



## **FRANCHISE DISCLOSURE DOCUMENT**

HQ MATARI, LLC  
A Michigan limited liability company



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HQ Matari, LLC  
a Michigan Limited Liability Company  
9316 Harrison Rd.  
Romulus, MI 48174  
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www.mataricoffee.com

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The franchises described in this document is for the operation of a Matari Coffee, a gourmet, casual coffee café that specializes in high elegant Yemeni-grown coffee, including espressos, lattes, teas, desserts, and other related items (each, a “Matari Coffee Restaurant” or “Restaurant”).

The estimated initial investment necessary to begin operation of a Matari Coffee Restaurant ranges from \$468,500 to \$721,000. This includes \$40,000 that must be paid to the franchisor or an affiliates as the initial franchise fee. The total investment necessary to operate a Matari Coffee Restaurant under a Multi-Unit Development Agreement depends on the number of Restaurants that you are authorized to develop and ranges between \$573,500 to \$896,000. The total investment necessary to reserve three (3) units under the multi-unit development agreement is \$110,000.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Sadeq Almatari, Matari at (313) 455-9811.

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

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

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

Issuance Date: March 17, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

### State Effective Dates

The Effective Dates, if any, of this Disclosure Document for the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin are listed below.

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:

<u>Effective Dates</u>	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	March 24, 2025
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	April 10, 2025

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Multi-Unit Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (See Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate the business from the franchisor, its affiliates or designated suppliers, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **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.

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.

**NOTICE REQUIRED BY THE STATE OF MICHIGAN**

**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.**

The Michigan Franchise Law states in Sec. 445.1527, Sec. 27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Antitrust & Franchise  
G. Mennen Williams Building, 1st Floor  
525 West Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

Matari Coffee®  
Franchise Disclosure Document

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	4
3. LITIGATION.....	4
4. BANKRUPTCY.....	4
5. INITIAL FEES.....	5
6. OTHER FEES.....	6
7. ESTIMATED INITIAL INVESTMENT .....	12
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	16
9. FRANCHISEE’S OBLIGATIONS .....	19
10. FINANCING.....	20
11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	20
12. TERRITORY .....	27
13. TRADEMARKS .....	29
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	30
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	31
16. RESTRICTIONS ON PRODUCTS AND SERVICES SOLD.....	31
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	32
18. PUBLIC FIGURES.....	40
19. FINANCIAL PERFORMANCE REPRESENTATIONS .....	40
20. OUTLETS AND FRANCHISEE INFORMATION .....	43
21. FINANCIAL STATEMENTS .....	47
22. CONTRACTS.....	48
23. RECEIPTS .....	49

**EXHIBITS**

- A. LIST OF STATE ADMINISTRATORS/ AGENTS FOR SERVICE OF PROCESS
- B. FINANCIAL STATEMENTS
- C. TABLE OF CONTENTS OF OPERATIONS MANUAL
- D. FRANCHISE AGREEMENT
- E. MULTI-UNIT DEVELOPMENT AGREEMENT
- F. LIST OF FRANCHISEES
- G. STATE SPECIFIC ADDENDA
- H. RECEIPTS

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

### **The Franchisor**

The Franchisor is HQ Matari, LLC, a Michigan limited liability company established on June 20, 2024, for the purpose of offering Matari Coffee franchises. For ease of reference in this disclosure document, the Franchisor will be referred to as “we,” “us,” “Company,” “Franchisor,” “MATARI COFFEE RESTAURANTS,” or “MATARI COFFEE” and the person who is considering the franchise is referred to as “you” or “your”. If you are a corporation, limited liability company, partnership, or other legal entity (“legal entity”), certain provisions of the franchise agreement and any related agreements will apply to your shareholders, members, partners, officers, managers, and directors (“principals”).

Our principal place of business is 9316 Harrison Rd., Romulus, Michigan. We conduct business under our corporate name “Matari Coffee” and “Matari.” Our business is operating the Matari Coffee Restaurant franchise system and granting franchises to third parties like you to develop and operate a Restaurant. Our registered agents for service of process are disclosed in Exhibit A of this Disclosure Document.

### **Parents, Predecessors and Affiliates**

We do not have any parents or predecessors. The first Matari Coffee was opened in Canton, Michigan on June 16, 2022, by our founder, Sadeq Almatari, who created the entity Matari Coffee Co, LLC (“Matari 1”), a Michigan limited liability company, on March 22, 2021. This Restaurant is located at 6124 N. Canton Center Rd., Canton, Michigan 48187. Matari 1 shall be seen as our Affiliate for purposes of this disclosure document and its Restaurant is the basis upon which our franchise system has been created.

Our affiliate Matari Distribution, LLC is a Michigan limited liability company established on June 20, 2024. This affiliate maintains a principal business address of 9316 Harrison Rd., Romulus, Michigan. This affiliate provides the distribution of inventory, supplies, and related materials to all franchisees, ensuring they have the necessary resources to operate their businesses efficiently and consistently across all locations. This business is owned and operated by our founder, Sadeq Almatari and two other partners, Muhammad Yaqoob and Kaled Salem. Our affiliate has not in the past and does not now offer franchises in any lines of business.

As of the date of this disclosure document, in addition to the Canton, Michigan location operated by Matari 1, there are five (5) additional MATARI COFFEE locations in Michigan, New York, Illinois, and Toronto, Ontario that are operated either as affiliated entities due to common ownership by Mr. Almatari, or licensed locations with others. All locations operating as “MATARI COFFEE” are set forth in Exhibit F.

Our affiliate, Matari Coffee Co., LLC (“Matari Trademark”), registered on April 9, 2024, is another affiliated entity that owns the trademarks, trade names and intellectual property rights to the “Matari” mark. Through a license agreement with Matari Trademark, we have obtained the exclusive right to license the Matari marks to our franchisees.

### **The Franchise Offered**

We offer franchises for the operations of a Matari café that provides pristine Yemeni-coffee, espressos, lattes, teas, baked goods and other menu items (the “Approved Services and Products”). All Matari Coffee Restaurants will operate under the Matari Coffee trademark, the Matari Coffee logo and other trademarks and commercial symbols as we may designate, modify and adopt from time to time for use in the System. The distinguishing characteristics of the franchise includes our distinctive interior and exterior design, decor, color schemes, graphics, fixtures and furniture, our proprietary products and recipes, operation

methods, customer services standards, advertising and marketing specifications, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing Matari Coffee Restaurants, all of which we may change, improve, and further develop (collectively, our "System").

Before opening a Matari Coffee Restaurant, you must first secure a location that meets our approval. If you have not yet identified a site, you are required to select one in accordance with the Franchise Agreement and obtain our written consent. Your rights within the System are limited to operating a single Restaurant that serves only our authorized products and services, from an approved location, and using only our designated System Supplies. Full compliance with our System standards is mandatory.

Matari Coffee Restaurants are typically located in high-visibility, high-traffic areas such as shopping districts, or strip malls. Ideal sites are those near busy roads, residential neighborhoods, universities, or business hubs—locations that naturally generate consistent foot traffic and attract a wide-ranging customer base. These areas are carefully chosen to appeal to coffee enthusiasts and individuals looking for a unique, culturally rich café experience. The ambiance of each Restaurant, combined with our signature Yemeni coffee offerings, helps create a welcoming and memorable environment that draws in casual guests while encouraging repeat visits.

### **Multi-Unit Development Agreement (“MUDA”)**

In certain circumstances we will offer you the right, and you may be eligible to enter into a Multi-Unit Development Agreement for the opportunity to develop and operate multiple Matari Coffee Restaurants. You must sign our then current form of the Multi-Unit Development Agreement, a copy of which is attached as Exhibit E.

The Multi-Unit Development Agreement will also outline a timeline (referred to as the “Development Schedule”) by which each Restaurant must be opened and operational. This schedule may vary depending on the number of Restaurants you are approved to develop and the characteristics of your Development Area. Unless explicitly noted, the disclosures contained in this document apply to both single-unit franchises and multiple-unit franchises. If you do not enter into a Multi-Unit Development Agreement, you will only sign the standard Franchise Agreement. However, if you are granted multi-unit development rights, you will be required to sign the Franchise Agreement for your first location at the same time you sign the Multi-Unit Development Agreement.

### **Market and Competition**

The specialty coffee and café sector is highly dynamic and saturated with a wide range of competitors. This includes independent coffee shops, boutique cafés, and well-established national and regional brands—many of which offer an extensive mix of coffee beverages, light meals, and pastries. The market’s expansion is largely fueled by consumers seeking high-quality, culturally diverse, and artisanal coffee experiences.

Matari Coffee is positioned to meet this growing demand by blending the richness of traditional Yemeni coffee with the ambiance and convenience of modern café culture. This fusion enables Matari to attract a broad demographic of customers who value authenticity and innovation in their beverage choices. While consumer interest in globally inspired coffee and café products remains steady throughout the year, the landscape remains intensely competitive. Success in this market requires a clear brand identity, consistent product quality, and a compelling customer experience that differentiates your Restaurant from others in your area.

### **Industry Specific Regulations**

Operating a Matari Coffee Restaurant will likely require compliance with a wide range of federal, state, and local laws. These regulations may address a variety of areas, including but not limited to: (i) building codes and construction standards that govern the design, development, and upkeep of commercial foodservice establishments; (ii) public health and safety regulations, including food handling, preparation, employee hygiene, and sanitation protocols; (iii) laws governing smoke-free environments and access to public facilities such as restrooms; (iv) requirements related to menu labeling and nutritional disclosures; (v) licensing for dairy products and other regulated items; and (vi) guidelines concerning the handling, storage, and disposal of refuse and hazardous materials.

We strongly encourage you to review the relevant legal and regulatory requirements applicable in your jurisdiction to ensure full compliance prior to opening and operating your business.

In addition to the regulations specific to food and beverage sales, many general business laws apply to café operations. These include, but are not limited to, the Americans with Disabilities Act (ADA), which requires accessibility for individuals with disabilities; Federal Wage and Hour Laws, which govern employee compensation and working conditions; and the Occupational Safety and Health Act (OSHA), which ensures a safe working environment. Cafés are also subject to oversight from the U.S. Food and Drug Administration (FDA), the U.S. Department of Agriculture (USDA), and state and local health departments, all of which enforce regulations related to food preparation, service, and sanitary conditions.

These various laws and regulations can affect day-to-day operations, employee management, and the physical setup of café spaces. Compliance with these legal requirements is your responsibility under the Franchise Agreement and is critical for successful business operations. You should investigate and evaluate how these regulations and requirements and other regulations and requirements apply in the geographic where you will be locating your Restaurant. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of your Restaurant.

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## **ITEM 2 BUSINESS EXPERIENCE**

### **Sadeq Almatari – Founder, Chief Executive Officer and Member**

Sadeq Almatari is the Founder of Matari Coffee, as well as the affiliated entities, and also acts as the CEO. He has served in this role since our formation, as he brings a unique and authentic Yemeni coffee experience to the community. Before embarking on this venture, Mr. Almatari successfully owned and operated both a retail business and a logistics trucking company. In the summer of 2020, he began developing the Matari Coffee Co. franchise, with a vision to introduce the rich traditions of Yemeni coffee. This vision became a reality with the opening of the first Yemeni coffee shop in Canton in June 2022, setting a new standard for specialty coffee in the area.

### **Muhammad Yaqoob – Member**

Mohammad Yaqoob is a seasoned entrepreneur with over 25 years of experience owning and managing a diverse portfolio of businesses. Since 2000, he has owned MY Management Inc., a Skokie, IL-based company specializing in gas station operations. In 2015, he established Global Financial & Services Inc., which operates ATM machines. Mr. Yaqoob has also owned Lakha Enterprises Inc., a fine dining restaurant in Chicago, since 2011, and two Chicago strip malls, Ryan Plaza & Akai Plaza, since 2007.

In 2018, Mr. Yaqoob acquired D L Food Mart Inc., an upscale gas station with a car wash in Roselle, IL. Since 2010, he has owned Kings & Sons LLC & 500 Food Mart Inc., a renovated gas station with a food mart and café in Steger, IL, as well as Thank GD Enterprises Inc. & Best Choice Mini Mart Inc., a newly built gas station featuring a car wash and convenience store. Throughout his career, Mr. Yaqoob has developed expertise in business operations, financial management, customer service, and strategic growth, consistently driving profitability, ensuring compliance, and delivering exceptional customer experiences.

## **ITEM 3 LITIGATION**

There is no litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

There is no bankruptcy information is required to be disclosed in this Item.

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## **ITEM 5 INITIAL FEES**

### **Initial Franchise Fee**

When you sign the Franchise Agreement you will pay to us an initial franchise fee (“Initial Franchise Fee”). Initial Franchise Fee for a single franchise is Forty Thousand Dollars (\$40,000). This payment is fully earned by us and due in lumpsum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstances.

### **Multi-Unit Development Fee**

If you choose to enter into a Multi-Unit Development Agreement, you will be required to pay us a one-time, non-refundable Development Area Fee. This fee consists of the full Initial Franchise Fee due at the time you execute the Franchise Agreement for your first Matari Coffee Restaurant, plus an additional \$35,000 for each subsequent Restaurant you are authorized to develop.

For instance, if you agree to open a total of three Restaurants, the Development Area Fee would be \$40,000 for the first location, plus \$70,000 for the two additional locations (2 x \$35,000), resulting in a total Development Area Fee of \$110,000.

### **Initial Inventory**

You must purchase your initial inventory of certain equipment from us or our affiliate. We estimate that the range of costs for your initial opening inventory (including menu items, ingredients, paper goods, uniforms and branded products and merchandise for retail sale) and certain Matari Coffee approved equipment, including espresso machines, grinders, coffee brewers, will range between \$15,000 to \$30,000. Your initial opening inventory fees will be fully earned by us upon payment and are non-refundable.

### **Multi-Unit Development Agreement**

The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document. We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Developer. The Development Are Fee must be paid in a lump sum when the Multi-Unit Development Agreement is signed and is non-refundable.

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**ITEM 6  
OTHER FEES**

<b>Type of Fee</b> (Note 1)	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Royalty</b> (Notes 2 and 3)	5% of Gross Sales	Weekly on the Friday of each week for the preceding week	See Note 3
<b>Brand Development Fund</b> (Note 4)	Up to 2% of Gross Sales	Weekly on the Friday of each week for the preceding week	Will be payable to us.
<b>Local Marketing</b> (Note 5)	1% of Gross Sales	As incurred	You must spend this amount on local advertising in your region.
<b>POS System</b> (Note 6)	Approximately \$2,500 annually	Monthly as invoiced	Payable to us or an affiliate, as we designate.
<b>Website/Technology</b> (Note 7)	Up to \$2000 annually	Monthly as invoiced	Paid to us, or an affiliate, for website hosting, mobile application fees and software.
<b>Local and Regional Advertising Cooperatives</b> (Note 8)	As established by cooperative members	As established by cooperative members	Established by cooperative members.
<b>Additional Employee Initial Training</b>	Our then current training fee, currently \$300 per person per day	When invoiced and prior to training	This fee is for initial training, either before or after you open.

<b>Type of Fee</b> <small>(Note 1)</small>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Additional Training	Our then current daily rate per trainer, plus expenses we incur. Current rate is \$300 per day	When invoiced and prior to training	We may charge you for training newly hired personnel; for refresher training courses; and for additional or special assistance or training you need or request. For all training sessions, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging, and meal expenses.
Maintenance and Repairs	Actual cost to us	On receipt of billing	If you fail to maintain your Restaurant, we may do so at your expense.
Indemnification	Amount will vary under the circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise.
Initial Inventory, Espresso Machine, Grinder and Coffee Maker <small>(Note 9)</small>	\$60,000-\$75,000	Due upon invoice	Payable to us or our affiliates, or any approved third-party.
Reporting Non-Compliance	\$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.
Operations Non-Compliance	\$450 to \$950 per occurrence	14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	\$150 per occurrence	14 days of invoice	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.

Audit	Cost of audit	On demand	Due if the audit or any other inspection should reveal that any payments to us have been underpaid. In addition, you shall reimburse us for any and all costs and expenses connected with the inspection (including travel expenses and reasonable accounting and attorneys' fees) if the inspection shows an understatement of 2% or more.
Costs, expenses, and legal fees	Costs incurred by us	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise
Appraiser Fee	50% of actual cost	On receipt of billing	If we elect to purchase the assets of your franchise on expiration or termination, and we cannot mutually agree on the purchase price.
Costs and Attorneys Fees	Amount will vary based on the circumstances	As incurred	You must pay our costs and attorney fees if we are the prevailing party in an action or if we must take action to enforce your obligations to us.
Damages for Loss Due to Termination	See Note 10	On termination	You must pay us liquidated damages if the Franchise Agreement is terminated before the end of the term, unless such termination is by you with cause.

Type of Fee (Note 1)	Amount	Due Date	Remarks
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.
Transfer Fee	\$20,000	On demand	You must pay a transfer fee if you transfer, upon our consent, your franchise or a controlling interest in the franchisee or substantially all the assets of the franchise.
Renewal	\$10,000	On signing renewal franchise agreement	Payable if we approve your renewal request at the end of the initial term, and upon signing our then current franchise agreement.

We may require that all fees owed to us be paid via Automated Clearing House (“ACH”) transfer. If we do not require ACH payments, we reserve the right to impose an additional processing fee should you choose to use an alternative payment method. This fee reflects the added administrative costs associated with processing non-ACH payments, whether made to us or on our behalf.

Unless otherwise indicated, all fees are imposed by, payable to, and collected by us. Certain fees are mandated for third-party services, and you are responsible for ensuring timely payment of those charges.



All fees paid to us are non-refundable. The refundability of fees paid to third parties will be subject to their respective policies.

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Explanatory Notes to Item 6  
“Other Fees”

Note 1: Type of Fee – The table above outlines the fees and payments you are obligated to make to us, our affiliates, or in some cases, to third parties through arrangements managed by our affiliates. Unless otherwise noted, these fees are standard across all franchisees under this Disclosure Document, are ongoing, non-refundable, and must be paid directly to us. If you operate multiple Restaurants or have entered into a Multi-Unit Development Agreement, these fees will apply separately to each individual location. We reserve the right to determine how payments are made, including requiring automatic deductions from your business bank account. You will be required to complete and sign an ACH authorization form (see Exhibit 8 of the Franchise Agreement), granting us permission to initiate electronic withdrawals from your designated account for all amounts due to us or our affiliates. You must deposit all Gross Sales from your Restaurant into this designated account and ensure the account remains adequately funded. Additionally, you are required to install and maintain, at your own cost, the payment systems we approve or require—including point-of-sale, credit card processing, automated payment, and electronic banking systems—for use in the day-to-day operations of your Restaurant. You are responsible for covering any fees or charges assessed by your financial institution to facilitate ACH transfers or other forms of electronic payment.

