit other reports and information about your operations as we may request in writing or as required by the Franchise Operations Manual. You will submit all required reports in the formats and by the due dates specified by us. We may modify frequency for submission of all reports. If you do not submit any required report by the due date, we will debit your Franchise Bank Account a late fee of \$100 per occurrence and \$100 per week until you submit the required report. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted

using the formats and communication media that we specify. If requested by us, your profit and loss statements and balance sheets must be certified by a certified public accountant at your expense, and you will cause your certified public accountant, if any, to consult with us concerning such statements and balance sheets at your cost.

19.3 Financial and Tax Statements

You will deliver a balance sheet, profit and loss statement, statement of cash flows and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis (“Financial Statements”) to us annually within 30 days of the end of your fiscal year. All Financial Statements must be in the form specified by us and must conform to our standard chart of accounts as prescribed by us. We have the right to use such Financial Statements in our franchise disclosure document to make financial performance representations and to share these reports on a system-wide intranet or other similar means.

You must also provide us with complete signed copies of all state sales tax returns and state and federal income tax returns covering the operation of the Cotti Coffee Store within 30 days of filing. If you do not submit the Financial Statements or tax returns to us by the deadline, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit required Financial Statements or tax returns.

19.4 Legal Compliance

You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Cotti Coffee Store, and operate and manage your Cotti Coffee Store in full compliance with all applicable laws, ordinances, rules and regulations. You are solely responsible for complying with all federal, state and local tax laws, agree to timely pay all applicable federal, state and local taxes, and timely file all returns, notices and other forms required to comply with all federal, state and local tax laws in connection with the operation of the Cotti Coffee Store. It is your responsibility to make sure that you comply with all laws that are applicable to the Technology.

You must notify us in writing within three (3) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Cotti Coffee Store or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects a claim that you have failed to fully comply with the law, rule or regulation.

You agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent and warrant that none of your property or interests is subject to being blocked under, and that you and the owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, rules, regulations, policies, lists and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or the Owners, or any blocking of your or the Owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Franchise Agreement.

20. INSPECTION AND AUDIT

20.1 Inspections

To ensure compliance with this Franchise Agreement, we or our representatives will have the right to enter your Site, evaluate your Cotti Coffee Store operations, and inspect or examine your books, records, accounts and tax returns. We may also interview personnel and customers of the Cotti Coffee Store. Our evaluation may include observing or participating during business hours. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Cotti Coffee Store, and you, your employees and independent contractors will cooperate and not interfere with our inspection. You consent to us accessing your Technology and retrieving any information that we deem appropriate in conducting the inspection.

If any such inspection indicates any deficiency or unsatisfactory condition, including quality, cleanliness, service, health and authorized product line, we will notify you in writing of your noncompliance with the System, Franchise Operations Manual, or this Franchise Agreement and you shall promptly correct or repair such deficiency or unsatisfactory condition. In addition, if you fail any food safety inspection, cleanliness inspection or other inspection or audit that we or our designee, any applicable Store association or any public health and safety agency conducts, you will be required to undergo an additional inspection or audit at your sole expense. You agree to reimburse us or the third-party auditor directly upon invoicing. We may require you to take, and you agree to take, immediate corrective action, which action may include temporarily closing the Cotti Coffee Store.

20.2 Audit

We have the right, at any time, to have an independent audit made of the books and financial records of your Cotti Coffee Store. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. Any audit will be performed at our cost and expense unless the audit: (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Franchise Agreement; or (ii) reveals an understatement of any amount due to us by at least two percent (2%) in any week, in which case you agree to reimburse us for the cost of the audit and inspection, including, without limitation, any amount that you owe us, together with any related expenses and Late Fees, and reasonable accounting and legal expenses and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten days after invoicing. We shall not be deemed to have waived our right to terminate this Franchise Agreement by accepting reimbursements of our audit costs.

21. INDEMNITY

21.1 Your Indemnification of Us

Independent of your obligation to procure and maintain insurance, you and your Owners will indemnify, defend and hold us and our affiliates, the respective officers, directors, managers, partners, shareholders, members, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all of these persons or entities (collectively, the “Indemnified Parties”) harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments or obligations to make payments either (i) to or for third-party claimants by any and all Indemnified Parties, including refunds, or (ii) incurred by any and all Indemnified Parties to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts’ fees, court costs, settlement amounts, judgments and costs of

collection (collectively, “Losses and Expenses”), incurred by any Indemnified Parties for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence, product or service involving the Cotti Coffee Store or this Franchise Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; and any breach or violation of any agreement (including this Franchise Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, managers, employees, owners and agents of you or your affiliates, including when the active or passive negligence of any Indemnified Parties is alleged or proven.

You agree to give us notice of any action, suit, proceeding, claim, demand, inquiry or investigation described above. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorney fees, within ten days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorney fees.

22. TERMINATION BY YOU

You may terminate this Franchise Agreement without cause within thirty (30) days of the Effective Date of this Franchise Agreement.

You may terminate this Franchise Agreement if you are in full compliance and we materially breach this Franchise Agreement and fail to cure the breach within 60 days after you send us a written notice specifying the nature of the breach.

You may also terminate this Franchise Agreement if you and we mutually agree, in our sole discretion, which may be withheld, in writing to terminate this Franchise Agreement. In such an event, you and we will be deemed to have waived any required notice period.

If you terminate this Franchise Agreement, you must still comply with your post-termination obligations described below and all other obligations that survive the expiration or termination of this Franchise Agreement.

23. TERMINATION BY US

The rights to terminate the Franchise Agreement in the Section shall be referred to as our “Termination Rights.”

23.1 Automatic Termination Without Notice

You shall be in default under this Franchise Agreement, and we may automatically terminate all rights granted to you by this Franchise Agreement without notice if (i) you file or cause to be filed a petition in bankruptcy or you are adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); or (ii) you admit to your inability to meet your

financial obligations as they become due, or make a disposition for the benefit of its creditors (unless prohibited by law); or (iii) a receiver or custodian (permanent or temporary) is appointed for any of your assets or property; or (iv) a final judgment in excess of \$10,000 against you remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment), except that we may provide you with additional time to satisfy the judgment if you demonstrate that you are using commercially reasonable efforts to resolve the issues related to the judgment.

23.2 Option to Terminate Without Opportunity to Cure

We may, in our sole discretion, terminate this Franchise Agreement immediately upon written notice to you, without opportunity to cure, upon the occurrence of any of the following events, each of which constitute material events of default under this Franchise Agreement.