Note 2: Royalty Fees – As a franchisee, you must pay us a percentage of your Gross Sales as compensation for your rights as a franchisee (“Royalty”). The royalty fee is set at 5% and will continue weekly (the “Royalty Rate”). You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

Note 3: Gross Sales – “Gross Sales” means the entire amount of all of your revenues from the ownership or operation of your Restaurant, including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, food stamps, catering, delivery, online orders, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing Gross Sales if the cash, credit or receivables represent amounts previously included in Gross Sales where royalty fees and advertising contributions were paid. Gross Sales are deemed received by you at the time the goods, products, merchandise, or services from which they derive are delivered or at the time the relevant sale takes place, whichever occurs first. Gross Sales consisting of property or services (for example, “bartering” or “trade outs”) are valued at the prices applicable to the products or services exchanged for the Gross Sales at the time the Gross Sales are received.

Note 4: Brand Development Fund – Currently we do not charge a Brand Development Fund Fee but reserve the right to implement one at any time in the future. We are not obligated to spend the Fund in any specific market or in proportion to your contributions. We may use affiliates or third-party vendors to create, place, and manage advertisements or marketing programs. Contributions to the Fund are non-refundable, and we are not required to provide an accounting of how the Fund is spent, though we may do so at our discretion.

Note 5: Local Marketing – You are required to spend a minimum amount on local marketing and advertising efforts in your Restaurant’s trade area, as outlined in the Franchise Agreement. These expenditures must be directed toward promoting your specific Restaurant and may include, but are not limited to: print and digital ads, local events or sponsorships, social media campaigns, community outreach, influencer partnerships, or any other marketing channels approved by us.

Note 6: POS System – You must maintain and utilize the point-of-sale systems that we designate from time-to-time. Additional information about the point of sale and computer systems are disclosed in Item 11.

Note 7: Website/Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website and intranet (the “Technology Fee”). Currently we do not charge a monthly Technology Fee but reserve the right to implement one at any time in the future provided that the monthly technology fee shall not exceed \$2,000 per year.

Note 8: Local and Regional Advertising Cooperatives – We may establish local or regional advertising cooperatives (“Cooperatives”) to coordinate marketing efforts among franchisees within a designated geographic area. If a Cooperative is established in your market, you will be required to participate and contribute. These contributions are in addition to your required local marketing expenditures and Brand Development Fund contributions. Each Cooperative will operate under guidelines we provide and must use collected funds exclusively to promote the Matari Coffee brand within the relevant area. We reserve the right to determine the structure, contribution levels, and governance of each Cooperative, including appointing or approving leadership, reviewing and approving budgets, and requiring periodic reports. All Cooperative contributions are non-refundable and may vary based on the number of participating franchisees and the market needs. We may also combine, reassign, or dissolve Cooperatives at our sole discretion.

Note 9: Coffee Machines, Espressos, etc. – We require an estimated initial fee for the purchase of coffee/espresso machines, equipment, and related accessories. These items are essential to the operation of your Restaurant. The cost of this equipment may vary based on the specific models and suppliers we recommend or require. Please note that the machinery must be maintained and serviced regularly to meet our operational standards. The franchisor may also require periodic upgrades or replacements of these machines to align with technological advancements or changes in our brand standards. These ongoing costs for maintenance, servicing, and potential upgrades are not included in the initial purchase price and are the responsibility of the franchisee. We may provide approved vendors for these services, but the franchisee is responsible for ensuring compliance with our operational guidelines.

Note 10: Damages for Loss Due to Termination. If the Franchise Agreement is terminated before its expiration (other than termination by you for cause), we may recover from you damages attributable to the loss of resulting from that termination. The damages for our loss of will be the present value of the royalty fees that you would have paid to us for the lesser of: (i) the balance of the term of the Franchise Agreement if the Franchise Agreement had not been terminated; or (ii) 104 weeks. The royalty that you would have paid to us will be calculated by taking the average weekly amount of those payments for the twelve-month period [or such lesser period if you were not in operation for a full twelve-month period] immediately preceding the date of termination and multiplying that amount by the number of weeks left in the term of the Franchise Agreement at the time of termination (maximum of 104 weeks).

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**A. Franchise Agreement**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	\$40,000	Lump sum	Upon signing your Franchise Agreement	To Us
Construction of Leasehold Improvements (Note 2)	\$300,000 - \$450,000	As arranged	As incurred	Third parties. Cost will be dependent on the size of the location.
Lease Deposit (Note 3)	\$10,000 - \$15,000	As arranged	As incurred	Third parties
Furniture, Fixtures and Equipment (Note 4)	\$60,000 - \$100,000	As arranged	As incurred	Third parties
Signage (Exterior and Interior) (Note 5)	\$5,000 - \$10,000	As arranged	As incurred	Us and/or Third parties
Computer, Software and Point of Sales System (Note 6)	\$1,500 - \$2,000	As arranged	As incurred	Third parties
Grand Opening Advertising (Note 7)	\$2,000 - \$3,500	As arranged	Before and During Opening	Third parties
Initial Inventory (Note 8)	\$15,000 - \$30,000	As arranged	As incurred	Us, Third parties
Utility Deposits (Note 9)	\$500 - \$1,500	As arranged	As incurred	Third parties
Insurance Deposits (Note 10)	\$1,000 - \$2,000	As arranged	As incurred	Third parties
Travel for Initial Training (Note 11)	\$2,500 - \$5,000	As arranged	As incurred	Third parties
Professional Fees (Note 12)	\$10,000 - \$20,000	As arranged	As incurred	Third parties
Licenses and Permits (Note 13)	\$1,000 - \$2,000	As arranged	As incurred	Third parties

Additional Funds – 3 months (Note 14)	\$20,000 - \$40,000	As arranged	As incurred	Us, Third parties
Total Estimate (Note 15)	\$468,500 - \$721,000			

Explanatory Notes to Item 7  
For a Franchise Agreement

Note 1: Initial Franchise Fee – We described the Initial Franchise Fee in Item 5.

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction and build-out of a Matari Coffee Restaurant. The estimated cost for construction and leasehold improvements will vary significantly based on several factors, including the size and condition of the premises, local real estate and construction markets, required build-out to meet Matari Coffee specifications, and whether the location is a new build or a retrofit. These costs may also be impacted by permitting requirements, landlord-provided improvements, and whether the site is located in a high-cost urban area. You are responsible for ensuring the build-out of the Restaurant is completed in accordance with our design standards and specifications, which may be updated from time to time. The use of approved contractors and vendors may be required. You must also obtain our written approval of your construction plans prior to commencing work. The estimates provided include both hard and soft construction costs, but actual expenses may be higher or lower depending on your specific circumstances.

The costs for developing your Restaurant may vary significantly from the estimates provided, especially based on location. Opening in a major city like New York or Toronto will likely involve higher expenses compared to a smaller city due to factors such as real estate prices, labor costs, and local regulations. Additional variables, including site conditions, unforeseen construction or permitting requirements, and the availability of materials and contractors, can further impact costs. You are solely responsible for all expenses related to the development, construction, and preparation of your Restaurant, and we do not guarantee that your actual costs will fall within the estimated range. It is essential that you thoroughly review and independently verify all aspects of your site selection, construction, and development process, consulting with qualified professionals to assess the full scope and potential costs of opening your Restaurant.

Note 3: Lease Deposits – 3 Months – Lease deposits typically include a security deposit and may include the first month’s rent or other upfront payments required by your landlord. These amounts will vary depending on the location, size, and market demand for commercial property in your area. Some landlords may also require additional assurances, such as a personal guaranty, letter of credit, or multiple months’ rent in advance, especially if you are a new or first-time operator. We do not control the terms of your lease, and the actual deposit amount will be subject to your negotiations with the landlord. This estimate assumes a typical commercial lease in a retail location suitable for a Matari Coffee Restaurant. The amount of your lease deposit is something that you will directly negotiate with the landlord and will vary significantly based on a number of factors that include location and your own negotiations.

Note 4: Furniture, Fixtures and Equipment – This estimate includes the cost of purchasing and installing the furniture, fixtures, equipment, and interior finishes required to open and operate a Matari Coffee Restaurant. These will include items such as espresso machines, coffee grinders, brewing equipment, refrigeration units, freezers, display cases, prep stations, service counters, and point-of-sale (POS) systems. These purchases must be made from us, our approved manufacturers, and/or suppliers, or they must meet our specified standards. The costs for furniture and fixtures may vary based on the quality of the materials, the size and layout of your coffee shop, and other factors. Key elements that may increase costs include the size of your location, the level of customization, and the specific aesthetic you choose. Please note that the costs listed do not account for transportation or setup fees. Some equipment, such as espresso machines and POS systems, may be leased instead of purchased. If you choose to purchase rather than lease, your initial costs may be higher. All furniture, fixtures, and equipment must meet our brand standards and specifications as outlined in the Franchise Agreement and Operations Manual.

Note 5: Signs – The cost of signs includes both exterior and interior signage necessary to comply with Matari Coffee's branding and to attract customers to your Restaurant. This may include exterior signage (such as a storefront sign, menu boards, and drive-thru signage if applicable) as well as interior signage (such as directional signs, menu displays, and promotional materials). The actual cost will depend on factors such as the size, design, materials, installation fees, local permitting requirements, and any unique regulations in your market. All signage must be approved by us to ensure consistency with our brand image and standards. Signage costs are also subject to changes in local zoning or building code requirements, which may increase or decrease the expected budget.

Note 6: Computer, Software and Point of Sales System – The cost for computer systems and point-of-sale (POS) systems includes the hardware and software required for the efficient operation of your Matari Coffee Restaurant. This may include cash registers, receipt printers, barcode scanners, monitors, servers, network infrastructure, and other necessary components to support our operational systems. Additionally, the cost includes software for transaction processing, inventory management, sales reporting, and any other required business operations. The actual costs will depend on the specific technology and POS system chosen, as well as any customization required to meet Matari Coffee's operational needs. We may require the use of approved vendors and systems to ensure uniformity and seamless integration across all locations. You are also responsible for any ongoing fees related to software licenses, system maintenance, updates, and technical support.

Note 7: Grand Opening Marketing Expense – You must this amount up to 30 days before opening to promote your grand opening.

Note 8: Initial Inventory – The initial inventory estimate covers the purchase of food, beverages, and other essential supplies needed to start operations at your Matari Coffee Restaurant. This may include coffee beans, teas, syrups, milk, pastry ingredients, packaging materials, cleaning supplies, and other operational necessities required for daily service. The actual cost of initial inventory will vary depending on the size of your restaurant, your menu offerings, supplier pricing, and local market conditions. We will provide guidance on the recommended inventory quantities and suppliers to ensure consistency with our brand standards. The initial inventory is typically purchased shortly before opening, and it is important to maintain a stock level that aligns with your expected sales volume to ensure smooth operations.

Note 9: Utility Deposits – You may be required to pay in advance deposits to secure the appropriate utilities required for the operation of your Restaurant, including gas, electric, water, sewer and internet access to each respective utility company.

**Note 10: Insurance Deposits** – Insurance deposits cover the initial premiums and required deposits for general liability, property, workers' compensation, and other necessary insurance policies, with the actual amount varying based on the type of coverage and your location.

**Note 11: Travel for Initial Training** – Travel for initial training includes the costs for transportation, lodging, and meals for you and any designated staff to attend the required training at our designated location, with expenses varying based on your location and travel arrangements..

**Note 12: Professional Fees** – We strongly recommend that you engage an attorney and/or an accountant to advise you regarding your purchase of this franchise. Business entity selection and related legal fees include complying with fictitious, assumed, or trade name statutes of the state in which the Business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees, and the scope of legal services requested.

**Note 13: Licenses and Permits** – Estimated costs of obtaining required licenses and permits to operate your Restaurant. Some costs may vary depending on the location of the Restaurant.

**Note 14: Additional Funds** – You will need capital to support ongoing expenses, such as payroll, utilities, rent, and Royalty payments, if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and more working capital and additional funds may be required depending on the sales and performance of your Restaurant.

**Note 15: About Your Estimated Initial Investment** – These are only *estimates* and your costs and the range of your costs, may vary. Your actual costs may vary based on the size of your Restaurant; your management skill, experience, business acumen, market and economic conditions including rent, labor, and construction rates; local licensing costs; competition; the facilities and existing build-out of the Restaurant Location that you select; and the level of sales achieved by your Restaurant.

**B. Multi-Unit Development Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee <sup>(Note 1)</sup>	\$110,000 - \$180,000 (assuming purchase of 3-5 locations)	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	To Us
Estimated Initial Investment to Open 1 Restaurant <sup>(Note 2)</sup>	\$468,500 - \$721,000	See Chart 7(A), above		
Total Estimate <sup>(Note 3)</sup>	\$578,500 - \$901,000			

Explanatory Notes to Item 7  
For a Multi-Unit Development Agreement

Note 1: Development Area Fee and Franchise Fees –The amount of the Development Area Fee varies depending on the number of additional Restaurants, over and above the first Restaurant authorized by the Franchise Agreement that you will sign with the Multi- Unit Development Agreement, that you will be authorized to develop within the Development Area. Under a Multi-Unit Development Agreement, you will be authorized to develop a minimum of three (3) restaurants. For each restaurant beyond the first one, you will be required to pay a development fee of \$35,000 per restaurant. This fee is in addition to the Initial Franchise Fee of \$40,000, which is paid when you sign the Franchise Agreement for the first restaurant in your Development Area. You will not need to pay an additional Initial Franchise Fee for each subsequent restaurant, but you will still be responsible for the Development Area Fee upon signing the Multi-Unit Development Agreement. Failure to develop the number of required restaurants according to the timeline specified in the Multi-Unit Development Agreement is a breach of that agreement which entitles us to terminate the agreement.

Note 2: Estimated Initial Investment – This figure represents the total estimated initial investment required to open your initial Restaurant under the Franchise Agreement.

Note 3: Total Estimate – This is the total estimated investment to enter into a single unit Restaurant Franchise Agreement and a Multi-Unit Development Agreement.

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

You must operate your franchise business according to our system, including purchasing or leasing certain items or services according to our specifications, from approved suppliers. You must not deviate from these methods, standards, and specifications and specifications without our prior written consent. Your Restaurant must be operated in full compliance with the Franchise Agreement and in accordance with the procedures, standards, specifications, and approved suppliers outlined in our Manuals.

**Approved Suppliers, Proprietary Products and Required Purchases**

You must purchase all equipment, fixtures, signs, banners, inventory, coffee and espresso beans, teas, food products, proprietary seasonings, recipes, supplies, packaging materials, ingredients, paper and plastic products, menus, uniforms, POS and computer systems, computer hardware and software, time clocks and payroll/tax filing services and all other products and services for the development and operation of your MATARI COFFEE franchise of the type and in the amounts we specify, in accordance with our specifications and only from manufacturers, suppliers or distributors we designate or approve (“Approved Suppliers” or “Designated Suppliers”). We and our affiliates may be Approved Suppliers and with respect to proprietary coffee and espresso beans the only Approved Supplier.

We have identified various suppliers, distributors and manufacturers of equipment, fixtures, furnishings, ingredients, supplies and services that your Franchised Business must use or provide which meets our standards and requirements. Your architect and building contractor must meet our approval. You must purchase all equipment, fixtures, furnishings, ingredients, supplies and services, including computer systems and certain software, from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, fixtures, furnishings, ingredients, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

We may also require you to purchase advertising materials from us or approved suppliers. We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table. Additionally, we reserve the right to require that all items used in the operation of your business be purchased from us or other sources designated or approved by us.

### **Café Specifications**

You are responsible for preparing, or ensuring the preparation of, all necessary construction plans and specifications to fit the shape and dimensions of the premises. These plans must comply with applicable ordinances, building codes, federal and state laws, permit requirements, and any lease restrictions. Before beginning construction of your Matari Coffee Restaurant, you must submit construction plans, bids, specifications, and any other required documentation to us for approval. Additionally, you must provide us with any revised plans and specifications throughout the construction process.

You are required to hire a licensed contractor and build your Cafe using only the construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture, and signs that meet our approved specifications for appearance, function, and performance. These items must be purchased from our Designated Supplier(s), or, if no Designated Supplier has been specified, from an Approved Supplier who meets our standards. As of the date of this Disclosure Document, our affiliate, Matari Coffee Distribution, is the Designated Supplier for the following equipment: espresso machines, coffee brewers, and grinders.

We will provide you with mandatory and suggested specifications and layouts for your Matari Coffee Restaurant, including requirements for the premises' dimensions, design, image, décor, layout, signage, furniture, fixtures, equipment, and color scheme. You must hire your own architect to adapt these plans to fit the specific shape and dimensions of your approved location. Our approval will be limited to how well your build-out plans align with our prototype plans and the correct implementation of our Proprietary Marks. We must review and approve all plans and specifications before you begin construction to ensure they meet our design standards. We may also inspect the Cafe during its development.

Our specifications are formulated and updated based on our experience in the business. Factors we consider include ensuring the quality and uniformity of products and services. We communicate and update these specifications through memos, bulletins, or changes to our Operations Manual.

### **Computer and POS System**

You must purchase computer hardware and software designated by us. The required list of hardware and software is more specifically described in Item 11. You will set up, maintain, and use e-mail capability with an e-mail service designated by us for the purposes of receiving electronic correspondence from us, other franchisees, and your customers.

### Insurance Requirements

You must purchase insurance coverage in the amounts that we specify. This includes comprehensive general liability insurance, including public liability, personal injury, advertising injury, and products liability with a combined single limit of at least \$1 million per occurrence and \$2 million aggregate; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated; business interruption insurance which provided for payment to Company of royalties and advertising payment lost during the business interruption; and property insurance for the full replacement value of furniture, fixtures, equipment and leasehold improvements. If you are operating a vehicle on behalf of your Restaurant, you are required to purchase automobile insurance with coverage for bodily injury and property damage, and third-party delivery operations, of at least \$300,000, or greater if required by state law. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear.

Our insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. Your lease may require higher amounts with which you are required to comply. In the event of damage to your premises covered by insurance, the proceeds of any such insurance must be used to restore the facility to its original condition as soon as possible (not more than 180 days) unless We consent otherwise in writing.

We do not receive any other revenue, rebates, discounts or other material consideration from any other supplies based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 75% to 95% of your costs to establish your Restaurant and approximately 30% to 40% of your costs for ongoing operation. You must purchase supplies from an approved supplier or according to our specifications.

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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.**

Table Abbreviations: “FA” – Franchise Agreement; “DA”– Multi-Unit Development Agreement

Obligation	Section in Franchise Agreement	Section in MUDA	Disclosure Document Item
a. Site selection and acquisition/lease	2.A., 3.A. and 3.B	2, 5.5 and 5.6	7 and 11
b. Pre-opening purchases and leases	3 and 8	N/A	7 and 8
c. Site development and other pre-opening requirements	3, 4, 7.F., 7.G., 7.I., 7.J., 8 and 9	2, 5.5 and 5.6	6, 7 and 11
d. Initial and ongoing training	4, 7.J., 14.C. and 14.D.	N/A	11
e. Opening	2, 3, 4 and 9.B.	2, 3, 4.1, 4.4 and 4.5	11
f. Fees	3, 4.A., 5, 9, 10, 12, 13, 14, 15, 16 and 18.N.	4, 5.2 and 7.13	5, 6 and 7
g. Compliance with standards and policies/manual	3, 4, 5, 7, 8, 9, 11, 12 and 13	2 and 5	8 and 11
h. Trademarks and proprietary information	6, 7 and 11	2, 5 and 7.3	13 and 14
i. Restrictions on products and services offered	3, 4.C. and 7	2 and 5	8, 11 and 16
j. Warranty and customer service requirements	7	N/A	16
k. Territorial development and sales quotas	2 and 3	4	12
l. Ongoing product and service purchases	3, 4.C., 5 and 7	N/A	8
m. Maintenance, appearance and remodeling requirements	3 and 7	5	7 and 17
n. Insurance	8	N/A	7 and 8
o. Advertising	3.F., 4.B., 7.I., 9 and 11	N/A	6, 8 and 11
p. Indemnification	10 and 11.E.	N/A	6 and 13
q. Owner’s participation, management, and staffing	4, 6 and 7	2.5 and 6.2	11 and 15
r. Records and reports	5, 9, 12 and 13	N/A	6
s. Inspections and audits	5, 7.K. and 13	N/A	6 and 11
t. Transfer	14	6	17

Obligation	Section in Franchise Agreement	Section in MUDA	Disclosure Document Item
u. Renewal	15	3	17
v. Post-termination obligations	6, 10, 11, 17 and 18	N/A	17
w. Non-competition covenants	6, 17 and 18	N/A	17
x. Dispute resolution	18.F. and 18.G.	7	17
y. Individual guarantee of franchisee obligations	2.C., 6, 7.J., 14.C., 14D., 14.E. and 17.C.	2.3 and 6.2	9

**ITEM 10  
FINANCING**

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

**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 you open your Restaurant, we will:

1. Grant of Franchise – We will provide you with site selection guidelines and approve a location for your Franchised Business. Within sixty (60) days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within ten (10) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within sixty (60) days of signing the Franchise Agreement, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. (Franchise Agreement, Sections 8.1.2, 8.1.3, 10.1).

2. Designs and Plans. Provide you with prototypical plans and specifications for the layout, design, appearance, and signage for your Matari café. You, your architect and your contractor are required to adapt our prototypical plans and specifications for the construction of your premises and obtain permits. We do not adapt plans or obtain permits for you. Your architect and contractor must be approved by us. (Franchise Agreement, Sections 8.2.1, 10.2).

3. Manuals – We will loan to you a copy of our confidential and proprietary Matari Operations Manual and other manuals and training aids we designate for use in the operation of your Matari Franchise. Such manuals may be revised from time to time (Franchise Agreement, Section 10.3). You must operate the franchise in accordance with the Manuals and all applicable laws, rules and regulations.

4. Signs, Equipment, Furniture, and Fixtures. We will provide you with a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We, and our affiliates, do not deliver or install any of these items (Franchise Agreement, Section 10.5).

5. Website and Digital Media – We will identify your Restaurant on our website. You may not use any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.F. and 9);

6. Costs and Prices. We will recommend minimum and maximum prices for products and services at your Matari outlet (Franchise Agreement, Section 12.5); and

7. Initial Training – We will provide you with initial training at an affiliate- or franchised-owned outlet. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one Operating Manager at our training facility located in (Franchise Agreement, Sections 7.1, 7.2).

### **Site Selection**

You are responsible for locating a potential site for your Restaurant. However, the site must meet our criteria for location, size, demographics, accessibility, visibility, and other factors critical to the success of a Matari Coffee Restaurant. Before proceeding, you must submit the proposed site to us for review and receive our written approval. We reserve the right to withhold approval in our sole discretion if the location does not meet our standards. Approval of a site does not guarantee the success of the Restaurant. You may not begin construction or sign a lease until we have granted written approval of the site.

Although there is no specified time limit for us to review the proposed site for your Restaurant Location, we will do so within a reasonable time, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Restaurant Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Restaurants, if your Designated Territory was previously designated; (d) the location of your proposed site relative to your overall Development Territory and proximity to other Restaurants, if you signed a Multi-Unit Development Agreement and your Development Territory was previously designated; and (e) whether or not the landlord for the Restaurant Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 5 of the Franchise Agreement.

You will have 120 days from the effective date of the Franchise Agreement to locate and obtain our written approval of a suitable site. If you fail to do so within this period, we may grant you an extension or terminate the Franchise Agreement without refunding any fees paid. Approval of a site does not constitute a guarantee of your success or profitability at that location.

## **Obligations After Opening**

During the operation of your franchise, we will:

1. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to three (3) days each year at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).
2. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
3. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
4. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.6).
5. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service and premises to ensure that they meet our standards (Franchise Agreement, Section 10.4).
6. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
7. within three (3) days of your opening, provide you with on-site opening assistance for up to five (5) days following the opening of your first Matari café or for up to two (2) days following the opening of a subsequent Matari café. (Franchise Agreement, Section 7.3).
8. recommend minimum and maximum prices for products and services at your Matari café (Franchise Agreement, Section 12.5).
9. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

## **Advertising**

### **Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)**

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Matari franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

### **System-wide Brand Fund (Franchise Agreement, Section 13.3)**

You are required to contribute to the Brand Fund up to two percent (2%) of weekly Gross Sales, generated by your Matari Coffee Restaurant. Each Matari café operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

The Brand Fund is administered by us. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

The Brand Fund will be established upon the signing of the first franchise agreement. No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

#### **Regional Advertising (Franchise Agreement, Section 13.4)**

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Matari café in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Matari café will have one vote in the cooperative. However, no cooperative will be formed or maintained that result in our affiliate-owned outlets having a controlling voting power. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. There are no current cooperative documents available for you to review.

If we establish a regional advertising fund or cooperative, each Matari café, whether franchise-owned or affiliate-owned, must contribute amounts equal to each outlet's pro-rata share of cooperative advertising costs. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund and required expenditures for local advertising.

#### **Computer System (Franchise Agreement, Section 12.3)**

You must purchase and use the point-of-sale system ("POS System") we specify, and have the latest versions of hardware, software and computer platforms to operate the POS System. The current POS System requirement is developed by Clover, which includes iPads, credit card readers, cash drawers and software. The Clover software is used for employee scheduling and payroll, payment processing, and report generation.

The POS System software allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the Internet.

We may in the future establish or modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Revenue, and you must fully cooperate in implementing any such system at your expense.

You are required to have a digital bookkeeping application, through a vendor of your choosing, provided that your application is capable of providing the financial information and reports that we require.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs.

We will have independent, unlimited electronic access to the information generated by and stored in your computer software and applications. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer data stored in your customer management account. We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the PCS System or any replacements thereto. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

**Training**

You or your managing owner and your general manager must successfully attend and complete the initial training program to our satisfaction no more than 30 days before the opening of your Restaurant. The initial training program takes place over an approximate 2-week period. Currently, we provide our initial training program on an as-needed basis.

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Coffee Preparation and Brewing Techniques: Hands on training on espresso machines, grinders, brewing methods, etc.	2	4	Canton, Michigan, or other location determined by us.
Operations Manual Review / Menu Review & Training	2	0	Canton, Michigan, or other location determined by us.
Customer Service/Order Taking and Fulfillment	1	2	Canton, Michigan, or other location determined by us.
POS Training: System Operations; Inventory Management; Reporting	2	5	Canton, Michigan, or other location determined by us.
Health & Safety: Food Safety, Cleaning/Maintenance, Employee Safety	2	3	Canton, Michigan, or other location determined by us.
Beverage Training: in-depth training on brewing methods, pour-over, French press, using espresso machines; Latte art; drink customizations	2	6	Canton, Michigan, or other location determined by us.
Ordering Items Through Vendors	0	2	Canton, Michigan, or other location determined by us.
Day to Day Tracking of Items	0	4	Canton, Michigan, or other location determined by us.
Full Scale Management of Store	0	10	Canton, Michigan, or other location determined by us.
Employee Management/Marketing	3	0	Canton, Michigan, or other location determined by us.
<b>Subtotal Hours</b>	<b>14</b>	<b>36</b>	
<b>Total Hours</b>	<b>50</b>		

All persons attending the initial training program must complete the program to our satisfaction. If you cannot complete the program to our satisfaction, we may terminate the Franchise Agreement. We reserve the right to modify the franchisee training program at any time to reflect updates in content, instructional techniques, operational manuals, or training staff, and such changes may occur without prior notice. The topics covered and the duration devoted to each subject may differ depending on the background and experience level of the individuals participating in the training.

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## ITEM 12 TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) Matari cafe within a territory that will be defined after the location of your Matari cafe is identified and approved by us (the "Territory"). You are required to find and obtain possession of a specific location for your Restaurant that meets our site selection criteria and our approval.

The size and scope of your designated territory will be determined by us, taking into consideration factors such as population density, the local commercial landscape, whether the location is urban or rural, and other relevant criteria that we determine is necessary. While there is no guaranteed minimum area, most territories typically extend in a radius of 2-5 miles from your approved site. We may define the boundaries of your territory using a variety of methods, including but not limited to: postal codes, major roads or highways, county borders, designated market areas, or a specific measured distance from your business location.

In most cases, we will not authorize the establishment of another traditional Matari Coffee franchise within your defined territory. However, we reserve the right to reevaluate and potentially modify the boundaries of your territory at the conclusion of your initial franchise term or any renewal term. Additionally, if the population within your territory grows to 50,000 residents or more, we may adjust the territorial limits accordingly.

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.

During the term of your Franchise Agreement, and provided that you are not in default of your obligations to us and/or the Franchise Agreement, we will not open another Matari cafe or grant the right to anyone else to open a Matari cafe within five (5) miles from your Territory. Notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Licensed Mark in the Territory through alternative distribution channels, as discussed below.

There is no minimum sales requirement, market penetration or other contingency that will affect your limited protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. The conditions under which we may allow you to relocate include the following: loss of your premises not due to your default, demographics of the surrounding area, proximity to other Matari café, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking, and overall suitability. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then- current site selection procedures, within 90 days. If you do not identify a site within this time period, we may terminate the Franchise Agreement. While you are closed for relocation, you must continue to pay us a minimum Royalty and Brand Fund contribution equal to the average paid during the four (4) calendar quarters immediately preceding the loss of your premises.

We may, but have no obligation to, consider granting to you the right to establish additional Matari café under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Matari café in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Matari café outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Mark, including a product or service similar to those you will sell at your Restaurant. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under our trademarks or other marks within or outside the Territory or development area through any method of distribution, such as distribution through retail outlets, including but not limited to, grocery stores, sports arenas, train stations, seasonal or "pop-up" stores; in captive market locations, such as airports and malls; and the Internet ("Alternative Distribution Channels"). Operators in these venues may be granted separate rights to open and run Matari-branded locations tailored specifically for those non-traditional formats. You will receive no compensation for our sales through Alternative Distribution Channels in the Territory or development area.

### **Multi-Unit Development Agreement**

If you enter into a Multi-Unit Development Agreement with us, you will be granted the non-exclusive right to develop a specified number of Matari Coffee Restaurants within a defined geographic area (the "Development Area"). The number of Restaurants you are permitted to develop, and the boundaries of your Development Area will be outlined in your Multi-Unit Development Agreement.

The rights granted under the Multi-Unit Development Agreement are development rights only. You will not receive exclusive rights to the Development Area, nor will you receive any protected territory. We retain the right, in our sole discretion, to operate or license others to operate Matari Coffee Restaurants or other businesses using similar marks or concepts within or outside your Development Area, except that we will not authorize another franchisee to develop a Restaurant at a location we have approved for your development, provided you are in compliance with your obligations under the Multi-Unit Development Agreement.

You must meet a development schedule ("Development Schedule") which outlines the number of Restaurants you must open and the deadlines for each. Failure to meet any milestone in the Development Schedule may result in the termination of your rights to develop additional Restaurants and/or the reduction of your Development Area, at our discretion.

Each Restaurant you develop under the Multi-Unit Development Agreement will be governed by a separate Franchise Agreement executed at the time of site approval for each unit. The form of the Franchise Agreement you will sign may differ from the version attached to this Disclosure Document, as we use our then-current standard Franchise Agreement at the time of execution.

**ITEM 13  
TRADEMARKS**

We will grant you the non-exclusive right to use the “Matari Coffee” trademark in the operations of your franchise business. Should we obtain any future trademarks, you may, at our sole discretion, also be entitled to use such future trademarks for your specific franchise business.

Our affiliate Matari Coffee Co., LLC currently owns the Licensed Marks and has granted to us a license with an indefinite term to use the Licensed Marks and to license our franchisees to use the Licensed Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks in this franchise offering. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any corporate entity that you establish.

Registered Trademark

The following trademarks identified below are registered with the United States Patent and Trademark Office (“USPTO”) and, unless otherwise designated by us, will be used by you in the operations of your franchise. As to these marks identified in the chart below all required affidavits have been filed with the USPTO.

USPTO Registration Number	Word or Design Mark	Registration Type	Registration Date
7,353,474	Matari Coffee Co™	Principal	April 9, 2024

As an emerging brand, we are actively refining and evolving our trademarks, branding elements, and other components of our intellectual property. Should we implement changes to our brand identity—such as updates to logos, design themes, or other proprietary materials—you will be required to incorporate those updates into your operations at your own cost.

There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to use all brand names and marks strictly in accordance with our operating manuals and brand standards. If we update or retire any trademark, you must adjust or cease your use of it promptly and at your own expense. You may not incorporate any of our trademarks into your legal business name. However, you are obligated to register and operate under an assumed name or “doing business as” (DBA) that includes “Matari” with the appropriate local or state authorities. Your right to use our trademarks is non-exclusive. You are also prohibited from seeking trademark registration or legal protection for any variation of the Matari name or any other branding we use or may adopt.

Protection Against Infringement

You must promptly inform us if you become aware of any unauthorized use of, or legal challenge to, our trademarks. It will be our sole decision whether and how to respond to such issues. We are not required to take action on your behalf, nor are we responsible for defending your rights to use the trademarks or for shielding you from claims of trademark infringement or unfair competition.

If we choose not to pursue action, you may, at your own expense, take steps to defend yourself—but only with our prior written consent and under our full guidance and control throughout the process. You must not take any action that conflicts with our ownership or interests in the trademarks. We are under no obligation to reimburse or defend you in legal or administrative matters involving the trademarks. You also agree not to challenge or dispute our ownership of the trademarks, brand elements, proprietary systems, or confidential business practices. All goodwill derived from use of the trademarks is solely our property, and you must cooperate in signing any documents needed to affirm or protect our rights.

#### **ITEM 14**

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

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, photographs and other written materials. We also claim copyrights and other proprietary rights in our Manual. There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect which limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them. Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, formulas, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Matari café; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information").

You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination.

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

While we do not mandate that you personally manage the day-to-day operations of your Matari location, we strongly encourage your active involvement. At a minimum, you are required to participate in the operation of the business on a substantially full-time basis. Each Matari café must be under the direct supervision of a full-time general manager. This general manager may be you or another individual you designate, subject to our approval. The appointed manager must complete our Initial Management Training Program and any additional training we require, and must dedicate their full working time to overseeing the day-to-day operations of your Matari café.

To preserve brand integrity, the general manager must not hold any ownership interest in, or maintain any business affiliation with, competitors of Matari. If your franchise is owned by a legal entity, the general manager is not required to have an ownership stake in the business.

Any individual—including your manager and other staff—who is granted access to Matari’s confidential methods, systems, or training materials must sign our standard Non-Disclosure/Non-Competition Agreement (attached to the Franchise Agreement as Attachment 10). If the franchise is owned by a business entity, all individuals with an ownership interest in the entity are required to sign the Franchise Agreement in their individual capacity as Principals. Additionally, if you are married, your spouse must execute the Personal Guaranty (Attachment 8 to the Franchise Agreement).

**ITEM 16**  
**RESTRICTIONS ON PRODUCTS AND SERVICES SOLD**

As a Matari franchisee, you are authorized to offer only those products and services that we approve, and you must do so strictly in accordance with the Matari brand standards and system requirements. You may not offer or sell any products, services, or merchandise that have not been authorized by us in writing. This includes, but is not limited to, beverages, food items, packaged goods, apparel, or branded merchandise. We reserve the right to update or revise the approved menu and product offerings at any time, and you must comply with all such updates, including the removal or replacement of any items, even if previously approved.

All products, ingredients, and supplies used in the operation of your Matari location must be purchased from us, our affiliates, or from suppliers and distributors that we have approved. We may require that certain menu items be prepared using designated proprietary blends, recipes, or methods, and may require the use of specific equipment or packaging materials. You may not operate any e-commerce sales or third-party online ordering platforms under the Matari brand unless specifically authorized by us.

These restrictions are designed to ensure consistency, protect brand integrity, and maintain the unique customer experience associated with the Matari concept.