- 23.2.1 Failure to Open. If you fail to open your Cotti Coffee Store within the time period required.
- 23.2.2 Material Misrepresentation. If you or any Owner commits any fraud or makes any material misrepresentation to us, whether occurring before or after the Effective Date.
- 23.2.3 Violation of Law. If you fail, for a period of 10 days after having received notification of noncompliance from us or any governmental or quasi-governmental agency or authority, to comply with any federal, state or local law or regulation applicable to the operation of the Cotti Coffee Store.
- 23.2.4 Criminal Offense. If you or any of your Owners, officers, directors, or key employees is convicted of or pleads guilty or nolo contendere to a felony or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect our reputation, the System, or the Marks. If the crime or offense is committed by an Owner other than a Responsible Owner, then we may, in our sole discretion, terminate if such Owner fails to sell its ownership interest in the Entity to any of the other Owners within 30 days after the conviction or guilty plea, whichever first occurs.
- 23.2.5 Under-Reporting. If an audit or investigation discloses that you have knowingly maintained false books or records, or submitted false reports to us, or knowingly understated its Adjusted Gross Margin or Gross Revenue or withheld the reporting of same, or, if, on two or more occasions in any single 24 month period, any audits or other investigations reveals an under-reporting or under-recording error of two percent (2%) or more, or on any single occasion any audit or other investigation reveals an under-reporting or under-recording of five percent (5%) or more.
- 23.2.6 Intellectual Property Misuse. If you misuse or make any unauthorized use of the Marks or otherwise impair the goodwill of our rights, or you take any action which reflects unfavorably upon the operation and reputation of the Cotti Coffee Store, the System, or the Cotti Coffee brand generally. If your employees or independent contractors engage in any of the same actions described above, unless you shall have exercised your best efforts to prevent such disclosures or use.
- 23.2.7 Health or Safety Violations. If you manage or operate your Cotti Coffee Store in a manner that presents a health or safety hazard to your customers, employees or the public.
- 23.2.8 Abandonment. If you abandon or fail to operate your Cotti Coffee Store for either (i) three consecutive calendar days, or (ii) seven calendar days cumulatively within any calendar year, unless you had received our prior written authorization to do so.

- 23.2.9 Failure to Pay. If you fail to pay any amount owed to us or an affiliate of ours within ten days after receipt of a demand for payment.
- 23.2.10 Unauthorized Transfer. If you attempt to sell, Transfer, encumber or otherwise dispose of any interest in you, this Franchise Agreement or the Cotti Coffee Store in violation of Section 15 of this Franchise Agreement.
- 23.2.11 Brand Covenants. If you or any of your Owners violates any of the Brand Covenants.
- 23.2.12 License/Permits. If a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Cotti Coffee Store, even if you or the Owner still maintain appeal rights.
- 23.2.13 Failure to Complete Initial Training. If you or any required attendee fails to attend and complete the initial training program within the time period prescribed in this Franchise Agreement.
- 23.2.14 Repeated Defaults. If you commit a default of any obligation under this Franchise Agreement and have previously received two or more written notices of default from us within the preceding 12 months, regardless of whether any default is cured.
- 23.2.15 Cross Default. If we terminate any other agreement between you and us, or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.
- 23.2.16 Franchise Owner Agreement Default. If any Owner breaches a Franchise Owner Agreement.
- 23.2.17 Site Issues. If: (i) if you fail to secure a fully executed lease for the Site approved by us within the time period required; or (ii) if you fail to secure a renewal lease for the Site approved by us within a reasonable amount of time; or (iii) the Site or your assets are seized, taken over or foreclosed by a government official in the exercise of its duties, or by a creditor or lienholder provided that a final judgment against you remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or (iv) a levy of execution of attachment has been made upon the license granted by this Franchise Agreement or upon any property used in the Site, and it is not discharged within five days of such levy or attachment; or (v) you permit a mechanics lien to be recorded against the Site or any equipment at the Site which is not released within 60 days, or if any person commences any action to foreclose on the Site or said equipment; or (vi) a condemnation or transfer in lieu of condemnation has occurred; or (vii) if you default under the lease for your Site and you do not cure the default within the cure period set forth by the landlord or your lease is otherwise terminated due to your default.
- 23.2.18 Public Disparagement and Harmful Conduct.

If you, any Owner, or any of your or their employees, representatives, or agents, in any manner or through any channel, including but not limited to the internet, social media platforms, news media, online forums, or other public venues, engage in any conduct that, in our reasonable judgment, is damaging or potentially damaging to the reputation, goodwill, or brand image of Cotti Coffee, the System, or our Affiliates. Such conduct includes, without limitation: publishing or disseminating false, misleading, defamatory, derogatory, or disparaging statements about us, our Affiliates, our brand, our products, our services, or our personnel; publicly insulting, threatening, harassing, or abusing any of our officers, directors, employees, or representatives; or otherwise engaging in conduct that harms or is reasonably likely to harm the public perception, credibility, reputation, or goodwill associated with the Cotti Coffee brand.

23.3 Termination with Notice and Opportunity to Cure

In addition to our Termination Rights, we may, in our sole discretion, terminate this Franchise Agreement upon 30 days' written notice if you or an Owner fails to comply with any other provision of this Franchise Agreement (including failure to comply with any provision in the Franchise Operations Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period, each of which shall constitute a material event of default under this Franchise Agreement. If we deliver a notice of default to you pursuant to this Section, we may suspend performance of any of our obligations under this Franchise Agreement until you fully cure the breach.

24. LIQUIDATED DAMAGES

24.1 In Term

If you or an Owner is in default of this Franchise Agreement or any other agreement with us, or fails to comply with any provision relating to our System standard or goodwill in this Franchise Agreement (including any mandatory provision in the Franchise Operations Manual), we may request liquidated damages ranging from \$100 to \$2,000 per occurrence. You and we acknowledge the need to maintain our system standard and goodwill, and also acknowledge and agree it would be impracticable to determine precisely the damages we would incur from the noncompliance or default mentioned above. You and we consider this liquidated damages provision to be a reasonable, good-faith pre-estimate of those damages. You must promptly rectify the noncompliance or default and submit a written report to us on the corrective actions taken within the time specified by us. You must also pay the corresponding liquidated damages as required. If the payment is not made by the due date, we have the right to directly deduct the amount from your Deposit.

24.2 Post Term

Upon termination of this Franchise Agreement by us due to your default of this Franchise Agreement or following your purported termination without cause, the Deposit shall be forfeited and shall not be refunded to you. You and we acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Franchise Agreement's termination, the loss of cash flow from any Service Fee due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Service Fee would have grown over what would have been this Franchise Agreement's remaining Term. You and we consider this liquidated damages provision to be a reasonable, good-faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Service Fee. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Franchise Agreement other than the Service Fee. You agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the payment of the Service Fee.

25. POST TERM OBLIGATIONS

The obligations contained in this Section shall be referred to as your "Post Term Obligations." After the termination, expiration or Transfer of this Franchise Agreement, you agree to undertake each and every one of the obligations listed in this Section.

25.1 Cease Operations

Immediately cease to be a franchise owner of the Cotti Coffee Store under this Franchise Agreement and cease to operate the Cotti Coffee Store under the System. You agree to not hold yourself out to the public as a present or former franchise owner of the Cotti Coffee Store.

25.2 Intellectual Property

Immediately cease to use the Intellectual Property in any manner whatsoever and not use any trademarks or trade names that may be confusingly similar to the Intellectual Property. You acknowledge and agree that any continued use of the Marks would constitute trademark infringement.

25.3 Monetary Obligations

Pay us all amounts that you owe us and our affiliates.

25.4 Surviving Covenants

Comply with all covenants described in this Section and otherwise in this Franchise Agreement that apply after the expiration, termination or Transfer of this Franchise Agreement or of an ownership interest by an Owner.

25.5 Branded Items

Return all copies of the Franchise Operations Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms and any other materials bearing or containing any of the Marks, our copyrights or other identification relating to a Cotti Coffee Store, unless we allow you to Transfer such items to an approved transferee.

25.6 Technology and Data

Return all copies of any software we license to you (and delete all such software from your computer memory and storage), provide us the then-current customer list and contracts that your Cotti Coffee Store has entered into and transfer all login information and data from any Technology, social media accounts and email addresses from your Cotti Coffee Store.

25.7 Entity Name

Take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks.

25.8 Identifiers and Advertisements

Immediately stop using all telephone numbers, advertisements, domain names and social media accounts associated with the Cotti Coffee Store. Notify all telephone companies, listing agencies, social media companies and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use the following, and immediately transfer to us: (A) the telephone numbers,

accounts and/or domain names, if applicable, related to the operation of your Cotti Coffee Store; and (B) any online listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so).

25.9 Modifications

Remove all trade dress, equipment, software and property owned by us and make such modifications and alterations to the Site that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party using any of the inventory, the Site, equipment used in the operation of the Cotti Coffee Store; provided, however, that this subsection shall not apply if your Cotti Coffee Store is transferred to an approved transferee or if we exercise our right to purchase your entire Cotti Coffee Store. If you fail to do so, you must pay us any expenses we incur to de-identify your Site.

25.10 Customers

We may contact customers of your Cotti Coffee Store and offer such customers continued rights to use one or more Cotti Coffee franchises on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising or relating to those customers or act or failure to act by you or your Cotti Coffee Store.

25.11 Compliance Evidence

Provide us with written satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Franchise Agreement.

26. RIGHT TO PURCHASE

26.1 Generally

Upon the expiration or termination of this Franchise Agreement for any reason, we will have the right but not the obligation to purchase from you some or all of the assets used in the Cotti Coffee Store (“Acquired Assets”). We may exercise our option to begin this process by giving written notice to you at any time following expiration or termination up until 30 days after the later of: (a) the effective date of expiration or termination; or (b) the date you cease operating the Cotti Coffee Store (the “Specified Date”). We have the right to inspect the assets used in the Cotti Coffee Store in order to determine which we wish to acquire and any refusal by you to cooperate with our right to inspect will extend the Specified Date by an equal period. The term “Acquired Assets” means, without limitation, equipment, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Cotti Coffee Store, all licenses necessary to operate the Cotti Coffee Store (if transferable) and the real estate fee simple or the lease or sublease for the Site. Customer information and customer lists are owned by us and accordingly are not included within the definition of “Acquired Assets” and must be returned to us without charge upon expiration or termination. You may not sell the information or lists to a third party. We will be entitled to the entry of interlocutory and permanent orders of specific performance by a court of competent jurisdiction

if you fail or refuse to timely meet your obligations under this Section. We will have the unrestricted right to assign this option to purchase the Acquired Assets. We or our assignee will be entitled to all customary representations and warranties, including that the Acquired Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Acquired Assets, whether contingent or otherwise.

26.2 Purchase Price

The purchase price for the Acquired Assets (“Purchase Price”) will be their fair market value (or, for leased assets, the fair market value of the lease), determined as of the Specified Date in a manner that accounts for reasonable depreciation and condition of the Acquired Assets; provided, however, that the Purchase Price will take into account the termination of this Franchise Agreement. The Purchase Price for the Acquired Assets will not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Cotti Coffee Store nor any goodwill or “going concern” value for the Cotti Coffee Store. We may exclude from the Acquired Assets purchased in accordance with this Section any equipment, furnishings, fixtures, signs, and inventory that are not accepted as meeting then-current standards for a Cotti Coffee Store or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

If you and we are unable to agree upon a fair market value, we may withdraw our offer to purchase.

26.3 Access to Cotti Coffee Store

The Qualified Appraiser will be given full access to the Cotti Coffee Store, the Site and your books and records during customary business hours to conduct the appraisal and will value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section.

26.4 Exercise of Option; Operation

Within 10 days after the Purchase Price has been determined, we may fully exercise our option to purchase the Acquired Assets by so notifying you in writing (“Purchase Notice”). The Purchase Price will be paid in cash or cash equivalents at the closing of the purchase (“Closing”), which will take place no later than 60 days after the date of the Purchase Notice. From the date of the Purchase Notice until Closing, you will operate the Cotti Coffee Store and maintain the Acquired Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Franchise Agreement. During such time, we may exercise step-in rights, and be entitled to our actual cost. Alternatively, we may require you to close the Cotti Coffee Store during that time period without removing any Acquired Assets from the Cotti Coffee Store.

26.5 Due Diligence

For a period of 30 days after the date of the Purchase Notice (“Due Diligence Period”), we will have the right to conduct such investigations as we deem necessary and appropriate. You will grant us and our representatives access to the Cotti Coffee Store and the Site at all reasonable times for the purpose of

conducting inspections of the Acquired Assets; provided that such access does not unreasonably interfere with your operations of the Cotti Coffee Store.

Prior to the end of the Due Diligence Period, we will notify you in writing of any objections that we have to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection or defect in the working condition of the Acquired Assets, we will have the option to either accept the condition of the Acquired Assets as they exist or rescind our option to purchase on or before the Closing.

26.6 Closing

We will have the right to set off against and reduce the Purchase Price by any and all amounts owed by you to us or our affiliates, and the amount of any encumbrances or liens against the Acquired Assets or any obligations assumed by us. If you cannot deliver clear title to all of the purchased Acquired Assets as indicated in this Section, or if there are other unresolved issues, the Closing will be accomplished through an escrow.

27. DISPUTE RESOLUTION

27.1 Mediation Requirement

Except for any “Litigation Exceptions” as defined below, without limiting our Termination Rights, all claims or disputes between you and us or our affiliates arising out of, or in any way relating to, this Franchise Agreement, or any of the parties’ respective rights and obligations arising out of this Franchise Agreement, shall be submitted first to non-binding mediation (“Required Mediation”) prior to a hearing in binding arbitration. Before commencing any mediation against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Such mediation shall take place in the State of Delaware under the auspices of the American Arbitration Association (“AAA”), or other mediation service acceptable to us in our sole discretion, in accordance with AAA’s Commercial Mediation Procedures then in effect. You may not commence any action against us or our affiliates with respect to any such claim unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator’s fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

27.2 Arbitration

If the parties cannot fully resolve and settle a dispute through Required Mediation, all unresolved issues involved in the dispute shall be, at the request of either party, submitted to final and binding arbitration to be conducted in Delaware by AAA (if AAA or any successor thereto is no longer available for arbitration in such city, you and we will agree on another arbitration organization to conduct the arbitration proceeding), in accordance with AAA’s Commercial Arbitration Rules and otherwise as set forth below on an individual basis (not a class action) (“Required Arbitration”).

In any arbitration proceeding, each party will submit or file any claim that would constitute a compulsory counterclaim as defined by the Federal Rules of Civil Procedure within the same proceeding

as the claim it relates to. Any claim that is not submitted or filed as required is forever barred. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable.

- 27.2.1 Notice of Arbitration. Either party may initiate an arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Franchise Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.
- 27.2.2 Selection of Arbitrator. Arbitration will be conducted before a single, neutral arbitrator who is familiar with legal disputes of the type at issue and who has franchise business or contract experience. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request AAA or successor organization, to appoint a qualified arbitrator.
- 27.2.3 Arbitrator's Decision. The arbitrator will issue a written decision within ten days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Franchise Agreement, including monetary damages and interest on unpaid amounts from date due, specific performance, injunctive and declaratory relief, and legal fees and costs, but will not have any authority to amend or modify the terms of this Franchise Agreement or to assess exemplary or punitive damages. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Franchise Agreement including, but not limited to any claim that all or any part of this Franchise Agreement is void or voidable.
- 27.2.4 Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

27.3 Disputes Not Subject to Mediation or Arbitration

The following will not be subject to Required Mediation or Required Arbitration, and you or we may immediately file a lawsuit in accordance with this Section with respect to any of the following (for purposes of this Franchise Agreement, the following shall be referred to as the "Litigation Exceptions"): (i) any action that involves an alleged breach of any Brand Covenant; (ii) any action petitioning specific performance to enforce your use of the Marks or the System or to prevent unauthorized duplication of the Marks or the System; (iii) any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, or other relief in the nature of equity, including an action to enjoin an alleged violation or harm (or imminent risk of violation or harm) to any of our rights in the Intellectual Property, our copyrighted works, Marks, the System, or in any of our specialized training,

trade secrets, or other Confidential Information, brought at any time, including prior to or during the pendency of any mediation or arbitration proceedings; (iv) any action seeking compliance with the Post Term Obligations; or (v) any action in ejectment or for possession of any interest in real or personal property.