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

The Franchise Relationship Under a Single Unit Franchise Agreement

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section Franchise Agreement	Summary
a. Length of the franchise term	Art. 4	The term of your Franchise Agreement is 10 years.
b. Renewal or extension of the term	Sections 5.1 and 5.5	If you are in good standing as defined below, you can sign a successor agreement for one (1) additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from your Territory
c. Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least six months before the end of the term, execute a new franchise agreement, pay us a Successor Agreement fee of twenty five percent (25%) of the then applicable initial franchise fee, continue to have the right to occupy the premises or have received approval from us to relocate, remodel your Franchised Business location, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different term and conditions than your original Franchise Agreement.
d. Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e. Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
f. Termination by franchisor with "cause"	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g. "Cause" defined-curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

Provision	Section Franchise Agreement	Summary
h. "Cause" defined-non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction and/or open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty, as may be extended by us; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</p>

Provision	Section Franchise Agreement	Summary
i. Franchisee’s obligations on termination/non-renewal	18.1	Immediately cease operating the Franchised Business, cease using the Marks and other intellectual property including all signs, cancel any assumed name registrations, pay all sums due to us and our affiliates, pay all damages we incur, deliver all manuals, confidential information and other records relating to operation of franchise location, comply with the non-disclosure and non-competition covenants contained in Article 19 and pay us liquidated damages as calculated in the Franchise Agreement, allow us to purchase assets if we determine to do so, assign all phone numbers for the Franchised Business.
j. Assignment of the contract by franchisor	16.1	No limits on our right to assign.
k. “Transfer” by franchisee-definition	16.2	Any sale, assignment, transfer, gift, devise, conveyance or encumbrance of the Agreement or any right or interest in the Agreement, the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or allowing or permitting any such assignment, transfer, or encumbrance to occur by operation of law
l. Franchisor’s approval of transfer by franchisee	16.3	You have no right to assign without our approval

Provision	Section Franchise Agreement	Summary
m. Conditions for franchisor's approval of transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Exhibit C to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; landlord's consent of a lease assignment, if applicable; payment of a transfer fee equal to 75% of the then-current initial franchise fee or 50% of the then-current initial franchise fee for transfer to an existing franchisee in good standing, or \$2,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$2,500 for a transfer to a spouse, parent or child upon death or permanent disability.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and
o. Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your furniture, equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p. Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.

Provision	Section Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Matari café to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Matari café (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 10 miles of your former Matari café location or any other Matari café location; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
s. Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 22.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our trademarks at any time upon written notice to you.
t. Integration/merger clauses	Section 22.4	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 the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 20.1, 20.2, 20.3, and 20.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations.
v. Choice of forum	Section 20.5	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in Oakland County, Michigan, or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	Section 20.5	Michigan law applies, subject to applicable state law.

## THE FRANCHISE RELATIONSHIP

**This table lists certain important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

### Multi-Unit Development Agreement

Provision	Sections in Multi-Unit Development Agreement	Summary
a. Length of the Development Agreement	3	The term is the negotiated development period
b. Renewal or extension of the term	Not applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not applicable	Not Applicable
d. Termination by franchisee	Not applicable	Rights to terminate are subject to state laws
e. Termination by franchisor without cause	Not applicable	We can terminate without cause only if you and we mutually agree, in writing, to terminate.
f. Termination by franchisor with “cause”	3.2	We may terminate your Multi-Unit Development Agreement with cause. Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for 4 consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Restaurants within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Restaurant and/or any other franchise agreement between you and us.

Provision	Sections in Multi-Unit Development Agreement	Summary
g. “Cause” defined-curable defaults	Not applicable	Not applicable.
h. “Cause” defined-non-curable defaults	3.2	We reserve the right to terminate your Multi-Unit Development Agreement under certain circumstances, including but not limited to: (a) If you discontinue your development efforts or otherwise demonstrate a lack of intent to fulfill your obligations under the agreement; (b) If you fail to make material progress in your development responsibilities for four continuous months, or for a shorter time frame that, in our reasonable judgment, reflects your abandonment of development within your designated area; (c) If you become subject to bankruptcy proceedings, are declared insolvent, file for reorganization, assign assets for the benefit of creditors, or if a receiver or trustee is appointed for your business or assets; (d) If you do not satisfy the development milestones outlined in your Development Schedule for any designated development period, including failing to open or maintain the number of locations required by the timeline; (e) If any of your individual Franchise Agreements is terminated or if any other franchise agreement you hold with us ends for any reason.
i. Franchisee’s obligations on termination/non-renewal	Not applicable	You lose all rights under the Multi-Unit Development Agreement.
j. Assignment of the contract by franchisor	6	No restrictions on our right to assign.
k. “Transfer” by franchisee-definition	6	You have no right to transfer the Multi-Unit Development Agreement.
l. Franchisor’s approval of transfer by franchisee	6	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor’s approval of transfer	6	We have the right to approve all transfers but will not unreasonably withhold approval.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not applicable	We have the right of first refusal to match an offer to buy your franchise.
o. Franchisor’s option to purchase franchisee’s business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Your heirs or personal representative will have the right to continue to fulfill your obligations under this Agreement; provided that, we have the right to approve or reject of such heirs or personal representative, in our sole discretion. If we

		give such approval, your heirs or personal representative must, within a reasonable time (not more than 60 days) after such death or incapacity (or such longer period required by the laws of the state where your franchise business is located), appoint a personal representative who must be approved by us or the agreement must be assigned or transferred to a buyer approved by us.
q. Non-competition covenants during the term of the franchise	Not applicable	While the Multi-Unit Development Agreement itself does not contain stand-alone non-competition provisions, each individual Restaurant you open under that agreement will be governed by the non-compete terms included in the applicable Franchise Agreement for that location. These restrictions will apply separately to each franchised unit and must be adhered to as outlined in the respective agreements.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	While the Multi-Unit Development Agreement itself does not contain stand-alone non-competition provisions, each individual Restaurant you open under that agreement will be governed by the non-compete terms included in the applicable Franchise Agreement for that location. These restrictions will apply separately to each franchised unit and must be adhered to as outlined in the respective agreements.
s. Modification of the agreement	5.3, 7.11	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t. Integration/merger clauses	7.12	The Multi-Unit Development Agreement is the entire agreement between you and us relating to the development of the Exclusive Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	7.5, 7.6	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Canton, Michigan, and, if mediation is unsuccessful, then to binding arbitration in Wayne County, Michigan. This provision is subject to applicable state law.
v. Choice of forum	7.5, 7.6	Arbitration must be in Wayne County, Michigan. Litigation, if any, must be in Wayne County, Michigan. See State Law Addendum.
w. Choice of law	7.5, 7.6	Michigan law will govern. However, this provision is subject to state law and as otherwise disclosed in State Law Addendum.

**ITEM 18  
PUBLIC FIGURES**

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Set forth in the table below is information regarding gross sales, cost of goods sold, rent, and labor costs for the Café operated by our Affiliate Matari Coffee Co., LLC in Canton, Michigan for the years 2022, 2023 and 2024, and our Affiliate Sanaa Coffee, in Mississauga, Ontario for the time period July to December 2023 and calendar year 2024:

<b>Matari Coffee Co (Canton, Michigan)</b>	<b>June-Dec 2022 \$</b>	<b>2023 \$</b>	<b>2024 \$</b>
<b>Sales</b>	388,744	790,033	644,707
<b>COGS</b>	134,249	227,713	184,211
• <b>COGS as % of Sales</b>	34.5%	28.8%	28.6%
<b>Labor</b>	77,806	213,158	182,784
• <b>Labor as % of Sales</b>	20.0%	27.0%	28.4%
<b>Rent</b>	12,419	33,496	30,460
• <b>Rent as % of Sales</b>	3.2%	4.2%	4.7%

<b>Matari Coffee (Mississauga, Ontario)</b>	<b>Jul-Dec 2023</b>	<b>2024</b>
<b>Sales</b>	\$671,330	\$1,340,549
<b>COGS</b>	181,259	361,949
• <b>COGS as % of Sales</b>	27.00%	27.00%
<b>Labor</b>	146,350	292,239
• <b>Labor as % of Sales</b>	21.80%	21.80
<b>Rent</b>	39,420	78,840
• <b>Rent as % of Sales</b>	5.87%	5.88%

## ASSUMPTIONS

You should consider the following factual basis and material assumptions in reviewing this Item 19:

The financial information presented for our Company Owned Outlets is based on data reported to us by our affiliates and prepared in accordance with generally accepted accounting principles for the respective calendar year periods. It is important to note that these outlets are not franchises; therefore, no royalties or standard franchise fees, as disclosed in this Franchise Disclosure Document (FDD), are applicable. The information in this analysis has not been audited and is derived from historical financial data, rather than serving as a forecast or projection of future performance. Notably, we did not operate any franchise outlets during the 2022, 2023 and 2024 calendar years.

## COMPANY OWNED OUTLETS

During the 2022 Calendar Year we had a total of one (1) Company Owned Outlets that was open and in operation in June 2022. During the 2023 Calendar Year we had a total of two (2) Company Owned Outlets that were open and in operation during the entire calendar year. During the 2024 Calendar Year, we had a total of four (4) Company Owned Outlets. During the 2024 Calendar Year, we opened a 3<sup>rd</sup> and 4<sup>th</sup> Company Owned Outlet, located at 6225 Orchard Lake Rd., West Bloomfield, Michigan, and 8800 Gross Pointe, Skokie, Illinois. Since these have not been open and operating for an entire calendar year, we have not included the information in this Item 19.

## DISCLAIMER

**You should consider the following factual basis and material assumptions when reviewing this Item 19:**

1. Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.
2. The figures for our Mississauga location was prepared utilizing data we received in the sales and operations report provided to us by our affiliates and through daily polling of Point of Sale (POS) data, time clock data and profit and loss statements. We have not independently verified any of the data provided to us.
3. We strongly encourage you to consult with your financial advisor, accountant and lawyer concerning the financials disclosed before making the decision to purchase a franchise.
4. You should also be aware that the financial performance of any particular Cafe might be affected by a number of factors that may vary due to the individual characteristics of the site. These factors include but are not limited to: competition from other businesses; location of your site; your experience; your ability to operate the business; the quality and effectiveness of your managerial skills; and your decisions with respect to location, additional advertising programs, personnel and cost controls; geographic and socioeconomic conditions in your locality; business cycles; and the performance of the local, national and world economy
5. Other than the preceding financial performance representations, 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 Sadeq Almatari, HQ Matari, LLC at (313) 455-9811, the Federal Trade Commission, and the appropriate state regulatory agencies.

The information presented above has not been audited. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	2	+1
Total Outlets	2022	1	1	0
	2023	1	1	0
	2024	1	2	+1

**TABLE NO. 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2021 to 2023**

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0

**TABLE NO. 3  
STATUS OF FRANCHISED OWNED OUTLETS  
FOR YEARS 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	1

**TABLE NO. 4  
STATUS OF COMPANY OWNED OUTLETS  
FOR YEARS 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Michigan	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2
Mississauga, Ontario	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Illinois	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	2	3	0	0	0	4

**TABLE NO. 5  
PROJECTED OPENINGS  
AS OF 12/31/2024**

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
<b>TOTAL</b>			

Notes to Tables:

There are no franchisees or Multi-Unit Developers who had an outlet terminated, cancelled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Multi-Unit Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

We have not during the past three fiscal years, signed confidentiality clauses with franchisees.

During the last fiscal year, we had no franchisees leave the system. There are no trademark-specific franchisee organizations associated with Matari Coffee franchise system that have been created, sponsored or endorsed by us or that have asked to be included in our Franchise Disclosure Document.

During the last 3 calendar years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

## **ITEM 21 FINANCIAL STATEMENTS**

HQ Matari, LLC was formed on June 30, 2024. Because we have not been in business for three (3) years, we are not able to include the three (3) prior years of audited financial statements normally required by this Item 21.

## **ITEM 22 CONTRACTS**

We have attached the following contracts: as Exhibit “E”, the Franchise Agreement and its Exhibits, as Exhibit “F”, the Multi-Unit Development Agreement and its Schedules, as Exhibit “G” the State Specific Addenda.

Each of these documents is legally binding once executed and governs your rights and obligations as a franchisee. If you are offered a Multi-Unit Development opportunity, you will be required to execute both the Multi-Unit Development Agreement and a separate Franchise Agreement for each individual location. Where applicable, additional exhibits or state-required modifications may be included.

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**ITEM 23**  
**RECEIPTS**

Two copies of a detachable receipt in Exhibit H are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address: Sadeq Almatari, HQ Matari, LLC, 9316 Harrison Rd., Romulus, Michigan 48174. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]

**EXHIBIT A**  
**STATE ADMINISTRATORS AND**  
**AGENTS FOR SERVICE OF PROCESS**

State	Division, Address, and Phone Number	Agent for Service of Process
California	Department of Financial Protection and Innovation, 320 W 4th St, Ste 750, Los Angeles, CA 90013; Commissioner of Business Oversight, 2101 Arena Blvd, Sacramento, CA 95834; Phone: 1-866-275-2677	Department of Financial Protection and Innovation, 320 W 4th St, Ste 750, Los Angeles, CA 90013; 2101 Arena Blvd, Sacramento, CA 95834; Phone: 1-866-275-2677
Connecticut	Connecticut Banking Commissioner, Department of Banking, Securities & Business Investments Division, 260 Constitution Plaza, Hartford, CT 06103	Banking Commissioner, Department of Banking, Securities and Business Investment Division, 260 Constitution Plaza, Hartford, CT 06103
Florida	Division of Consumer Services, Attn: Business Opportunities, 2005 Apalachee Parkway, Tallahassee, FL 32399	*(Not listed)*
Hawaii	Commissioner of Securities, Dept. of Commerce & Consumer Affairs, Business Registration Division, 335 Merchant St, Room 203, Honolulu, HI 96813	Commissioner of Securities, Dept. of Commerce & Consumer Affairs, Business Registration Division, 335 Merchant St, Room 203, Honolulu, HI 96813
Illinois	Office of the Attorney General, Franchise Bureau, 500 S Second St, Springfield, IL 62706	Illinois Attorney General, 500 S Second St, Springfield, IL 62706
Indiana	Indiana Secretary of State, Securities Division, Franchise Section, 302 W Washington St, Room E-111, Indianapolis, IN 46204	*(Not listed)*
Kentucky	Office of the Attorney General, Consumer Protection Division, Attn: Business Opportunity, 1024 Capital Center Dr, Frankfort, KY 40601	*(Not listed)*
Maine	Department of Professional and Financial Regulation, Bureau of	*(Not listed)*

	Banking, Securities Division, 121 Statehouse Station, Augusta, ME 04333	
Maryland	Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202	Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, MD 21202
Michigan	Department of the Attorney General, Consumer Protection Division, Antitrust and Franchise Unit, 670 Law Building, P.O. Box 30213, Lansing, MI 48909	Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, Lansing, MI 48910
Minnesota	Department of Commerce, Securities Division, 85 7th Place East, Ste 280, St. Paul, MN 55101	Commissioner of Commerce of Minnesota, Department of Commerce, 85 7th Place East, Ste 280, St. Paul, MN 55101
Nebraska	Department of Banking and Finance, Commerce Court, 1230 O St, Ste 400, Lincoln, NE 68509	*(Not listed)*
New York	Department of Law, Investor Protection Bureau, 28 Liberty St, 21st Floor, New York, NY 10005; Phone: 212-416-8222	Secretary of State of the State of New York, 99 Washington Avenue, Albany, NY 12231
North Carolina	Secretary of State, Securities Division, 300 N Salisbury St, Ste 100, Raleigh, NC 27603	*(Not listed)*
North Dakota	Office of Securities Commissioner, 600 E Boulevard, 5th Floor, Dept. 414, Bismarck, ND 58505	North Dakota Securities Department, 600 E Boulevard Ave, State Capitol, 5th Floor, Dept. 414, Bismarck, ND 58505; Phone: 701-328-4712
Rhode Island	Department of Business Registration, Division of Securities, 233 Richmond St, Ste 232, Providence, RI 02903	Director of Department of Business Regulation, 233 Richmond St, Ste 232, Providence, RI 02903
South Carolina	Office of the Secretary of State, 1205 Pendleton St, Edgar Brown Building, Ste 525, Columbia, SC 29201	*(Not listed)*

South Dakota	Franchise Office, Division of Securities, 910 E Sioux Ave, Pierre, SD 57501	Director, Division of Securities, Department of Commerce and Regulation, 445 E Capitol Ave, Pierre, SD 57501
Texas	Office of the Secretary of State, Statutory Document Section, 1019 Brazos St, Austin, TX 78701	*(Not listed)*
Utah	Department of Commerce, Division of Consumer Protection, 160 E 300 S, P.O. Box 146704, Salt Lake City, UT 84114	*(Not listed)*
Virginia	State Corporation Commission, Division of Securities and Retail Franchising, 1300 E Main St, 9th Floor, Richmond, VA 23219	Clerk of the State Corporation Commission, 1300 E Main St, 1st Floor, Richmond, VA 23219
Washington	Department of Financial Institutions, Securities Division, P.O. Box 9033, Olympia, WA 98507; Phone: (360) 902-8700	Securities Administrator, Washington Department of Financial Institutions, 150 Israel Road SW, Tumwater, WA 98501
Wisconsin	Franchise Office, Wisconsin Securities Commission, P.O. Box 1768, Madison, WI 53701	Wisconsin Commissioner of Securities, 345 W Washington Ave, Madison, WI 53703

## **EXHIBIT B**

### **FINANCIAL STATEMENTS**



HQ MATARI, LLC  
 BALANCE SHEET  
 AS OF MARCH 30, 2025

ASSETS	TOTAL
Current Assets	
Bank Accounts	
Checking	216,332.93
<b>Total Bank Accounts</b>	<b>\$216,332.93</b>
Accounts Receivable	
Accounts Receivable (A/R)	4,873.31
<b>Total Accounts Receivable</b>	<b>\$4,873.31</b>
<b>Total Current Assets</b>	<b>\$221,206.24</b>
<b>TOTAL ASSETS</b>	<b>\$221,206.24</b>
LIABILITIES AND EQUITY	
Liabilities	
Long-Term Liabilities	
Initial Licensing Fee - ATL Mediha	5,000.00
Initial Licensing Fee - ATL Navid	20,000.00
Initial Licensing Fee - Dallas Navid	20,000.00
Initial Licensing Fee - Fisher	40,000.00
Initial Licensing Fee - Huston Navid	20,000.00
Initial Licensing Fee - MK Coffee LLC-WI	10,000.00
<b>Total Long-Term Liabilities</b>	<b>\$115,000.00</b>
<b>Total Liabilities</b>	<b>\$115,000.00</b>
Equity	
Love Coffee LLC	50,000.00
Retained Earnings	8,975.00
Net Income	47,231.24
<b>Total Equity</b>	<b>\$106,206.24</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$221,206.24</b>