27.4 Venue

All disputes and claims must be mediated, arbitrated and, if applicable, litigated in Delaware; provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Cotti Coffee Store is or was located or where any of your owners lives for those claims brought in under the Litigation Exceptions. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Franchise Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto.

27.5 Fees and Costs

If you breach any term of this Franchise Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable attorneys' fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings.

If we or you must enforce this Franchise Agreement in an arbitration or judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable fees for accountants, attorneys, and expert witnesses, costs of investigations and proof of facts, court costs, travel and living expenses, and other dispute-related expenses.

If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has substantially prevailed over the other party using reasonable business and arbitrator's judgment. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with this Section. If either party commences any legal action or proceeding in any court in contravention of the terms of this Section, that party shall pay all costs and expenses that the other party incurs in the action or proceeding, including, without limitation, costs and attorneys' fees as described in this Section.

27.6 Jury Trial and Class Action Waiver

WE AND YOU IRREVOCABLY WAIVE: (I) TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRING SUIT; AND (II) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

27.7 Limitation of Actions and Waiver of Punitive Damages

We and you agree that any legal action of any kind by a party arising out of or relating to this Franchise Agreement or a default of this Franchise Agreement must be commenced within one (1) year from the occurrence of the facts giving rise to any such claim or action or such claim or action will be barred provided, however, that the forgoing limitation shall not apply where required by applicable law, to the parties indemnification obligations under this Franchise Agreement or to the Litigation Exceptions. You and we, for yourselves, ourselves and on behalf of the Owners respectively, hereby waive to the fullest extent permitted by applicable law, any right to, or claim for, punitive or exemplary damages against the other, and agree that except to the extent provided to the contrary in this Franchise Agreement, in the event of a dispute you and we shall each be limited to recovering only the actual damages proven to be sustained any legal action of any kind.

27.8 Confidentiality

Except as required by applicable law, including the required disclosure in our franchise disclosure document, the entire mediation, arbitration or litigation proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

27.9 Acknowledgment

The parties acknowledge that nothing herein shall delay or otherwise limit our Termination Rights. A notice or request for arbitration or mediation will not operate to stay, postpone, or rescind the effectiveness of any demand for performance or notice of termination under this Franchise Agreement.

27.10 Survival

We and you agree that the provisions of this Section shall apply during the Term of this Franchise Agreement and following the termination, expiration, Transfer or non-renewal of this Franchise Agreement. You agree to fully perform all obligations under this Franchise Agreement during the entire mediation, arbitration or litigation process.

28. SECURITY INTEREST

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage and real estate (including your interests under all real property and personal property leases and all improvements to real estate) of the Cotti Coffee Store, together with all similar property now owned or hereafter acquired, including additions, substitutions, replacements, proceeds and products thereof, wherever located, used in connection with the Cotti Coffee Store.

You are prohibited from granting a security interest in the Cotti Coffee Store or in any of your assets without our prior written consent, which shall not be unreasonably withheld. We may take a

subordinate position in the security interest if a Small Business Administration participating or third-party lender requires a first or senior lien, and the appropriate subordination documentation is executed by all parties. This security interest shall be security for any and all Royalties, damages, expenses or other sums owed to us hereunder and for any other amounts you owe to us. You agree to execute any documents, including but not limited to, a UCC-1 (or replacements or extension) that we reasonably believe to be necessary to perfect said security interest prior to the opening of the Cotti Coffee Store, and hereby appoint us as its attorney-in-fact for the purpose of executing such documents should you fail to do so. Except with respect to your sales of inventory in the ordinary course of business, you shall not sell, transfer, lease, sublease, assign, remove, waste, destroy, encumber or relocate any of the property described herein as subject to our security interest. Further, you shall take no other action which interferes with our security interest in said property, unless and until we release our security interest in the same.

29. GENERAL PROVISIONS

29.1 Governing Law

Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Franchise Agreement and the franchise relationship shall be governed by the laws of the State of Delaware (without reference to its principles of conflicts of law), but any law of the State of Delaware that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

29.2 Relationship of the Parties

You understand that you are an independent contractor and are not authorized to make any contract, agreement, warranty or representation or create any obligation on our behalf under this Franchise Agreement. You understand and agree that nothing in this Franchise Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Cotti Coffee Store. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Franchise Agreement. You further agree that fulfillment of any and all of our obligations written in the Franchise Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

29.3 Severability and Substitution

Each section, subsection, term and provision of this Franchise Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Franchise Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Franchise Agreement. If a court concludes that any promise or covenant in this Franchise Agreement is

unreasonable and unenforceable, including without limitation, the Brand Covenants: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable and consistent with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate your obligations under the Franchise Agreement to the fullest extent permitted by law), and you agree to be bound by the modified provisions.

29.4 Waivers

We and you may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Franchise Agreement (including the right to demand exact compliance with every term, condition and covenant in this Franchise Agreement, or to declare any breach of this Franchise Agreement to be a default, and to terminate the Franchise Agreement before the expiration of its Term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Franchise Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Franchise Agreement or to insist upon exact compliance by the other with its obligations under this Franchise Agreement, including any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Cotti Coffee franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Franchise Agreement.

29.5 Approvals

Whenever this Franchise Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Franchise Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. Except where this Franchise Agreement states that we may not unreasonably withhold our approval or consent, we may withhold such approval or consent, in our sole discretion. You are not entitled to any other relief or damages for our denial of approval.

29.6 Force Majeure

No party shall be liable for any loss or damage that arises directly or indirectly through or as a result of any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Franchise Agreement where the delay or failure is due to "Force Majeure." In the event of Force Majeure, the parties shall be relieved of their respective obligations only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Franchise Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to

mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Franchise Agreement.

Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Franchise Agreement. Any delay resulting from an event of Force Majeure will extend performance accordingly or excuse performance (other than payment of money), in whole or in part, only as may be reasonable under the circumstances. However, in the event the Force Majeure continues for a period of six months or more, then the unaffected party may, at its option, terminate this Franchise Agreement by thirty (30) days prior written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under the Franchise Agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

29.7 Delegation

We have the right in our sole and absolute discretion to delegate to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted the performance of any portion or all of our obligations under this Franchise Agreement, and any right that we have under this Franchise Agreement. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Franchise Agreement.

29.8 Binding Effect

This Franchise Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Agreement is binding upon the parties to this Franchise Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Franchise Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Franchise Agreement; provided, however, that the Additional Insureds and the Indemnified Parties are intended third-party beneficiaries under this Franchise Agreement with respect to indemnification obligations of the franchisee.

29.9 Integration and Amendment

This Franchise Agreement constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Franchise Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Franchise Agreement. The attachment(s) are part of this Franchise Agreement, which, together with any amendments or addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Franchise Agreement. No provision herein expressly identifying any term or breach of this Franchise Agreement as material shall be construed to imply that any other term or breach which is not so identified is not material. As referenced above, all mandatory provisions of the Franchise Operations Manual are part of this Franchise Agreement; however, notwithstanding the foregoing, we may modify the Franchise Operations Manual at any time.

Any representations made before entering into this Franchise Agreement do not survive after the signing of this Franchise Agreement unless they are specifically contained in this Franchise Agreement.

This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Franchise Agreement, would affect the economic terms of this bargain. Nothing in this Franchise Agreement is intended to disclaim any of the representations we made in the franchise disclosure document.

No amendment, change, or variance from this Franchise Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. You acknowledge and agree that no oral or written promises made by our employees are legally binding, and you will not rely on such promises unless such promises are in a proper written format with our signature or seal.

29.10 Covenant of Good Faith

If applicable law implies a covenant of good faith and fair dealing in this Franchise Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Franchise Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Franchise Agreement (and the relationship of the parties that is inherent in this Franchise Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Franchise Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

29.11 Cumulative Rights

The rights of the parties under this Franchise Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Franchise Agreement will preclude any other right or remedy available under this Franchise Agreement or by law.

29.12 Survival

All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Franchise Agreement (or the Transfer of an ownership interest in the Cotti Coffee Store) shall continue in full force and effect, subsequent to and notwithstanding its termination, expiration or Transfer, and until they are satisfied in full or by their nature expire.

29.13 Construction

The headings in this Franchise Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Franchise Agreement unless otherwise specified. All references to days in this Franchise Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Franchise Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

29.14 No Waiver or Disclaimer of Reliance in Certain States.

The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

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

29.15 Time is of the Essence

Time is of the essence in this Franchise Agreement and every term thereof.

29.16 Notice

All notices given under this Franchise Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient), or priority mail or delivered by a recognized courier service, delivery confirmation, to the following addresses (which may be changed upon ten (10) business days' prior written notice):

You: As set forth on AGREEMENT DATA SCHEDULE ("Franchisee Notice Address")

Us: 8 The Green, Suite B, Dover, Delaware 19901

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by reputable overnight delivery service, email or comparable electronic system, or three (3) business days after placed in the mail, by priority mail with a delivery confirmation.

(Signature Page Follows)

The parties to this Franchise Agreement have executed this Franchise Agreement effective as of the Effective Date set forth in AGREEMENT DATA SCHEDULE.

FRANCHISOR:

COTTI PARTNERS LLC,

a Nevada limited liability company

FRANCHISEE:

[Franchisee Full Legal Name]

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Or if Franchisee is an individual(s)

Sign: _____

Printed Name: _____

Sign: _____

Printed Name: _____

Sign: _____

Printed Name: _____

ATTACHMENT A
TO FRANCHISE AGREEMENT

SITE ADDENDUM

You have received approval for site location for the Site that meets our minimum current standards of a Site. You are not receiving a protected territory.

Location for the Site: The Site for your Cotti Coffee Store as provided in Section 2 of the Franchise Agreement is:

FRANCHISEE:

Entity name (if any):

By: _____
Print Name: _____
Title: _____
Date: _____

FRANCHISOR:

COTTI PARTNERS LLC

By: _____
Print Name: _____
Title: _____
Date: _____

Or if Franchisee is an individual(s)

Sign: _____
Printed Name: _____

Sign: _____
Printed Name: _____

Sign: _____
Printed Name: _____

ATTACHMENT B TO THE Cotti Coffee FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

**Form of Ownership
(Check One)**

____ Individual(s) ____ Partnership ____ Corporation ____ Limited Liability Company

INSTRUCTIONS: If the franchisee is an individual (or individuals), please complete section I below only. If the franchisee is a business entity, please complete sections II and III below.

SECTION I (For Individual(s)*):

Name	Address

*If you plan to operate your Cotti Coffee Store through a business entity in the future, you will need to notify us, transfer this Franchise Agreement to the Entity, and sign all of our transfer documents.

SECTION II (For Entities):

A. State and date of Formation/Incorporation: _____

B. Management (managers, officers, board of directors, etc.):

Name	Title

C. Owners (Members, Stockholders, Partners):**

Please include each person and entity who is a direct and indirect owner of franchisee (attach additional sheets if necessary). If any of the owners are also business entities, please list the entities and owners of each of those business entities also.

Name	Address	Percentage Owned

**If any members, stockholders or partners are entities, please list the entities and owners of such entities up through the individuals.

SECTION III (For Entities):

A. Identification of Responsible Owner. Your Responsible Owner is _____. You may not change the Responsible Owner without prior written approval.

B. Identification of Store Manager. Your Store Manager, if applicable is _____. You may not change the Store Manager without prior written approval.

This form is current and complete as of _____, 20__.

FRANCHISEE:

a(n) _____

Date: _____

By: _____

Printed Name: _____

Title: _____

ATTACHMENT C TO THE Cotti Coffee FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

As a condition to the granting by COTTI PARTNERS LLC (“we” or “us”) of a franchise agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, covenant and agree to be bound by this Owner Agreement (“Franchise Owner Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of the Effective Date (including all its Attachments, the “Franchise Agreement”). Capitalized words not defined in this Franchise Owner Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners’ Role. Owners are the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Franchise Owner Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Franchise Owner Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Cotti Coffee Store. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will also be deemed Confidential Information for purposes of this Franchise Owner Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not to Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our System, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration, termination or transfer of the Franchise Agreement are hereby incorporated into this Franchise Owner Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Franchise Owner Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Franchise Owner Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Franchise Owner Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Franchise Owner Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Continuing Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement whether now or in the future on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement whether now or in the future on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for, whether now or in the future, by reason of: (i) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (ii) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Franchise Owner Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owner Agreement.

5. Transfers. Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a breach of this Franchise Owner Agreement and the Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Franchise Owner Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Franchise Owner Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Franchise Owner Agreement to the same extent as if such assignee or transferee were us.

6. Cooperation Upon Opening

On the day of the opening of the Store, Owners shall cause Franchisee to execute a statement that Franchisor performed all its obligations to Franchisee, and the Store has opened for business. Failure to execute such a statement constitutes material breach of this Franchise Owner Agreement, the Franchise Agreement, and all other agreements between Franchisee and Franchisor.

7. Notices.

7.1 Method of Notice. Any notices given under this Franchise Owner Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

7.2 Notice Addresses. Our current address for all communications under this Franchise Owner Agreement is:

COTTI PARTNERS LLC
8 The Green, Suite B
Dover, Delaware 19901

The current address of each Owner for all communications under this Franchise Owner Agreement is designated on the AGREEMENT DATA SCHEDULE. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

8. Enforcement of This Franchise Owner Agreement.

8.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Franchise Owner Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Franchise Owner Agreement.

8.2 Choice of Law; Jurisdiction and Venue. This Franchise Owner Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Franchise Owner Agreement, and any other claim or controversy between the parties, will be governed by the choice of law, jurisdiction, and venue provisions of the Franchise Agreement.

8.3 Equitable Remedies. Owners acknowledge and agree that the covenants and obligations of the Owners relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause us irreparable injury for which adequate remedies are not available at law. Therefore, Owners agree that we shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) as a court of competent jurisdiction may deem necessary or appropriate to restrain Owners from committing any violation of the covenants and obligations contained herein. If equitable relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If equitable relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

9. Miscellaneous.

9.1 No Other Agreements. This Franchise Owner Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Franchise Owner Agreement, other than those in this Franchise Owner Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Franchise Owner Agreement may be implied into this Franchise Owner Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Franchise Owner Agreement), no amendment, change, or variance from this Franchise Owner Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

9.2 Severability. Each provision of this Franchise Owner Agreement, and any portions thereof, will be considered severable. If any provision of this Franchise Owner Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction

to be invalid or unenforceable, the remainder of this Franchise Owner Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

9.3 No Third-Party Beneficiaries. Nothing in this Franchise Owner Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Franchise Owner Agreement.