**EXHIBIT C**  
**TABLE OF CONTENTS**  
**OPERATIONS MANUAL**

## Matari Coffee Co Confidential Operations Manual Table of Contents

<b>Section A: Preface.....</b>	
Welcome .....	A-3
Our Story .....	A-4
About Us.....	A-4
Coffee Timeline .....	A-4
Our Mission .....	A-5
Vision Statement.....	A-5
Core Values .....	A-5
Cultural Appreciation .....	A-5
Ethically Sourced Ingredients.....	A-5
Brand Promise .....	A-6
How to Use This Manual.....	A-6
Terminology .....	A-7
Revision History.....	A-7
Confidentiality Reminder .....	A-8
 <b>Section B: Signature Products.....</b>	
Differentiators.....	B-3
Frequently Asked Questions.....	B-3
 <b>Section C: Operating Principles .....</b>	
The Franchisee/Franchisor Relationship .....	C-4
Independently Owned and Operated .....	C-5
Franchisor Support .....	C-5
Franchisor Support Before Your Franchised Location Opens .....	C-5
Support at the Time of Opening .....	C-6
Franchisor Support During the Operation of the Franchise .....	C-7
Franchisee Operating Systems and Requirements.....	C-8
Participation.....	C-8
Site Selection and Approval .....	C-9
Approval of Lease Agreement.....	C-9
Buildout Approval .....	C-10
Insurance Requirements .....	C-11
Indemnification.....	C-12
Matari Coffee Training Program .....	C-12
Training Program.....	C-13
Hiring and Training of Team Members.....	C-14
Marketing and Advertising.....	C-14
Initial Launch Marketing .....	C-14
Local Advertising .....	C-14
Brand Fund .....	C-15
Cooperative Advertising.....	C-16
Website and Technology Fee .....	C-16
Compliance with Brand Guidelines.....	C-17
Use of the Trademarks.....	C-17

Approved Products and Vendors .....	C-18
Point-of-Sale System (POS) .....	C-19
Pricing .....	C-21
Uniforms .....	C-21
Reporting to the Franchisor .....	C-21
Records Audit .....	C-22
Royalty .....	C-22
Additional Franchised Locations .....	C-22
Minimum Gross Sales Volume .....	C-22
Comply with Federal, State, and Local Laws and Regulations .....	C-23
Compliance .....	C-24
Brand Standard Requirements .....	C-24
Visit from the Matari Coffee Headquarters .....	C-24
Guest Services .....	C-25
Operations .....	C-26
Supplies and Suppliers .....	C-27
Marketing and Promotional Activities .....	C-28
<b>Section D: Onboarding.....</b>	
Ready to Launch .....	D-3
Quick Start .....	D-3
Fictitious Name .....	D-5
Site Criteria .....	D-5
Obtaining the Franchisor's Approval of Your Site .....	D-6
Site Selection Approval Letter .....	D-8
Lease Negotiations .....	D-9
Factors Typically Negotiated .....	D-9
Gross or Net Lease .....	D-9
Rent .....	D-9
Rent Commencement .....	D-10
Term .....	D-10
Tenant Improvements .....	D-10
White Box .....	D-11
Right of First Refusal .....	D-11
Lease Option .....	D-11
Franchisor Lease Rider .....	D-11
Attorney Review of Lease .....	D-12
Onboarding Your Location .....	D-12
Special Licenses and Permits .....	D-13
Contracting Utilities and Services .....	D-14
The Matari Coffee Design .....	D-15
Signage and Logo Specifications .....	D-15
Outdoor Signage Specifications and Estimate .....	D-16
Approval to Open .....	D-17
Onboarding Checklist .....	D-18
<b>Section E: Human Resources.....</b>	
Disclaimer .....	E-4

Your Team Members .....	E-5
Protecting The Brand .....	E-6
Confidentiality of Proprietary Information.....	E-6
Guest Service Standards .....	E-7
Brand Standards for Appearance .....	E-7
Compliance with Employment-Related Laws and Regulations .....	E-8
Federal Employment Laws .....	E-8
Equal Employment Opportunity .....	E-8
EEO Statement and Non-Harassment Policy .....	E-9
Americans with Disabilities Act.....	E-12
Non-Discrimination and Harassment Policy .....	E-12
Fair Labor Standards Act.....	E-14
Family and Medical Leave Act .....	E-14
Employment Eligibility Verification .....	E-15
Accommodations for Pregnancy, Childbirth, and Related Medical Conditions .....	E-17
Military Leave (USERRA).....	E-18
State and Local Laws.....	E-19
Workers’ Compensation .....	E-19
Workers’ Compensation Insurance .....	E-20
Disability Accommodation.....	E-20
Staffing Your Organization .....	E-21
Job Responsibilities .....	E-21
Suggested Barista Job Description .....	E-22
Suggested General Manager Job Description.....	E-24
Staff Recruitment, Hiring, and Retention .....	E-27
Initial Staffing Strategy .....	E-27
Advertising Openings .....	E-27
Screening Applicants .....	E-28
Interviewing.....	E-29
Checking References .....	E-29
Backgrounds Checks .....	E-29
Compensation .....	E-30
Hiring.....	E-30
Training .....	E-30
Retention.....	E-34
Supervision/Management .....	E-34
Review and Evaluation.....	E-34
Discipline and Termination .....	E-35
At-Will Employment .....	E-38
Performance Reviews .....	E-38
Workplace Violence .....	E-45
Zero-Tolerance Policy .....	E-45
Prohibited Conduct .....	E-45
Reporting Incidents of Violence.....	E-46
Violations.....	E-46
Retaliation.....	E-46
Administration .....	E-46

Team Member Handbook Sections to Consider.....	E-48
Suggested Team Member Forms to Create .....	E-49
<b>Section F: Food Safety.....</b>	
Team Member's Role in Preventing Foodborne Illness.....	F-4
Handwashing .....	F-4
Personal Hygiene.....	F-6
Team Member Health.....	F-7
Food Worker Foodborne Illness Guidelines.....	F-8
Employee Health and Food Safety Logs .....	F-9
Employee Illness Log .....	F-10
Infraction Log .....	F-11
Violations.....	F-12
Critical Violations.....	F-12
Non-Critical Violations .....	F-12
How Violations are Listed.....	F-12
Guest Complaints of Foodborne Illness .....	F-13
Preventing Contamination .....	F-14
Foodborne Illnesses: The Big 6 .....	F-14
Staphylococcus .....	F-14
Salmonellosis.....	F-15
Clostridium Perfringens (E. Coli).....	F-15
Botulism.....	F-16
Hepatitis A.....	F-16
General Steps to Prevent Contamination.....	F-17
Protecting Food from Contamination .....	F-17
Cross-Contamination .....	F-18
Types of Contamination .....	F-18
Methods of Preventing Cross-Contamination .....	F-19
Allergens.....	F-20
Special Circumstances and Hazards .....	F-21
Pest Control .....	F-21
Sanitation .....	F-21
Cleaning and Sanitizing Food Contact Surfaces .....	F-21
Proper Setup of Three-Compartment Sink .....	F-23
Food Storage Procedures .....	F-23
Bare Hand Contact with Ready-to-Eat Foods .....	F-24
Preventing Foodborne Illness through Temperature Control.....	F-24
Controlling Temperature and Using Food Thermometers .....	F-24
Cooler Temperature.....	F-25
Cold Holding Time/Temperature Controlled for Safety Foods.....	F-25
Coffee Shop Temperature Log .....	F-25
Sample Coffee Shop Temperature Log .....	F-26
Regulatory and Safety Management Training and Requirements.....	F-27

Inventory Procedures .....	F-27
Stock Handling and Food Preparation .....	F-28
Accepting Deliveries .....	F-28
Returning Merchandise.....	F-28
Stock Rotation .....	F-29
Product Problems: Things to Look For .....	F-29
Dairy Products .....	F-29
Supplies Running Low .....	F-30
Training, Enforcement, and Top Action Items.....	F-31
<b>Section G: Daily Operations .....</b>	
Consistent Hours of Operation .....	G-4
High-Quality Consistent Products .....	G-4
Menu Offerings.....	G-5
Limited Time Offers .....	G-5
Opening and Closing Checklists.....	G-5
Opening Procedures: First Steps.....	G-5
Opening Procedures: Finishing Touches .....	G-7
Opening Procedures: Cleaning .....	G-7
Opening Procedures: Fresh Baked Goods .....	G-7
Closing Coffee Shop.....	G-8
Shift Change Checklist .....	G-10
Workstations.....	G-10
Bakery Display Workstation .....	G-10
Waste Log.....	G-11
Daily Bakery Order Instructions.....	G-14
Cashier Workstation .....	G-15
Menu Boards.....	G-16
Espresso Barista Workstation.....	G-16
Perfect Drink Workstation.....	G-17
Back Kitchen Area.....	G-17
Guest Order Pick Up Workstation.....	G-18
Dishwasher Workstation.....	G-18
General Manager .....	G-20
Delivery Service .....	G-20
DoorDash/Grub Hub.....	G-20
Inventory.....	G-20
Receiving Stock.....	G-20
Returning Merchandise.....	G-20
Reduce Food Waste .....	G-21
Taking Inventory .....	G-21
Side Work.....	G-22
Handling Peak Traffic .....	G-23

Cash Handling Procedures.....	G-23
Cash Drawer Management .....	G-23
Accepting Cards .....	G-24
Accepting Cash.....	G-25
Gift Cards .....	G-25
Accepting Checks .....	G-25
Change .....	G-25
Refunds.....	G-26
Reconciling the Cash Drawer .....	G-26
Delivering the Exceptional Experience .....	G-26
Phone Etiquette.....	G-26
Team Member Response to Complaints.....	G-27
General Manager Response to Complaint .....	G-28
Pandemic Procedures.....	G-28
<b>Section H: Marketing .....</b>	
Marketing Approach.....	<a href="#">H-4</a>
Marketing Goals .....	<a href="#">H-5</a>
Market Analysis.....	<a href="#">H-6</a>
Identify Target Market .....	<a href="#">H-6</a>
Who is the Guest .....	<a href="#">H-7</a>
Target Guest.....	<a href="#">H-7</a>
Competition Analysis.....	<a href="#">H-7</a>
Competitive Analysis Form.....	<a href="#">H-8</a>
Unique Selling Proposition .....	<a href="#">H-11</a>
Marketing Plan .....	<a href="#">H-11</a>
Go-to-Market Plan .....	<a href="#">H-11</a>
Grand Opening Plan.....	<a href="#">H-12</a>
Grand Opening Planning and Execution: Friends, Family, and VIP Party .....	<a href="#">H-12</a>
Pre-Event Planning.....	<a href="#">H-13</a>
Event Execution .....	<a href="#">H-13</a>
Post-Event .....	<a href="#">H-13</a>
Grand Opening Advertising .....	<a href="#">H-14</a>
Grand Opening Publicity .....	<a href="#">H-14</a>
Ongoing Marketing Plan.....	<a href="#">H-14</a>
Ensuring Return Visits .....	<a href="#">H-14</a>
Building Loyalty.....	<a href="#">H-15</a>
Digital Media and Website.....	<a href="#">H-16</a>
Ongoing Marketing Strategies.....	<a href="#">H-17</a>

Word-of-Mouth Advertising ..... H-18

The Importance of Advertising ..... H-18

Advertising Distribution Channels..... H-19

Social Media..... H-19

Flags and Signage..... H-19

Budget H-19

Use of the Matari Coffee Trademark..... H-20

Pre-Approval..... H-20

**Section I: Business Management.....**

Disclaimer I-3

Operational Excellence I-3

Practicing Hospitality I-4

Managing the Business I-5

Financial Forecasting I-6

Key Performance Indicators (KPIs) I-6

Financial Statements I-9

I-Chart of Accounts.....I-9

Focus on Cash Flow .....I-9

Structure of the Profit and Loss Statement.....I-10

Analyze the P&L.....I-10

What is the Balance Sheet? .....I-11

Controls I-11

Managing Labor .....I-11

Inventory Controls .....I-12

Risk Management I-14

Health Department Inspections .....I-14

Business Licenses .....I-15

Insurance .....I-15

Personnel Administration and Reporting .....I-15

Business Continuity Plan I-16

Financial Help During a Business Interruption.....I-16

Support Systems.....I-16

<b>Section J: Handling Emergencies</b> .....	
Emergency Action Plan (EAP).....	J-3
Emergency Preparedness Plan.....	J-5
Plan for Handling Medical Emergencies.....	J-6
Bloodborne Pathogens Incident.....	J-7
Bloodborne Pathogens Precautions .....	J-7
Bloodborne Pathogens Clean-up Procedures .....	J-7
Direct Exposure to Bloodborne Pathogens.....	J-8
Recovery from Bloodborne Pathogens.....	J-8
Burn Emergencies.....	J-8
Treating a Burn.....	J-8
Plan for Handling a Fire Incident .....	J-9
During a Fire.....	J-9
Recovery from a Fire.....	J-9
Plan for Handling a Power Failure .....	J-10
During a Power Failure.....	J-10
Recovery from a Power Failure.....	J-10
Plan for Handling a Boil Water Alert.....	J-11
Record-Keeping for Boil Water Alert .....	J-11
Plan for Handling Natural Disasters.....	J-11
During a Natural Disaster .....	J-11
Recovery after a Natural Disaster.....	J-12
Plan for Handling Acts of Violence .....	J-12
Robbery/Personal Attack/Shooting .....	J-12
Incident Report Form.....	J-13
<b>Section K: Maintenance</b> .....	
Facility Maintenance .....	K-3
Preventative Maintenance.....	K-3
Maintenance Checklist .....	K-4
Daily .....	K-4
Weekly.....	K-6
Monthly .....	K-6
Biannually.....	K-7
Annually .....	K-7
Top Priorities.....	K-8
Bathroom Checklist.....	K-10
Links to Manufacturers’ Guides .....	K-11
<b>Section L: Recipes</b> .....	
Building the Perfect Drink.....	L-3
Signature Drinks .....	L-6
Rada’ey.....	L-6
Jubani.....	L-8
Mofawar.....	L-10
Sana’ani .....	L-12
Yemeni Chai.....	L-14
Yemeni Latte .....	L-16

Qishr ..... L-17

Adeni Chai ..... L-19

Nondairy Adeni Chai ..... L-21

Matari Chai ..... L-22

Nondairy Matari Chai ..... L-25

Turkish ..... L-27

Refreshers ..... L-29

    Dragon Fruit (Coconut Milk-based) ..... L-29

    Dragon Fruit (Water-based) ..... L-30

    Lemonade Dragon Fruit ..... L-31

    Peach Dragon Fruit ..... L-32

    Strawberry Acai Mix ..... L-33

    Pina Colada ..... L-34

Measuring Sugar ..... L-35

Ice Drinks To-Go Sugar “Signature Blends” ..... L-35

**Appendix A: Brand Style Guide.....**

**EXHIBIT D**  
**HQ MATARI, LLC FRANCHISE AGREEMENT**

## HQ MATARI, LLC FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this "Agreement") is being entered into this day of \_\_\_\_\_, (the "Effective Date") by and between HQ Matari, LLC., a Michigan corporation with its principal place of business at 9316 Harrison Rd., Romulus, Michigan 48174, (herein "Franchisor") and \_\_\_\_\_ a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_'s principals and \_\_\_\_\_ an individual residing at \_\_\_\_\_ ("Principal(s)"). Principal(s)' business entity and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

### RECITALS

**WHEREAS**, through the expenditure of considerable time, effort, and resources, Franchisor has developed and established unique and distinctive coffee cafés that offer an authentic Yemeni coffee experience, featuring a variety of freshly brewed Matari-branded Yemeni coffees and traditional beverages. These cafés are designed as warm and inviting gathering places that celebrate Yemeni culture and heritage, operated under the Matari trademarks and utilizing Franchisor's confidential operations manual ("Manual") of business practices and policies. The cafés incorporate Franchisor's distinctive décor, furnishings, and ambiance, as well as its proprietary methods of operation, customer service techniques, inventory systems, management procedures, training programs, and advertising and promotional strategies — all of which may be modified, enhanced, or further developed by Franchisor from time to time (collectively, the "System").

**WHEREAS**, the System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the Matari service marks, as set forth in Exhibit 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

**WHEREAS**, Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

**WHEREAS**, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

**NOW, THEREFORE**, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. **RECITATIONS.** The Recitations set out above form part of this Agreement.
2. **GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Matari franchise (the "Franchised Business"), using only the Marks licensed hereunder in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Exhibit 3 attached hereto and incorporated herein (the "Territory").

### 3. TERRITORY

3.1. **Territory.** This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. Franchisor agrees that Franchisor will not, and Franchisor will not permit any other of our franchisees, to operate a franchised Matari eatery in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Matari franchises around, bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor's prior written approval, which may be withheld or denied in Franchisor's sole discretion. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2. **Reservation of Rights.** Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other food or beverage concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Territory other than a dedicated Matari eatery such as distribution through retail outlets, including but not limited to, grocery stores; in captive market locations, such as airports and malls; and the Internet ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. **TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. **SUCCESSOR OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for one (1) additional term often (10) years. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Twenty five percent (25%) of the initial franchise fee applicable at the time of renewal ("Successor Agreement Fee").

5.1. **Form and Manner of Renewal.** If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1. Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).

5.1.2. Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.