9.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Franchise Owner Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Franchise Owner Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Franchise Owner Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

9.5 Binding Effect. This Franchise Owner Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Franchise Owner Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

9.6 Successors. References to "Franchisor," "Owners," "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

9.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Franchise Owner Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Franchise Owner Agreement shall be cumulative.

9.8 No Personal Liability. Owners agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Franchise Owner Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to Owners for any reason.

9.9 Franchise Owner Agreement Controls. In the event of any discrepancy between this Franchise Owner Agreement and the Franchise Agreement, this Franchise Owner Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Franchise Owner Agreement as of the Effective Date of the Franchise Agreement.

(Signature Page Follows)

OWNER(S):

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____
Address: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

None.

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EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

Below is a list of franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy a Cotti Coffee franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None.

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EXHIBIT E TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENT

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L&Q Tax and Financial Service Inc

16231 Elza Dr
Hacienda Heights, CA 91745
Tel: 626-413-6628

The accompanying financial statements of Cotti Partners LLC as of and for the period ended January 15 2026 and December 31, 2025, were not subjected to an audit, review, or compilation engagement by me and I do not express an opinion, a conclusion, nor provide any assurance on them. Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

I consent to the use in the Franchise Disclosure Document issued by Cotti Partners LLC (the "Franchisor") dated January 15, 2026, as it may be amended from time to time, of our report dated February 9, 2026, relating to the financial statements of the Franchisor for the period from November 20, 2025 to January 15, 2026.

This consent is provided solely for inclusion in the above-referenced Franchise Disclosure Document and any amendments thereto.

Hacienda Heights, CA
Feburay 9, 2026

Cotti Partners LLC
Balance Sheet

	Jan 15, 26	Dec 31, 25
ASSETS		
Current Assets		
Checking/Savings		
Cash and cash equivalents	200,000.00	0.00
Total Checking/Savings	200,000.00	0.00
Total Current Assets	200,000.00	0.00
TOTAL ASSETS	200,000.00	0.00
LIABILITIES & EQUITY		
Equity		
Members Equity	200,000.00	0.00
Total Equity	200,000.00	0.00
TOTAL LIABILITIES & EQUITY	200,000.00	0.00

Cotti Partners LLC

Income Statement

	Jan 1 - 15, 26	Nov 20 - Dec 31, 25
Net Income	0.00	0.00

No Assurance is Provided

EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

(Sample only; subject to change; to be executed upon successor franchise, transfer, and purchase by franchisor)

GENERAL RELEASE

For valuable consideration provided, (____ successor franchise; ____ transfer; ____ purchase by franchisor; ____ other _____), _____ (“Franchisee”) and _____ (“Owner”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all others persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless COTTI PARTNERS LLC (“Franchisor”), its affiliates, and their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisor and Franchisee and any related agreements and the relationship created thereby, or the Cotti Coffee Store (as defined in the Franchise Agreement), or any claims or representations made relative to the sale of the franchise to operate the Cotti Coffee Store or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND OWNER ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasee with respect to any Franchisee Released Claim.

Executed as of _____.

FRANCHISEE: _____

By: _____

Print Name: _____

Title: _____

OWNER:

By: _____

Print Name: _____

Title: _____

GUARANTORS: _____

By: _____

Print Name: _____

Title: _____

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EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

COTTI PARTNERS LLC FRANCHISE OPERATIONS MANUAL

Table of Contents

Store Manager Part I: Store Operation System	4 pages
Store Manager Part II: Store Business Management.....	17 pages
Duty Supervisor Part I: Job Responsibility and Standard Action	4 pages
Duty Supervisor Part II: Store Operation Management	26 pages
Duty Supervisor Part III: Store Emergency Handling	8 pages
Duty Supervisor Part IV: Store Asset Management	28 pages
Barista Part I: Store Basics.....	25 pages
Barista Part II: Store Operation Standards	77 pages
Total Number of Pages.....	189 pages

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EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT

**STATE SPECIFIC ADDENDA OF THE FRANCHISE DISCLOSURE DOCUMENT AND
FRANCHISE AGREEMENT**

The following are additional disclosures for the Franchise Disclosure Document (“FDD”) of COTTI PARTNERS LLC required by various state laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

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APPLICABLE ADDENDA

If any one of the following Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	South Dakota
☐	Hawaii	☐	Minnesota	☐	Virginia
☐	Illinois	☐	New York	☐	Washington
☐	Indiana	☐	North Dakota	☐	Wisconsin
☐	Iowa	☐	Ohio	☐	
☐	Maryland	☐	Rhode Island	☐	

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STATE OF CALIFORNIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following are added to the Franchise Disclosure Document.

1. 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.
2. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document at least 14 days before you sign any binding agreement.
3. Neither the franchisor, any person or franchise broker 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 such persons from membership in such association or exchange.
4. Our website (<https://www.COTTI.com>) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.
5. California Business and Professions Code Sections 20000 through 20043 (the Franchise Relations Act) provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control. In particular, Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act.
6. Section 31125 of the California Corporation Code requires us to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
7. 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.).
8. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
9. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
10. The Franchise Agreement requires binding arbitration. The arbitration will occur at Delaware or in the then-current State of our principal place of business with the cost being borne by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting

venue to a forum outside the State of California.

11. The Franchise Agreement requires application of the laws of Delaware. 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.
12. You must sign a general release if you renew or transfer your franchise. California Corporation Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
13. The highest interest rate allowed by law in California is 10% annually.
14. California's Franchise Investment Law (Corporations Code sections 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. The following is added to Item 1 of the Franchise Disclosure Document:

Franchisees located in California are required to comply with all applicable California labor laws, including labor laws that may apply to certain fast food restaurant industry employees. (Please note that this is only applicable to restaurants that are part of a restaurant chain of at least 60 establishments nationwide.) Specifically, California franchisees operating certain fast food restaurants must comply with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) which established the California Fast Food Council ("CFFC") which has the authority to increase the hourly minimum wage subject to certain limitations, and to set forth requirements, limitations, and procedures for adopting and reviewing fast food restaurant health, safety, and employment standards in California.
17. The following is added to Item 7 of the Franchise Disclosure Document:

Compliance with the bill law may increase your expenses (including increased wages) and the amount of your initial investment. You may review the Department of Industrial Relations website at [Fast Food Minimum Wage Frequently Asked Questions \(ca.gov\)](http://FastFoodMinimumWageFrequentlyAskedQuestions.ca.gov) for further information and consult with an attorney specializing in labor law in determining any additional costs.

18. The Department has determined that we, the franchisor, have not demonstrated 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.

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF CALIFORNIA**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between COTTI PARTNERS LLC, a Delaware limited liability company, (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”) to revise and amend said Franchise Agreement as follows.