- 5.1.3. The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
- 5.1.4. If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
- 5.1.5. Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2. Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1. Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
- 5.2.2. Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
- 5.2.3. Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4. Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.
- 5.2.5. Franchisee shall execute a general release of all claims Franchisee may have against HQ Matari, LLC., its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Exhibit 4. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6. Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses on the renewal date.
- 5.2.7. Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement
- 5.3. Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Matari franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the

same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4. Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## 6. FEES

6.1. Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1. Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Forty Thousand Dollars (\$40,000) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2. Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to five percent (5%) of the Gross Sales, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). The term "Gross Sales" includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Sales). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Sales does include the redemption amount of purchases made by gift card. At Franchisor's option, Franchisee shall submit, or grant Franchisor access to, The Gross Sales Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.3. Gross Sales Reports. Franchisee shall, on the Monday following the close of each calendar week (Monday through Sunday), furnish Franchisor with a report showing Franchisee's Gross Sales at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the "Gross Revenue Report"). The Gross Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish a point of sale system ("POS System") that Franchisor may require Franchisee to use in the operation of the Franchised Business. At Franchisor's option, Franchisee shall submit the Gross Sales Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4. Method of Payment. Franchisee shall, together with the submission of the Gross Sales Report, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

- 6.2. **Late Fee.** If the Royalty Fee, Brand Fund Contribution, Image Enhancement Program Fee or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Fifty Dollars (\$50). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3. **Interest.** Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower
- 6.4. **Non-Sufficient Funds Fee.** In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. **Taxes.** If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

## 7. TRAINING.

- 7.1. **Initial Management Training Program.** Franchisee (specifically including all Franchisee's principals) and Franchisee's general manager shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a ten (10)-day course conducted at Franchisor's headquarters and/or an affiliate-owned or franchised outlet. Franchisor reserves the right to designate an alternate location for the any component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) Principals and one (1) General Manager (as defined below) to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2. **Satisfactory Completion.** Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by any of the Initial Trainees, or if Franchisee requests additional training, Franchisee, with Franchisor's consent, may retake the Initial Management Training Program at a fee of One Thousand Dollars (\$1,000) per Initial Trainee, which fee shall be due and payable to Franchisor prior to commencement of re-training. If the Initial Management Training Program is not satisfactorily completed or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.

- 7.3. **Opening Assistance.** Within three (3) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to three (3) day at no charge to Franchisee.
- 7.4. **Additional Training.** Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:
- (i) on-going training for up to three (3) days per year, at a location designated by Franchisor.
  - (ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5. **On-Site Remedial Training.** Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.6. **Counseling and Assistance.** In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## 8. **FRANCHISED LOCATION REQUIREMENTS**

### 8.1. **Site Selection.**

- 8.1.1. Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor.

While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

8.1.2. Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent no later than sixty (60) days after the execution of this Agreement. Franchisor shall have ten (10) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such proposed site shall be deemed "disapproved". No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.

8.1.3. Within sixty (60) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor and obtain physical possession of the premises. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Exhibit 6. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.1.4. After a location for the Franchised Business is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth on Exhibit 3 of this Agreement, which location and Exhibit shall be incorporated herein and made a part hereof.

## 8.2. Construction.

8.2.1. Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business premises. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain Franchisor's approval of Franchisee's architect and contractor, which approval shall not be unreasonably withheld, (b) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2. During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling.

Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Franchised Business.

8.2.3. Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

(i) Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within sixty (60) days after Franchisee has executed a lease for the premises, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings, decor and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, if required, and (iv) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and within one hundred eighty (180) days following the date of this Agreement, as may be extended by Franchisor in Franchisor's sole discretion, shall be deemed a material event of default under this Agreement.

8.3. No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the location set forth in Exhibit 3, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:

8.3.1. Franchisee shall construct and develop the new premises to conform to Franchisor's then-current specifications for design, appearance and leasehold improvements for new Franchised Businesses;

8.3.2. Franchisee shall remove any signs or other property from the original Franchised Business location which identified the original Franchise Business location as part of the System;

8.3.3. Franchisee agrees that, during the build-out, decorating and furnishing of the new location, and at Franchisor's sole and absolute discretion: (i) the term of this Agreement shall not be abated, and (ii) Franchisee shall remain liable to pay a minimum Royalty Fee and Brand Fund Contribution that is equal to the average amount paid by Franchisee during the four (4) calendar quarters immediately preceding the date that operations cease or the shorter period that Franchisee had been in business at the original Franchised Business location; and

8.3.4. The parties shall amend Exhibit 3 to reflect the address of the new Franchised Business location.

8.3.5. If a relocation site acceptable to Franchisor is not identified within ninety (90) days following Franchisee's request to relocate, Franchisor may terminate this Agreement.

## 9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM

- 9.1. Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business location to the standards of decor, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired decor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.
- 9.2. Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance with best practices for food and beverage storage, handling, preparation, service and disposal and in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.
- 9.3. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.4. Trade Dress Modifications.
- 9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new exterior building designs, new interior decors, new color schemes, new or modified marks, and new :furnishings (collectively, "Trade Dress Modifications").
- 9.4.2. As a condition to renew this Agreement, Franchisee shall refurbish the Franchised Business location at Franchisee's sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.
- 9.4.3. Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.
- 9.5. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6. Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

## 10. FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1. Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the site in accordance with Section 8.1.2.
- 10.2. Construction. Provide to Franchisee criteria and specifications for a Matari outlet. Such criteria and specifications include, but are not necessarily limited to, requirements with respect to café layout, beverage and food preparation areas, storage and refrigeration systems, interior finishes, fixtures, equipment, and ventilation. Franchisee shall independently, and at Franchisee's expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.
- 10.3. Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4. Inspection. Inspection of the Franchised Business and evaluations of the products sold, and services rendered therein whenever reasonably determined by Franchisor.
- 10.5. Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.6. Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.8. Training. The training programs specified in Article 7 herein.
- 10.9. On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.
- 10.10. Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

## 11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

- 11.1. Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

- 11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
- 11.2.1. Franchisee is duly organized and validly existing under the state law of its formation;
  - 11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;
  - 11.2.3. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;
  - 11.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;
  - 11.2.5. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.
- 11.3. Spousal Guaranty. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Exhibit 8 hereof.
- 11.4. Appointment of Manager.
- 11.4.1. Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Franchised Business location. Franchisee shall designate its General Manager prior to attending the Business Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Business location.
  - 11.4.2. The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:
    - 11.4.2.1. The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor, in its sole discretion.
    - 11.4.2.2. The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other competitive business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.
    - 11.4.2.3. The General Manager shall satisfy the training requirements set forth in Article 7.
  - 11.4.3. If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement General Manager shall attend and satisfactorily complete the Initial Management Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition.

Until such replacement is designated and trained, Franchisee shall provide interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee the then-current interim management support fee until such General Manager is properly trained or certified in accordance with Franchisor's requirements, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

- 11.5. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections, if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee shall further comply with all industry best practices with respect to the handling, storage, preparation, service and disposal of food and beverage products.
- 11.6. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7. Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8. Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all tax returns and reports related to the Franchised Business filed by Franchisee with any state or federal taxing authority.
- 11.9. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## 12. FRANCHISEE'S OPERATIONS

- 12.1. Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:
- 12.1.1. Use only those furnishings, fixtures, decor, equipment, ingredients, recipes, supplies and signage that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;
  - 12.1.2. Maintain and operate the Franchised Business location in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;
  - 12.1.3. Procure the necessary licenses or permits to allow food and beverage preparation and service and otherwise comply with all applicable governmental laws, ordinances, rules and regulations including those related to health and sanitation;
  - 12.1.4. Maintain sufficient inventories of ingredients, beverages, merchandise, and other supplies necessary to operate the Café in accordance with the standards, menu offerings, and inventory levels prescribed by Franchisor;
  - 12.1.5. Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that Franchisee may only engage in providing food and beverage service to end-consumers. Franchisee is expressly prohibited from selling products outside of the Franchised Business location (excluding promotional and sales events in the Territory with Franchisor's prior approval), on the Internet, to dealers and/or distributors for subsequent re-sale, and engaging in such sales shall be a material default of this Agreement;
  - 12.1.6. Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
  - 12.1.7. Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products or equipment, to determine whether they meet Franchisor's then- current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.8. Prominently display signs in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business location or elsewhere any sign or advertising media or interior decor of any kind to which Franchisor reasonably objects, including signs, advertising media or interior decor which are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved signs, advertising media or interior decor and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.9. Conduct all advertising programs in a manner consistent with Franchisor's standards and specification, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of Franchisee to the standards of Franchisor. Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchise Business may be published in franchise disclosure document(s) issued by the Franchisor following the Effective Date hereof.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third- party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Sales Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.
- 12.3.3. Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by the Matari System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website with Franchisee's Franchised Business location. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such listing of Franchisee's location upon expiration or termination of this Agreement for any reason.
- 12.3.7. In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.

- 12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business location for Franchisee, Franchisee's personnel, customers, agents and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor

regarding safety or security.

- 12.5. Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made not guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.
- 12.6. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.7. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.8. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

### 13. ADVERTISING, PROMOTIONS AND RELATED FEES

- 13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2. Local Advertising.

13.2.1. In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement 1% of Gross Sales per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor reserves the right to collect some or all of Franchisees Local Advertising expenditure and implement Local Advertising on Franchisee's behalf.

13.2.2. Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.3. Brand Fund.

13.3.1. Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and brand development. Franchisee is required to contribute an amount up to two percent (2%) of the Gross Sales generated weekly by Franchisee's Franchised Business to the Brand Fund ("Brand Fund Contribution"). If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.3 and 6.4 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Sales are reported.

13.3.2. Franchisor shall direct the Brand Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Matari outlets operated by Franchisor or Franchisor's affiliates.

13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

13.3.5. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit, except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Brand Fund Contributions.

13.5. Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and use of any social media accounts shall be in strict accordance with Franchisor's requirements.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Matari brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14. INTELLECTUAL PROPERTY

### 14.1. Ownership

14.1.1. Franchisee expressly understands and acknowledges that Matari Coffee Co, LLCi ("Licensor"), or its successor, is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property."

14.1.2. As between Franchisor and Franchisee, Franchisor is the sole owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

- 14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.
- 14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4. Validity. Franchisee shall not contest the validity of, or Franchisor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's interest in, the Intellectual Property.
- 14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Intellectual Property.
- 14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1. Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Matari" and/or any associated design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of HQ Matari, LLC."
- 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Matari franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.
- 14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.
- 14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## 15. INSURANCE AND INDEMNIFICATION

15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Commercial general liability insurance, including public liability, personal injury, advertising injury, and products liability coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Two Million (\$2,000,000) aggregate;

15.1.2. Employment. Worker's compensation coverage in the limits required by state law, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3. Property. Fire, vandalism and extended coverage insurance for property damage with primary and excess limits of not less than the full replacement value of the leasehold improvements, equipment, furniture, fixtures, and inventory, whichever is greater;

15.1.4. Business. Business interruption insurance for a minimum of twelve (12) months, in an amount necessary to satisfy Franchisee's obligations under this Agreement and the lease for the Franchised Business location; and

- 15.1.5. Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily injury and property damage of Three Hundred Thousand Dollars (\$300,000), or greater if required by state law.
- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.
- 15.6. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS HQ MATARI, LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THE THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, (COLLECTIVELY REFERRED TO AS THE "MATARI INDEMNITEES" FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S MATARI FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, FRANCHISEE AGREES TO PAY FOR ALL THE MATARI INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE MATARI INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE MATARI INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE MATARI INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE MATARI INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE MATARI INDEMNITEES.

## 16. TRANSFERS

### 16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Matari franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the food and beverage business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees;

- 16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3. The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;
- 16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
- 16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.
- 16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, (i) for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is fifty percent (50%) of the then-current initial franchise fee, (ii) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity, the transfer fee is Two Thousand Five Hundred Dollars (\$2,500), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchisee's Principal, as the case may be, the transfer fee is Two Thousand Five Hundred Dollars (\$2,500).
- 16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, will transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset. Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains a loan (an "SBA Loan") from a lender (the "Lender") in which funding is provided with the assistance of the United States Small business Administration ("SBA"), Franchisee shall be permitted to grant Lender and/or SBA a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Loan, and Franchisor agrees to subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the Lender and/or SBA as the case may be.

## 17. DEFAULTS

17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1. fails to acquire a site for the Franchised Business, complete construction of the Franchised Business, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.4. loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after

such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

- 17.2.5. fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty, as may be extended by Franchisor in Franchisor's reasonable discretion;
- 17.2.6. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.7. defaults under any lease or sublease of the real property on which the Franchised Business is located;
- 17.2.8. understates Gross Sales on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9. fails to comply with the covenants in Article 15;
- 17.2.10. permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.12. has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.13. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.15. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.16. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
- 17.2.17. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.18. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.19. fails to comply with the non-competition covenants in Section 19.5;
- 17.2.20. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

- 17.2.21. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
- 17.2.22. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or
- 17.2.23. terminates this Agreement without cause.
- 17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case maybe:
- 17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;
- 17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 17.2.20.
- 17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:
- 17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or
- 17.4.2. enter upon the Franchised Business location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

## 18. POST-TERMINATION

18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Matari owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;

18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19;and

18.1.8. in the event this Agreement is terminated due to Franchisee's default related to violation of the non-disclosure or non-competition covenants, submission of false reports or information, unauthorized use of the Marks or other conduct damaging to Franchisor's brand or customer goodwill, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) thirty-six (36) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2. Right to Purchase.

18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor.

Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## 19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

### 19.1. Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor.

At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is One Hundred Dollars (\$100).

19.2. Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

- 19.5. Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:
- 19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or eatery business serving products similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Matari franchisees or Franchisor-affiliated outlets.
- 19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or eatery business serving products similar to the System within ten (10) miles of the Territory or any Matari location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Matari franchisees.
- 19.6. Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.
- 19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8. Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available.

Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10. Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Exhibit 10 as revised and updated from time to time and contained in the Manual.

## 20. DISPUTE RESOLUTION

20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Exhibits hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2. Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3. Arbitration.

20.3.1. Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Oakland County, Michigan, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3. This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4. The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5. In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone or rescind the effectiveness of any termination of this Agreement.

20.3.6. Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4. Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1. Franchisor's claims for injunctive or other extraordinary relief;

20.4.2. disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.4.4. disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.4.5. enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

FRANCHISEE IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, SUBMITTED TO COURT PURSUANT TO THIS SECTION 20.4 OR OTHERWISE, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

- 20.5. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Michigan. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Michigan. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts located in Oakland County, Michigan. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.
- 20.6. Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.7. Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.8. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.9. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## 21. GENERAL

- 21.1. Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the

Franchised Business, except in accordance with Article 16 hereof.

- 21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4. Entire Agreement. This Agreement, including all Exhibits, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.
- 21.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

- 21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Michigan, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.
- 21.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 21.12. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

## ACKNOWLEDGMENTS

You shall acknowledge the truthfulness of the statements contained in Exhibit 1 hereto. Your acknowledgements are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Exhibit 1 is incomplete or incorrect.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

**Franchisor:**  
**HQ MATARI, LLC**

By: \_\_\_\_\_  
Name: Sadeq Almatari  
Title: Member

Franchisee:

By: \_\_\_\_\_  
Name:  
Its:

**EXHIBIT 1****FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

**DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES:**

**CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI**

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the HQ Matari, LLC. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE HQ MATARI, LLC., THE MATARI INDEMNITEES, AND ALL OF THEIR PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

**FRANCHISOR:**

**FRANCHISEE:**

\_\_\_\_\_  
By:

Its:

Date:

\_\_\_\_\_  
By:

Its:

Date:



## EXHIBIT 2

Trademark and Service Mark:

MATARI

Graphic Design:

To be registered with USPTO



**EXHIBIT 3  
TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS LOCATION**

If there is no Approved Location on the Effective Date, insert:

**\*\*THE SPECIFIC TERRITORY AND ADDRESS WILL BE DETERMINED AND FINALIZED AFTER FRANCHISEE IDENTIFIES A PROPOSED MATARI CAFÉ LOCATION AND IT IS APPROVED BY THE FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, WITHIN THE DESIGNATED SITE SEARCH AREA OF**

Territory (insert map and/or define by zip codes)

Radius = \_\_\_ miles

Franchised Business Address:

**Franchisor:**  
HQ Matari, LLC

**Franchisee:**

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By:  
Its:

Date:

Date:

**EXHIBIT 4**

**GENERAL RELEASE**

\_\_\_\_\_ (“Franchisee”) and its principal(s):

\_\_\_\_\_  
 \_\_\_\_\_  
 (collectively, "Franchisee's Principal(s)"), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless HQ Matari, LLC ("Franchisor"), their affiliates, and each of their respective officers, directors, members, 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 Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business 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 FRANCHISEE'S PRINCIPAL(S) 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 Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

The foregoing Release is executed as of \_\_\_\_\_ 20\_\_\_\_.

FRANCHISOR:

FRANCHISEE:

\_\_\_\_\_  
 By:

Its:

Date:

\_\_\_\_\_  
 By:

Its:

Date:



**EXHIBIT 5**  
**AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS**  
**(ACH WITHDRAWALS)**

Franchisor Name: **HQ Matari, LLC**

I (We) hereby authorize HQ Matari, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_, Account Number: \_\_\_\_\_ (Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

FRANCHISEE

ACCOUNT HOLDER

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By:  
Its:

**PLEASE ATTACH A VOIDED CHECK To THIS**  
**FORM**

**Please Return Form to: HQ Matari, LLC**

9316 Harrison Rd., Romulus, Michigan 48187

**EXHIBIT 6**

**CONDITIONAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ ("Assignor") hereby assigns and transfers to **HQ Matari, LLC** a Michigan limited liability company with a notice address of 9316 Harrison Rd., Romulus, Michigan 48174 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as \_\_\_\_\_. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Matari café between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, Termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

**ASSIGNOR:**

**ASSIGNEE:**

\_\_\_\_\_  
By:  
Its:  
  
Date:

\_\_\_\_\_  
By:  
Its:  
  
Date:

**CONSENT AND AGREEMENT OF LANDLORD**

To that Conditional Assignment of Lease from \_\_\_\_\_ (Assignor) to HQ Matari, LLC (Assignee) dated \_\_\_\_\_, for the property known as \_\_\_\_\_

The undersigned Landlord under the aforementioned Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a HQ Matari, LLC if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

Landlord:

\_\_\_\_\_  
By:

Its:

Date:

**EXHIBIT 7**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY**

Franchisee represents that the following schedule is complete and accurately identifies Franchisee’s Owners, Franchisee’s Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.

Owner Name	Owner Address	Ownership Interest Percentage

Name of designated Managing Owner: \_\_\_\_\_

**Franchisor:**  
HQ Matari, LLC

**Franchisee:**

\_\_\_\_\_  
By:  
Its:  
  
Date:

\_\_\_\_\_  
By:  
Its:  
  
Date:

## EXHIBIT 8

### GUARANTY

**This Franchise Owner and Spouse Agreement and Individual Guaranty** (the “Agreement”) is individually entered into by you as either an owner of \_\_\_\_\_ (hereinafter referred to as “**Franchisee**”) Franchisee, or the spouse of the owner of franchisee (collectively “Guarantor”) and is given and signed by you in favor of HQ Matari, LLC, franchisor, on \_\_\_\_\_ (“Effective Date”)

1. Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement, or is the owner of the Franchisee, as referenced in Exhibit 7.
2. Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.
3. Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.
4. This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.
5. Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.
6. If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.
7. Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.
8. All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

9. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.
10. This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.
11. Guarantor agrees that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Canton, Michigan. or in Oakland County. Guarantor hereby irrevocably consents to and waives any objection to such jurisdiction or venue.

**IN WITNESS WHEREOF**, Guarantor has signed this Guaranty as of the date set forth above.

**FRANCHISEE OWNER, Individual:**

\_\_\_\_\_  
By:  
Its:

Date:

**SPOUSE OF FRANCHISEE OWNER:**

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

**EXHIBIT 9**  
**INTERNET ADVERTISING, SOCIAL MEDIA**  
**AND TELEPHONE ACCOUNT AGREEMENT**

**TIDS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT** (the "Agreement") is made and entered into this day of \_\_\_\_\_ (the "Effective Date") by and between HQ Matari, LLC, a Michigan limited liability company (the "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ (the "Franchisee").

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Matari business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Matari brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

**2. Internet Advertising and Telephone Accounts**

**2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

**2.2 Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

**2.3 Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

- 2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the

Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

- 2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

**2.4 Appointment; Power of Attorney.** Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

**2.5 Certification of Termination.** Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

**2.6 Cessation of Obligations.** After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 **Release.** Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, associated in, or in any way related to this Agreement.

3.2 **Indemnification.** Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 **No Duty.** The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 **Further Assurances.** Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 **Successors, Assigns, and Affiliates.** All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 **Effect on Other Agreements.** Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 **Survival.** This Agreement shall survive the Termination of the Franchise Agreement.

3.9 **Governing Law.** This Internet Listing Agreement shall be governed by and construed under the laws of the State of Michigan, without regard to the application of Michigan conflict of law rules.

[Signature Page to Follow]



The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

**FRANCHISOR:**

**FRANCHISEE:**

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By:  
Its:

**PRINCIPAL:**

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

**PRINCIPAL:**

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

**EXHIBIT 10**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into on \_\_\_\_\_ ("Effective Date") by and between HQ Matari, LLC, a Michigan limited liability company ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_, an individual ("Covenantor") in connection with a Franchise Agreement dated \_\_\_\_\_ ("Franchise Agreement").

**WHEREAS**, Franchisee and Franchisor are parties to a Franchise Agreement, whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark "Matari," and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of Franchised Business outlets;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Matari operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

- a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.
- b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.
- c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.
- d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.
- e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.
- f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part without written consent.

## 2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Matari cafe or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or eatery business serving products similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Matari System to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any restaurant or eatery business serving products similar to the System within the within ten (10) miles of Franchisee's Territory or any Matari location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

## 3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE FRANCHISED BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE WHERE THE FRANCHISED BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_

If directed to Covenantor:

\_\_\_\_\_  
\_\_\_\_\_

Any change in the foregoing addresses shall be affected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

**IN WITNESS WHEREOF**, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

**FRANCHISEE:**

\_\_\_\_\_  
By:  
Its:  
  
Date:

**COVENANTOR:**

\_\_\_\_\_  
By:  
Its:  
  
Date:

**EXHIBIT E**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

## **Matari Coffee Multi-Unit Development Agreement**

This Multi-Unit Development Agreement (the “Agreement”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”), by and between HQ Matari, LLC, an Arizona limited liability company with a principal place of business located at 764 Maine Avenue SW, Washington, D.C. 20024, (the “Franchisor”) and (the “Franchisee”).

### **RECITALS**

**WHEREAS**, Franchisor has a distinctive and proprietary system (the “System”) for the establishment, development, and operation of a specialty Yemeni coffee shop offering a carefully curated selection of premium coffees, lattes, traditional Yemeni beverages, and a variety of artisanal pastries, all responsibly sourced and made fresh (each, a “Franchised Business” or “Restaurant”);

**WHEREAS**, the System and, therefore, each Restaurant is identified by the Marks (defined below) and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

**WHEREAS**, Franchisee has requested the right to develop and operate multiple Restaurants (each a “Development Restaurant”) to be located with a defined geographical area (the “Development Area”) in accordance with a development schedule that must be strictly adhered to, with each Restaurant within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then current franchise agreement for Matari Coffee Restaurants (each, a “Franchise Agreement”); and

**WHEREAS**, Franchisee agrees that adherence to the terms of this Agreement, each and every Restaurant individual unit Franchise Agreement, Franchisor’s operations manual, and Franchisor’s System standards and specifications, are essential to the operation of all Matari Coffee Restaurants and the System as a whole.

**NOW THEREFORE**, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

### **SECTION 1 DEFINITIONS**

Supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below:

“**Development Area**” shall have the meaning defined and set forth in Section 2.1 of this Agreement.

“**Development Area Fee**” shall have the meaning defined and set forth in Section 4.1 of this Agreement.

“**Development Period**” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Development Schedule**” shall have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Effective Date**” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“**Franchise Agreement**” refers to and means Franchisor’s individual unit Matari Coffee Restaurant Franchise Agreement as designated and determined by Franchisor from time to time.

“**Marks**” means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor’s Affiliates, in connection with the operation of Restaurants.

“**System**” refers to and means Franchisor’s distinct and proprietary business format for the development, and operation of a specialty Yemeni coffee shop offering a carefully curated selection of premium coffees, lattes, traditional Yemeni beverages, and a variety of artisanal pastries, all responsibly sourced and made fresh, as well as related menu items, products and services including the methods, proprietary products, recipes, procedures, signs, designs, layouts, equipment, standards, specifications, Marks, and Franchisor’s operations manual (including the contents thereof), marketing and advertising methods, vendor lists, trade secrets and confidential information as the same may be modified, amended or replaced from time to time hereafter by Franchisor.

“**Term**” refers to and means the period of time set forth and defined in Section 3.1 of this Agreement.

“**Matari Coffee Restaurant(s)**” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “Matari Coffee Restaurants”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“**Transfer**” refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owner’s interests and/or voting rights in Franchisee.

“**Restaurant**” shall have the meaning set forth in the Recitals and shall refer to all Restaurants operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

“**Restaurant Location(s)**” refers to and means the fixed locations from which Matari Coffee Restaurants are established, operated and managed.

## SECTION 2 DEVELOPMENT RIGHTS

### 1.1 DEVELOPMENT GRANT AND OBLIGATIONS

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the exclusive right to obtain licenses to establish, own, and operate multiple Matari Coffee Restaurants (“Development Restaurants”) within the defined Development Area, in accordance with the Development Schedule set forth herein. Each Development Restaurant shall be established and operated pursuant to a separate Franchise Agreement and must strictly comply with the terms and conditions thereof.

Franchisee agrees to:

- (a) timely open and commence operations of each Development Restaurant in accordance with the Development Schedule for each Development Period, as outlined in this Agreement; and
- (b) continuously operate at least the cumulative minimum number of Development Restaurants required for each applicable Development Period.

Franchisee acknowledges that time is of the essence with respect to its obligations under this Agreement. Failure to meet the Development Schedule shall constitute a material breach of this Agreement and may result in immediate termination of this Agreement and any remaining development rights granted hereunder. Provided Franchisee remains in full compliance with the terms of this Agreement, including the Development Schedule and all related Franchise Agreements, Franchisor shall not open, operate, or grant any third party the right to open or operate a Matari Coffee Restaurant within the Development Area during the Term of this Agreement.

Franchisee further acknowledges and agrees that the specific territory granted for each Development Restaurant will be defined in the corresponding Franchise Agreement for that location. The aggregate territories for Franchisee’s Development Restaurants may collectively be smaller than the entire Development Area granted under this Agreement.

### 1.2 LIMITED EXCLUSIVITY AND RESERVED RIGHTS

With the exception of Section 2.1 of this Agreement, Franchisee acknowledges and understands that the rights granted herein are non-exclusive. Franchisor, on behalf of itself and its affiliates, successors, and assigns, reserves all other rights not specifically granted to Franchisee under this Agreement.

### 1.3 LICENSE RIGHTS

Franchisee shall not have any authority or right, under this Agreement, to license, sublicense, assign, or otherwise transfer to any third party the right to operate a business using the System or the Marks, or to transfer any of the rights granted under this Agreement.

## SECTION 3 TERM AND TERMINATION

### 1.1 TERM

This Agreement shall commence on the Effective Date and shall continue unless terminated sooner by Franchisor on the earlier of the following: (a) This Agreement shall remain in effect (the “Term”) beginning on the Effective Date and will automatically conclude, unless terminated earlier by Franchisor, on the earliest of the following: (a) the last day of the calendar month in which the final Development Restaurant is required to be open and operational under the Development Schedule, (b) the date the last Restaurant opens, or (c) the date this Agreement is terminated in accordance with its terms. Upon expiration or termination of this Agreement, Franchisee will no longer hold any rights within the

Development Area, except for any territorial rights granted and retained under the terms of each respective Franchise Agreement. The Term of this Agreement is not subject to renewal or extension. Upon the expiration or earlier termination of this Agreement, the Franchisee shall no longer retain any development rights within the Development Area, except for those territorial rights expressly provided and preserved under executed Franchise Agreements. The Term is not subject to renewal or extension.

## **1.2 TERMINATION BY FRANCHISOR**

Franchisor may, in its sole discretion, immediately terminate this Agreement and revoke all rights granted to Franchisee, without offering a period to cure, upon providing written notice or upon the occurrence of any of the following events:

- (a) Franchisee fails to fulfill their obligations under this Agreement and demonstrates an intent to abandon their responsibilities;
- (b) Franchisee halts or suspends all development activities within the Development Area for a continuous period of three months, or any shorter duration that, in Franchisor's reasonable judgment, reflects a decision to discontinue the development of additional units;
- (c) Franchisee becomes the subject of any insolvency proceeding, is adjudicated bankrupt, initiates or is subject to proceedings under any federal or state bankruptcy or debt adjustment laws, makes a general assignment for the benefit of creditors, or has a receiver or trustee appointed to manage its assets;
- (d) Franchisee fails to satisfy the development milestones set forth in the Development Schedule, including the timely opening of the required number of Matari cafés during any applicable development phase; or
- (e) The termination, for any reason, of a Franchise Agreement for a Matari location developed under this Agreement, or any other franchise agreement entered into by Franchisee and Franchisor.

## **SECTION 4**

### **DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE**

#### **4.1 DEVELOPMENT AREA FEE**

As consideration for the rights and options granted by this Agreement, Franchisee shall pay to Franchisor the Development Fee (the "Development Area Fee"). The Development Area Fee is non-refundable. The amount of the Development Area Fee is set forth in the Development Information Sheet.

Franchisee agrees that the Development Area Fee is not a franchise fee and, that at the time of signing each respective Franchise Agreement, Franchisee shall pay to Franchisor an initial franchise fee and all other fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Restaurant to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Restaurant, shall take precedence and govern.

#### **4.2 INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS**

The initial franchise fee for the first Restaurant developed under this Agreement shall be paid in accordance with the terms outlined in the Franchise Agreement executed for that Restaurant.

Franchisee acknowledges that the Franchise Agreement for the first Development Restaurant has been executed either prior to or concurrently with this Development Agreement. For each additional Restaurant developed under this Agreement, Franchisee agrees to execute and operate in accordance with Franchisor's then-current form of Franchise Agreement, which may be updated from time to time at Franchisor's discretion.

Franchisee must execute a separate Franchise Agreement for each subsequent Development Restaurant no later than the earliest of the following:

- (a) the date on which Franchisee, with Franchisor's prior written approval of the site, signs a lease for the Restaurant premises;
- (b) the date on which Franchisee, with Franchisor's prior written approval of the site, enters into a purchase agreement for the Restaurant property; or
- (c) six (6) months prior to the scheduled opening date of the respective Restaurant, as outlined in the Development Schedule.

#### **4.3 DEVELOPMENT SCHEDULE**

Franchisee agrees to construct, launch, and operate the number of Restaurants specified in the Development Schedule (as outlined in the Development Information Sheet), in accordance with the timelines and obligations set forth therein.

Franchisee acknowledges and accepts the responsibility to meet all requirements detailed in the Development Schedule, including, without limitation, the obligation to ensure that the designated number of Restaurants within the Development Area are developed, opened, and fully operational within each applicable Development Period.

#### **4.4 REASONABLENESS OF DEVELOPMENT SCHEDULE**

Franchisee confirms that it has undertaken its own independent assessment and due diligence concerning the viability of opening and operating Matari Coffee locations within the designated Development Area. Franchisee acknowledges that the timelines and obligations set forth in the Development Schedule are fair, realistic, and attainable. Failure to satisfy the development milestones outlined therein shall constitute a material breach of this Agreement.

### **SECTION 5 FRANCHISEE OBLIGATIONS**

#### **5.1 FRANCHISE AGREEMENTS**

For every Matari Coffee café that Franchisee establishes within the Development Area, Franchisee must execute Franchisor's then-current standard Franchise Agreement. This requirement applies individually to each café developed under this Agreement. Franchisee must enter into the Franchise Agreement for each such location no later than the earliest of the following events: (a) the date Franchisee signs a lease for the approved site, with Franchisor's prior approval of the location; (b) the date Franchisee executes a purchase agreement for the real estate of the approved site; or (c) six (6) months before the scheduled opening date for that café as set forth in the Development Schedule.

## **5.2 ROYALTY FEES AND OTHER FRANCHISE FEES**

Franchisee understands and agrees that nothing contained in this Development Agreement modifies, limits, or diminishes the obligations set forth in any Franchise Agreement entered into pursuant to this Agreement and covering a location within the Development Area. Franchisee remains fully bound by the terms and conditions of each individual Franchise Agreement, including, without limitation, the obligation to pay royalties and other fees as prescribed therein. The provisions of this Agreement do not supersede or amend the terms of any Franchise Agreement, except with respect to the initial franchise fee, which is addressed separately in Section 4.2 of this Agreement and applies solely to the Development Restaurants.

## **5.3 MODIFICATIONS TO FRANCHISE AGREEMENT**

Franchisee acknowledges that Franchisor has the exclusive right to determine the terms of its then-current Franchise Agreement. Franchisee understands that Franchisor may amend or modify the Franchise Agreement at its discretion. Any changes or updates to the Franchise Agreement, provided they are reasonable, will not alter or reduce Franchisee's responsibilities under this Development Agreement.

## **5.4 SITE SELECTION**

Franchisee holds full responsibility for selecting the site(s) for their Restaurant Locations. In accordance with each respective Franchise Agreement, Franchisee must secure Franchisor's prior written approval for any potential location. Although not required, it is strongly encouraged for Franchisee to hire a qualified commercial real estate broker or agent, skilled in identifying restaurant properties, to assist in the acquisition, purchase, or leasing of the property for their Development Restaurants. Franchisor is under no obligation to find, assist in selecting, or help with the purchase or lease of the property for any of the Development Restaurants.

## **5.5 SITE SELECTION CRITERIA**

Franchisee agrees not to lease, purchase, or otherwise acquire any location for the Development Restaurants until all necessary information regarding the proposed site has been submitted to and approved by Franchisor in writing. Franchisee shall not enter into any lease or purchase agreement for a Restaurant Location without first obtaining written approval from Franchisor.

# **SECTION 6 TRANSFER OF INTEREST**

## **6.1 BY FRANCHISOR**

Franchisor retains the exclusive and unrestricted right to transfer, assign, or delegate any or all of its rights, interests, or obligations under this Agreement to any person, entity, or third party, whether corporate or otherwise, at Franchisor's sole discretion and for any reason. Such transfer or assignment may be carried out without requiring Franchisee's consent or approval.

## **6.2 BY FRANCHISEE**

Franchisee shall not transfer or assign this Agreement without obtaining prior written consent from Franchisor, which Franchisor may refuse at its sole discretion. If Franchisee is a corporate entity, the owners of Franchisee are similarly prohibited from transferring or assigning their ownership or equity interests without Franchisor's express written consent, which may also be withheld at Franchisor's sole discretion. Any unauthorized transfer or assignment in violation of these provisions will be considered a material breach of this Agreement and will lead to its immediate and automatic termination.

## SECTION 7 ENFORCEMENT AND CONSTRUCTION

### 7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Each provision of this Agreement is independent and severable from the others. No part of this Agreement shall grant any rights or remedies to any party other than Franchisor or Franchisee, and their respective successors and assigns as outlined in Section 8. The headings in this Agreement are included for convenience only and do not impact the interpretation or application of any provision. References to gender and number in this Agreement shall be interpreted to include the appropriate gender or number as context requires. Furthermore, all acknowledgments, promises, covenants, agreements, and obligations made by Franchisee are considered jointly and severally binding upon all individuals or entities executing this Agreement on Franchisee's behalf. This Agreement may be executed in counterparts, each of which shall be deemed an original. If any provision of this Agreement is deemed unenforceable by a court or relevant authority, such provision shall be modified or interpreted to the extent necessary to make it enforceable, while preserving its original intent as much as possible.

### 7.2 WAIVER

The failure of Franchisor to exercise any of its rights or powers under this Agreement, or to insist on strict compliance by Franchisee with any term or condition of this Agreement, shall not be deemed a waiver of Franchisor's right to enforce those terms or conditions in the future. Any waiver by Franchisor of a specific default shall not affect or diminish Franchisor's rights with respect to any future default, whether of the same or a different nature. Similarly, any delay, forbearance, or failure by Franchisor to exercise any right or power due to Franchisee's breach or default shall not waive or impair Franchisor's rights, nor shall it prevent Franchisor from declaring a subsequent breach or default.

### 7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement shall restrict Franchisor's right to seek specific performance of any provision, or to request injunctive relief, to prevent or address any actions that could cause harm or loss to Franchisor, the Licensed Marks, or the System.

### 7.4 RIGHTS OF PARTIES ARE CUMULATIVE

The rights and remedies provided in this Agreement are cumulative and are in addition to, and not in substitution for, any other rights or remedies available at law or in equity. No exercise of any right or remedy shall preclude the exercise of any other right or remedy, whether under this Agreement or otherwise.