1. 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Fee Deferral. The Department has determined that we, the franchisor, have not demonstrated 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.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

5. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

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Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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**STATE OF HAWAII
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

THESE FRANCHISES WILL BE OR HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THE FOLLOWING PARAGRAPH IS ADDED TO THE END OF ITEM 17 OF THE FRANCHISE DISCLOSURE DOCUMENT:

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

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**STATE OF ILLINOIS
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
AND THE FRANCHISE AGREEMENT**

THIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware limited liability company, (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”). The following items must be included within the Disclosure Document and Franchise Agreement and shall replace any conflicting language that is in the Disclosure Document and the Franchise Agreement, to the extent applicable:

1. Illinois law governs the Franchise Agreement.
2. 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.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. 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.
5. For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>
6. For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois/>
7. See: the Liquor Control Act of 1934, 235 ILCS 5/ (West 2018) for Illinois Dram Shop laws.
8. 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.
9. Deferral of Initial Fees:

The following is added to Item 5:

In conformance with section 15 of the Illinois Franchise Disclosure Act of 1987, and section 200.500 of the Illinois Administrative Rules promulgated thereunder, and due to the Franchisor’s limited working capital and lack of earning history as of January 15, 2026, the Administrator orders Franchisor to assure its financial capability by the deferral of initial franchise (and Development) fees until franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has

commenced business operations.

The following is added to Section 6 of the Franchise Agreement:

Notwithstanding the foregoing, all initial fees are deferred until we have satisfied our pre-opening obligations to you and you have commenced business operations.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

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Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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STATE OF INDIANA
ADDENDUM TO DISCLOSURE DOCUMENT

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

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement or Delaware law if such provisions are in conflict with Indiana law.
2. 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 a material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release, waiver, or estoppel language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Any provision in the Franchise Agreement which limits litigation brought for breach of the Franchise Agreement, including waiver of the right to a trial by jury or the right to collect punitive damages, in any manner whatsoever is deleted from any Franchise Agreement in the State of Indiana.

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STATE OF INDIANA
AMENDMENT TO THE FRANCHISE AGREEMENT

In recognition of the requirements of Ind. Code tit. 23, art. 2, ch. 2.5, §§ 1 to 51 (the “Act”), the parties to the attached Cotti Partners LLC Franchise Agreement (the “Agreement”) agree as follows:

1. The Act supersedes any provisions of the Agreement or Delaware law if such provisions are in conflict with the Act.
2. 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 a material breach of the Agreement, will supersede the provisions of the Agreement to the extent they may be inconsistent with such prohibition.
3. No release, waiver, or estoppel language set forth in the Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the Act.
4. Any provision in the Franchise Agreement which limits litigation brought for breach of the Agreement, including Sections 27.6 and 27.7 (“Waiver of Jury Trial and Punitive Damages”), in any manner whatsoever is deleted from the Agreement.
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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STATE OF IOWA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF IOWA**

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Cotti Partners LLC, 8 The Green, Suite B, Dover, Delaware 19901, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____ sample do not sign _____

By: _____

Print Name: _____

Its: _____

Date: _____

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Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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STATE OF MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for you to renew or extend, and Item 17(m), entitled Conditions for our approval of transfer:

Pursuant to COMAR 02.02.08.16L, 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.

2. The following language is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

Franchisee may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the federal law.

4. The following language is added to the end of the “Summary” section of Item 17(w), entitled Choice of law:

; however, to the extent required by the Maryland Franchise Registration and Disclosure Law, subject to any arbitration obligations, you may bring an action in Maryland.

5. The following paragraphs are added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

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

6. The following paragraph is added to the end of Item 5:

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

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF MARYLAND**

This ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware limited liability company, (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”) to revise and amend said Franchise Agreement as follows.

1. **RELEASES.** Sections 5.2.5, 15.3.8, and 15.4 of the Franchise Agreement is amended by adding the following:

, provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law pursuant to COMAR 02.02.08.16L.

2. **INSOLVENCY.** The following sentence is added to the end of Section 23.1 of the Franchise Agreement:

This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. **GOVERNING LAW.** The following language is added to the end of Sections 29.1 of the Franchise Agreement:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

4. **NO RELEASE, ESTOPPEL OR WAIVER.** The following language is added to the end of the Franchise Agreement:

Any representations requiring franchisee 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.

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

5. The following is added to the Section 6:

Notwithstanding the foregoing, the collection of the initial fees is deferred from Maryland franchisees until we have completed all of our pre-opening obligations and you are open for business.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

8. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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STATE OF MINNESOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 13 of the Franchise Disclosure Document, under the heading “Trademarks,” shall be supplemented by the addition of the following paragraph:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee’s use of a franchisor’s trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim. You must cooperate in the defense in any reasonable manner we prescribe with any direct cost of such cooperation to be borne by us.

The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days’ notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to injunctive relief, liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

Any release required as a condition of renewal, sale, and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

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

The Commissioner of Commerce for the State of Minnesota (the “Commissioner”) has determined that we, the franchisor, have not demonstrated 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 Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF MINNESOTA**

This ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware limited liability company (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”), in recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22 (the “Minnesota Act”), and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930 (the “Minnesota Rules”), to revise and amend said Franchise Agreement as follows.

1. Sections 5.2.5, 15.3.8, and 15.4 of the Agreement shall be amended by adding the following:

Notwithstanding the above language, any release signed under this Section will exclude any claims that you may have that arise under the Minnesota Act or the Minnesota Rules.

2. Section 5 of the Agreement shall be supplemented by adding the following:

Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days’ notice of non-renewal of this Agreement.

3. Section 23 of the Agreement shall be amended by adding the following:

Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement.

4. Sections 17.6 and 27 of the Agreement shall be amended by adding the following:

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

5. Section 6.7 of the Agreement shall be amended by adding the following:

Minnesota Rule 2860.4400(K) prohibits a franchisor from requiring a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds.

6. The following is added to the end of both Section 6:

Notwithstanding the foregoing, the collection of the initial fee is deferred from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Act or the Minnesota Rules are met independently without reference to this Amendment.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given to them in the Franchise Agreement.
9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
10. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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STATE OF NEW YORK
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT 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, the following applies 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 that is 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 ten years 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 a 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; this proviso intends 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. The following is added to the 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.

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF NEW YORK**

This ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware limited liability company (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”). To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

STATE OF NORTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Cotti Partners LLC shall be amended by the addition of the following language: The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

1. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
3. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
8. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF NORTH DAKOTA
ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, §§ 51-19-01 through 51-19-17 (the “Act”), the parties to the attached Cotti Partners LLC Franchise Agreement (the “Agreement”) agree as follows:

1. The Act supersedes any provisions of the Agreement, the other agreements or Delaware law if such provisions are in conflict with the Act. The Agreement will be governed by North Dakota law, rather than Delaware law, as stated in Section 29.1 of the Agreement.
2. Any provision in the Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from the Agreement.
3. Any provision in the Agreement which requires you to waive your right to a trial by jury is deleted from the Agreement.
4. No release language set forth in the Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
5. Any references in the Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
6. No statement, questionnaire, or acknowledgment signed or agreed to by 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 Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment to the Agreement.

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Franchisor:

COTTI PARTNERS LLC

Franchisee:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Cotti Partners LLC, 8 The Green, Suite B, Dover, Delaware 19901, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: sample do not sign

Print Name: _____

Its: _____

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Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 1928.1- 1 through 19-28.1-34, the Franchise Disclosure Document for Cotti Partners LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraph:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision of 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.”

2. This Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

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**STATE OF RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 1928.1- 1 through 19-28.1-34 (the “Act”), the parties to the attached Cotti Partners LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Sections 27.4 (“Venue”) and 29.1 (“Governing Law”) of the Agreement shall be supplemented by the following, which shall be considered an integral part of this Agreement:
Rhode Island Law: § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision of 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.”
2. Section 6-50-4 of the Act may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
3. In the event of a conflict of laws, the provisions of the Act shall prevail.
4. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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**STATE OF SOUTH DAKOTA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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.

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STATE OF VIRGINIA
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

1. Additional Disclosure: The following Risk Factor is added to the Special Risk Factor Page:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$250,480 to \$579,800. This amount exceeds the franchisor's stockholders' equity as of January 15, 2026, which is \$200,000.

2. Additional Disclosure: The following statements are added to Item 17.h:

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

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

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

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF VIRGINIA**

This ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware limited liability company (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”). To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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 ground 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.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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STATE OF WASHINGTON
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, 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. **Fee Deferral.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.
20. Section 29.5, of the Franchise Agreement is revised by adding the following:

Notwithstanding the foregoing, Franchisor may not be non-responsive to Franchisee’s proposal or request and must either approve or disapprove such proposal or request within the specified period.
21. Section 9.1 of the Franchise Owner Agreement (Attachment C to Franchise Agreement) does not apply in Washington.
22. Section 9.8 of the Franchise Owner Agreement (Attachment C to Franchise Agreement) does not apply in Washington.
23. **Late Fees.** RCW 19.100.180(2)(h) of the Washington Franchise Investment Protection Act, prohibits franchisors from imposing any standard of conduct on a franchisee.

Section 6.8 of the Franchise Agreement does not apply in Washington.
24. Section 17.C does not modify the franchisor’s duty to comply with the antidiscrimination provision under RCW 19.100.180(2)(c).

The undersigned parties do hereby acknowledge receipt of this Addendum.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

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**STATE OF WISCONSIN
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The FDD is amended to add the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

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**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF WISCONSIN**

THIS ADDENDUM TO THE FRANCHISE AGREEMENT (this “Addendum”) is entered into on Effective Date, by and between Cotti Partners LLC, a Delaware corporation (“Franchisor,” “we,” or “us”), and the following individual(s) and/or entity:

(individually or collectively referred to as “Franchisee” or “you”) to revise and amend said Franchise Agreement as follows.

1. Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 will supersede any conflicting terms of the Franchise Agreement.
2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.
4. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

Franchisor:

Franchisee:

COTTI PARTNERS LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

FORM OF LETTER OF INTENT FOR FRANCHISE

This Letter of Intent for Franchise (“LOI”) is a binding agreement between you (as identified below) and us, COTTI PARTNERS LLC (“Franchisor,” “we,” or “us”). The terms and conditions of this LOI are as follows:

1. You fully understand and agree to the contents of this LOI, and sign this LOI by accepting our online form or clicking agree online or in our APP. You are **NOT** permitted to sign this LOI until after fourteen (14) calendar days from the date on which you received our Franchise Disclosure Document.
2. After signing this LOI, you shall select the store location and submit all required and necessary materials for our approval. You are responsible for completing all required regulatory and governmental registrations and permits. You are responsible for submitting to us all the required materials and completing all the required steps for us to consider, in our sole discretion, whether to accept you as a franchisee.
3. This LOI does **NOT** create nor promise to you a Cotti Coffee franchise. Our approval of a Site also does **NOT** create nor promise to you a Cotti Coffee franchise. We may refuse to grant you a franchise based on any business reasons, in our sole discretion. You would only acquire such franchise rights if and when we and you were to enter into a Franchise Agreement as a result of the sale of such franchise rights by us. You intend, but are not obligated, to buy one of our franchises as a result of this LOI.
4. We may offer time-limited discounts or other promotional terms, subject to the effective policies at the time of signing the Franchise Agreement.
5. If you made any false or misleading representations or omitted any material facts in your proof of funds, other qualification documents, or your personal information, we have the right to immediately terminate this LOI. If we choose not to terminate the LOI at that time, you must promptly provide us with the true and correct documents and information. If such documents and information meet our requirements, we may continue to discuss brand collaboration with you. Otherwise, we have the right to immediately terminate the LOI, and charge you a fee based on our expenses, time and effort, as well as our damages. Any resulting losses shall be borne solely by you.
6. Before signing the Franchise Agreement, you may not use our trademarks, logos, or other brand management resources in any manner without our written consent. If you breach this provision, we have the right to unilaterally terminate this LOI, and charge you a fee based on our expenses, time and effort, as well as our damages.
7. Under no circumstances are you and your employees, agents, or representatives, who have not been approved in writing by us, considered to be employees, agents, partners, or representatives of us or our affiliated companies. Specifically and without limitation, you must not explicitly or implicitly cause the landlord or other third parties to misunderstand or believe that the store opened by you is directly operated by us. Otherwise, we have the right to unilaterally terminate this LOI, with any resulting losses to be borne by you.

8. All information about us that you become aware of after the signing of this LOI (including but not limited to materials related to the System, pricing and costs, supplier directories, etc.) is considered confidential. You shall not disclose any such information to any third party in any manner. In case of breach, we have the right to unilaterally terminate this LOI, and charge you a fee based on our expenses, time and effort, as well as our damages. This clause remains effective indefinitely until the aforementioned information enters the public domain through normal channels, and it does not expire with the termination or dissolution of this LOI.

9. Your rights under this LOI are personal to you and may not be sold, transferred, assigned, pledged or encumbered to any third party.

10. This LOI is deemed made and entered into in the State of Delaware and will be governed and construed under and in accordance with the laws of the State of Delaware, without regard to any choice of law analysis, rules, or principles thereof, to the extent such rules or principles would direct a matter to another jurisdiction. In the event of any dispute between us and you during the performance of this LOI, the parties shall first seek resolution through amicable negotiations. If negotiations fail, either party may file an arbitration with the American Arbitration Association in Delaware.

11. The governing language of this LOI is English. Chinese translation used in this Agreement shall not be used in interpreting or limiting its English counterpart.

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State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, 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	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
North Dakota	Pending
New York	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

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RECEIPT
(Your 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 we offer you a franchise, we must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York, and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 appropriate state administrator identified on Exhibit A to this Disclosure Document.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Peiqiang Wang, 8 The Green, Suite B, Dover, Delaware 19901, phone: (862)777-2667, and email: eric.wang@cotticoffee.com (Phone). Or _____.

The issuance date of this Disclosure Document is January 15, 2026.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document dated January 15, 2026 (certain state effective dates appear on the State Cover Page) that included the following Exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement and Attachments
Exhibit C	List of Franchisees
Exhibit D	List of Franchisees Who Have Left System
Exhibit E	Financial Statements
Exhibit F	Form of General Release
Exhibit G	Table of Contents to Franchise Operations Manual
Exhibit H	State Specific Addenda
Exhibit I	Form of Letter of Intent for Franchise

DATE: _____

SIGNATURE: _____

PRINT NAME: _____

(Retain this copy)

RECEIPT
(Franchisor 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 we offer you a franchise, we must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) Under New York, and Rhode Island law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do 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 appropriate state administrator identified on Exhibit A to this Disclosure Document.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Peiqiang Wang, 8 The Green, Suite B, Dover, Delaware 19901, phone: (862)777-2667, and email: eric.wang@cotticoffee.com. Or _____.

The issuance date of this Disclosure Document is January 15, 2026.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document dated January 15, 2026 (certain state effective dates appear on the State Cover Page) that included the following Exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement and Attachments
Exhibit C	List of Franchisees
Exhibit D	List of Franchisees Who Have Left System
Exhibit E	Financial Statements
Exhibit F	Form of General Release
Exhibit G	Table of Contents to Franchise Operations Manual
Exhibit H	State Specific Addenda
Exhibit I	Form of Letter of Intent for Franchise

DATE: _____

SIGNATURE: _____

PRINT NAME: _____
(Return this copy to franchisor)