### 7.5 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to its conflicts of law principles. The parties agree that any dispute, claim, or legal action arising out of or relating to this Agreement shall be exclusively brought in the state or federal courts located in Oakland County, Michigan. Each party irrevocably submits to the jurisdiction of such courts and waives any objections to venue, jurisdiction, or inconvenient forum.

### 7.6 MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

- (1) **Non-Binding Mediation** – Prior to initiating any legal action, arbitration, or proceeding arising from or related to this Agreement or the franchise relationship between the Franchisor and Franchisee, both parties agree to first attempt to resolve the dispute through non-binding mediation. The mediation will take place in Canton, Michigan, or, if no mediator is available in Canton, at a mutually agreed-upon location within Oakland County, Michigan, as determined by the mediator. The mediation will be conducted by a single mediator. If the Franchisor and Franchisee cannot agree on a mediator, the Franchisor will have the final decision on the

selection of the mediator. Both parties agree to participate in the mediation process in good faith and to make reasonable efforts to resolve the dispute. Mediation shall occur within 45 days from the appointment of the mediator. Each party will bear its own costs associated with the mediation, with the mediator's fee being split equally between the Franchisor and Franchisee.

- (2) **Arbitration** – If the parties are unable to resolve any dispute or controversy arising out of or related to this Agreement or the franchise relationship between the Franchisor and Franchisee through mediation, as set forth above, the dispute shall be resolved exclusively through binding arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association (AAA) and shall take place in Oakland County, Michigan, or another location mutually agreed upon by the parties. The arbitration shall be conducted before a single arbitrator who is experienced in franchise law and commercial disputes.

The decision and award of the arbitrator shall be final and binding upon the parties, and judgment upon the award may be entered in any court having jurisdiction. The parties agree that the arbitration will be the sole and exclusive remedy for any disputes arising out of or related to this Agreement. Each party shall be responsible for its own legal fees and expenses incurred in connection with the arbitration, but the costs of the arbitration and the arbitrator's fee shall be shared equally by the parties unless otherwise determined by the arbitrator.

- (3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration procedures outlined in Section 7.6, both Franchisor and Franchisee agree that any judicial action or legal proceeding arising from this Agreement shall be exclusively brought in a court of competent jurisdiction located in Oakland County, Michigan. Both parties irrevocably consent to, and waive any objections regarding, such jurisdiction and venue. Notwithstanding the foregoing, Franchisor reserves the right, at its discretion, to initiate any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or enforcement of an arbitration award or any judicial decision in either a federal or state court located in the county and state where the Franchised Business is located or where Franchisee resides.

## 7.7 DEVIATIONS

Franchisee acknowledges that Franchisor, in its sole and absolute discretion, may authorize exceptions or alterations to the uniform standards of the System, as Franchisor deems necessary or appropriate under specific circumstances. Franchisee agrees that it has no right to request or automatically obtain such exceptions or alterations, and any such changes must be approved in writing by Franchisor before they can be implemented. Franchisee further understands that other franchisees may operate under different agreements, and their rights and obligations may differ substantially from those outlined in this Agreement..

## 7.8 LIMITATIONS OF CLAIMS

Franchisee agrees that any claims, disputes, or actions arising out of or related to this Agreement, the franchise relationship, or the performance of either party under this Agreement must be initiated within two (2) years from the date the event giving rise to the claim occurred. Any claims not brought within this time period are deemed waived and barred. This limitation applies to all claims, whether based in contract, tort, or any other legal theory, unless otherwise required by applicable law.

## 7.9 WAIVER OF DAMAGES

To the fullest extent permitted by law, both Franchisor and Franchisee waive any right to or claim for punitive, exemplary, consequential, incidental, or speculative damages against each other. In the event of a dispute, except as otherwise provided in this Agreement, each party's recovery shall be limited to the actual damages incurred. However, this waiver does not apply to any claims for: (a) attorney's fees or costs and

expenses, as permitted under this Agreement; and/or (b) lost profits related to the termination of this Agreement by either party. Notwithstanding the foregoing, if any provision of this Agreement is found to be unenforceable or unconscionable for any reason, the waiver of punitive, exemplary, incidental, indirect, special, or consequential damages shall remain in full effect.

#### **7.10 WAIVER OF JURY TRIAL**

Franchisor and Franchisee hereby irrevocably waive any right to a trial by jury in any action, proceeding, or counterclaim arising out of or relating to this Agreement, including any claim for breach of contract, tort, or any other legal theory, whether in law or equity. Each party agrees that such disputes shall be tried before a judge, and the waiver of the right to a jury trial shall be binding upon both parties.

#### **7.11 BINDING EFFECT AND MODIFICATION**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. No amendments, modifications, or additions to this Agreement shall be valid unless made in writing and signed by both parties.

#### **7.12 ENTIRE AGREEMENT**

This Agreement, along with the documents referenced herein, represents the complete and exclusive understanding between Franchisor and Franchisee regarding the subject matter of this Agreement, and it supersedes all prior agreements between the parties concerning the same subject matter. However, the Franchise Disclosure Document (as required by federal law, state regulations, or otherwise, and provided to Franchisee or its representative) shall not be considered a part of this Agreement or a separate, binding agreement related to the subject matter hereof. Nothing in this Agreement is intended to disclaim any representations made in the Franchise Disclosure Document provided to Franchisee.

#### **7.13 ATTORNEY FEES AND EXPENSES**

Franchisee agrees that if an arbitrator or a court of competent jurisdiction issues an award, judgment, decision, or order determining that Franchisee has breached this Agreement, Franchisor shall be entitled to recover all reasonable attorneys' fees, costs, and expenses incurred in connection with such arbitration or litigation. These recoverable amounts include, but are not limited to, attorneys' fees, arbitration and arbitrator fees, deposition costs, expert witness fees, and court or filing fees.

#### **7.14 WAIVER OF CLASS-ACTION:**

Franchisor and Franchisee agree that any legal action or proceeding arising out of or relating to this Agreement, or the offer and sale of the Matari Coffee restaurant franchise, shall be conducted solely on an individual basis and not as part of a class, collective, or consolidated action. Franchisee, including its owners, spouses, and/or guarantors, further agree that no such action or proceeding involving Franchisor, its affiliates, officers, directors, or employees may be joined or combined with any other action or proceeding involving different parties.

#### **7.15 APPROVALS**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and, except as otherwise provided by this Agreement, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

#### **7.16 PROFESSIONAL REVIEW**

Franchisee acknowledges and affirms that, prior to executing this Agreement, Franchisor advised Franchisee to consult with independent legal counsel, an accountant, and other professional business advisors regarding both this Agreement and the Franchise Disclosure Document. Franchisee confirms that it had a full and fair opportunity to seek such review and counsel before signing.

#### **7.17 NO PERSONAL LIABILITY**

Franchisee agrees that any obligations of Franchisor under this Agreement—whether expressly stated herein or determined through enforceable oral representations as ruled by a court of competent jurisdiction—shall be the sole responsibility of Franchisor. No employee, officer, director, member, or authorized agent of Franchisor shall bear any personal liability to Franchisee under any circumstance arising from or related to this Agreement. Furthermore, nothing in this Agreement shall be construed to create any employment relationship between Franchisor and Franchisee, or between Franchisor and any of Franchisee's employees. Franchisor and Franchisee expressly acknowledge and agree that they are independent entities and are not joint employers, partners, or joint venturers. Franchisee is solely responsible for hiring, training, supervising, compensating, and terminating its employees and for complying with all applicable employment and labor laws.

#### **7.18 [Intentionally Omitted]**

#### **7.19 NO RIGHT TO OFFSET**

Franchisee shall not withhold, delay, or offset any payments, fees, or other amounts owed to Franchisor under this Agreement—including, but not limited to, Royalty Fees, Advertising Contributions, or any other financial obligations—on the basis of any alleged nonperformance, default, or material breach by Franchisor, or for any other claimed reason. Franchisee expressly waives any right to set-off, deduct, or withhold any actual or alleged amounts, whether liquidated or unliquidated, that Franchisee believes are owed to it by Franchisor, regardless of whether such amounts arise from this Agreement or any other agreement or claim between the parties. All payments due to Franchisor shall be made in full and on time, without condition or counterclaim.

#### **7.20 HEADINGS**

The section and paragraph headings in this Agreement are for convenience and reference only and shall not affect the interpretation, construction, or meaning of any provision of this Agreement. They do not define, limit, or describe the scope or intent of any part of this Agreement.

#### **7.21 AUTHORITY TO EXECUTE AND BIND**

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

#### **7.22 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES**

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

**7.23 JOINT AND SEVERAL LIABILITY**

If Franchisee is composed of more than one individual or entity, all such individuals and entities shall be jointly and severally liable for the full and faithful performance of Franchisee’s obligations under this Agreement. Each person or entity signing this Agreement on behalf of Franchisee acknowledges and agrees to be personally bound by all terms and conditions contained herein, regardless of the capacity in which they sign.

**7.24 ANTI-MONEY LAUNDERING**

Franchisee and its principals represent and warrant to Franchisor that neither Franchisee, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (text currently available at [www.treas.gov/offices/enforcement/ofac/](http://www.treas.gov/offices/enforcement/ofac/)). Further, Franchisee and its Principals represent and warrant that neither it nor any Principal or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treasury.gov/resource-center/sanctions/Documents/13224.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and Developer and the Principals shall immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading

**SECTION 8  
NOTICES**

Notices under this Agreement must be in writing signed by the party serving the same and must be sent by: (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two days after mailing; (b) overnight courier service, in which case the notice will be complete one day after delivery to the overnight courier; or (c) electronic mail with proof of completion, in which case the notice will be complete one day after proof of completion. The notice must be sent to the address or email address set forth below or at such address or email address as designated by notice pursuant to this Section.

If to Franchisor: HQ Matari, LLC  
Sadeq Almatari  
\_\_\_\_\_  
\_\_\_\_\_

If to Franchisee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IN WITNESS WHEREOF**, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

**Franchisor:**  
HQ Matari, LLC

**Franchisee:**

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

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

**EXHIBIT F**  
**LIST OF FRANCHISEES**



**Franchised Outlets:**

Store Name	Address	Telephone Number	Owners

**Affiliated Restaurants:**

Store Name	Address	Telephone Number	Owners
Matari Coffee Co., LLC	6124 N Canton Center Rd, Canton, MI 48187		Sadeq Almatari
Matari Coffee West Bloomfield, LLC	6225 Orchard Lake Rd, West Bloomfield Township, MI 48322		Sadeq Almatari
AlSaidi Investment, LLC	6915 5th Ave Brooklyn, NY 11209		Mohammed Ali, Ghamdan Al-Saedi, Rami Al- Zandani, Musa Al-Saedi, Sadeq Almatari

**Restaurants Operating as Licensed Locations:**

MSSF, LLC  
1300 S Main St Unit T  
Lombard, IL 60148  
Mohammad N. Yaqoob

Skokie Premium Coffee, LLC  
8800 Gross Point Rd  
Skokie, IL 60077  
Mohammad N. Yaqoob

AlSaidi Investment, LLC  
6915 5th Ave  
Brooklyn, NY 11209  
Mohammad Ali

## **EXHIBIT G**

### **STATE SPECIFIC ADDENDA**

California FDD Amendment  
Amendments to the HQ Matari, LLC Franchise Disclosure Document

1. Item 17 “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship,” is supplemented by the addition of the following:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. The franchisor, any person or franchise broker in Item 2 of the FDD is not 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.
3. California Business and Professions Code 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. 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.*).
5. The franchise agreement includes a non-compete clause that remains in effect after the franchise is terminated. However, this provision may not be enforceable under California law..
6. The franchise agreement requires binding arbitration. The arbitration will occur in Michigan with the costs being borne by the franchisee and franchisor.

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.

7. The franchise agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.
2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

4. Item 6 “Other Fees,” is supplemented by the addition of the following statement: “The highest interest rate allowed by law in the State of California is 10%.”
5. The Franchisor’s website: [www.MatariCoffee.com](http://www.MatariCoffee.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.dbo.ca.gov](http://www.dbo.ca.gov).

### **Hawaii FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

Exhibit L “FDD Receipts,” is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit “L”) is supplemented to add the following:

1. THIS FRANCHISE WILL BE/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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. 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 7 DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND 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.

### **Illinois FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

#### DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois Law governs the Franchise Agreement.

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

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

### **Indiana FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### **Maryland FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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

- A. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- D. In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- E. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- F. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

### **Michigan FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

1. 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 of your right to join an association of Franchisees.
- B. A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- D. A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us 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: (a) the term of the franchise is less than 5 years, and (b) you are prohibited by the franchise agreement 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.

E. A provision that permits us 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 litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us 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 our then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us 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 us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than One Hundred Thousand Dollars (\$100,000), you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

## Minnesota FDD Amendment

### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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#### ADDITIONAL RISK FACTORS:

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

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

#### AMENDMENT OF FDD DISCLOSURES:

A. Item 6, “Other Fees”, Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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

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

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

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can

abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

**New York FDD Amendment**  
Amendments to the HQ Matari, LLC 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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or

trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of **Item 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of **Item 5**:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of **Item 17(d)**, titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of **Item 17(j)**, titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

## North Dakota FDD Amendment

### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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1. Item 5, “Initial fees”, Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, “Other Fees”, Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

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

A. Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

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

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

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

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

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

### **Rhode Island FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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

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

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

### **Virginia FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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

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

### **Washington FDD Amendment**

#### Amendments to the HQ Matari, LLC Franchise Disclosure Document

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the following amendments are made to the Franchise Disclosure Document:

1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator.

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

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

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

5. Chapter 49.62 RCW limits the use of non-competition agreements and may supersede the franchise agreement's non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee's annual earnings exceed \$100,000; (2) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; (3) a franchisor may not restrict, restrain or prohibit a franchisee from soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of Washington State is void and unenforceable.

#### **Wisconsin FDD Amendment**

##### Amendments to the HQ Matari, LLC Franchise Disclosure Document

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



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT  
AND, IF APPLICABLE, MULTI-UNIT DEVELOPMENT AGREEMENT

**HAWAII FRANCHISE AGREEMENT AMENDMENT**

Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled “Conditions for Approval of Transfer,” is supplemented by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled “Conditions for Renewal,” is supplemented by the addition of the following:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the HQ Matari, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor: HQ Matari, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

## ILLINOIS FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the HQ Matari, LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the following language is added to the end of subarticle 14.C.(6):

; excluding only such claims as the transferor and its Owners may have under the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45).

2. Article 15.B. of the Franchise Agreement, under the heading “Conditions for Renewal,” the following language is added to the end of subarticle 15.B.(8):

; excluding only such claims as the transferor and its Owners may have under the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45).

3. Article 18.F. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.5 of the Development Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement and Article 7.5 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act Provides that 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

4. Article 18.G. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act Provides that 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. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.10 of the Development Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement and Article 7.10 of the Development Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act.

6. Article 18 of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Illinois Franchise Disclosure Act.

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

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

**Franchisor: HQ Matari, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

## MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the HQ Matari, LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

2. Article 15.B of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

3. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction,” shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

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

4. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.8 of the Development Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement and Article 7.8 of the Development Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

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

7. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the HQ Matari, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: HQ Matari, LLC

Franchisee:

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

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

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Address: \_\_\_\_\_

## MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the HQ Matari, LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B of the Franchise Agreement, under the heading “Conditions for Renewal,” sub article 15.B(8) is supplemented with the addition of the following language:

Article 15.B. of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading “Notification of Infringement and Claims,” the subarticle 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Marks when, in the opinion of Franchisor’s counsel, Franchisee’s rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the franchise agreement.

5. Under Article 16 of the Franchise Agreement, under the heading “Defaults and Automatic Termination Upon Written Notice Without Cure Period,” the subarticle 16.A.(2). shall be supplemented by the addition of the following:

Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading “Defaults and Automatic Termination After 30 Day Cure Period,” the subarticle 16.A.(4)(f), shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 19.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 19.F.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement and Article 7.6 of the Development Agreement:

; except the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement, Article 7.10 of the Development Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement and Article 7.10 of the Development Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7.8 of the Development Agreement, under the heading “Limitations of Claims,” shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within 3 years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement and if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

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

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

**Franchisor: HQ Matari, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

## NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

### Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the HQ Matari, LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Article 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Article 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by HQ Matari, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. HQ Matari, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the HQ Matari, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

[SIGNATURE PAGE TO FOLLOW]

**Franchisor: HQ Matari, LLC****Franchisee:**By: \_\_\_\_\_  
Signature of Franchisor\_\_\_\_\_  
Signature of Franchisee\_\_\_\_\_  
Name and Title\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchisee\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

## NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

### Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Matari Coffee Restaurant outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota franchisees to sign a general release upon renewal of the franchise agreement are not enforceable in North Dakota.”
2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota.”
3. Articles 6 and 17 of the Franchise Agreement are hereby amended by the addition of the following language: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the state of North Dakota.”
4. Article 19 of the Franchise Agreement is hereby amended by the addition of the following language: “Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.”
5. Article 19 of the Franchise Agreement is hereby amended by the addition of the following language: “for North Dakota Franchisees, North Dakota law shall apply.”
6. Article 19 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”
7. Article 19 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”
8. Article 19 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a limitation of claims within 1 year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.”

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]



**Franchisor: HQ Matari, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

**WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT**

Amendments to the HQ Matari, LLC Franchise Agreement

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached HQ Matari, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
3. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
5. Chapter 49.62 RCW limits the use of non-competition agreements and may supersede the franchise agreement’s non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee’s annual earnings exceed \$100,000; (2) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; (3) a franchisor may not restrict, restrain or prohibit a franchisee from soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of Washington State is void and unenforceable.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the HQ Matari, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

**Franchisor: HQ Matari, LLC**

**Franchisee:**

By: \_\_\_\_\_  
Signature of Franchisor

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

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Name (please print)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT H**

### **RECEIPTS**

**RECEIPTS**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If HQ Matari, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If HQ Matari, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified Exhibit A of this Disclosure Document, and your state agency, if one is listed in Exhibit A of this disclosure

This franchise opportunity is being offered by the following franchise sellers: Sadeq Almatari or Muhammad Yaqoob, whose business address is 9316 Harrison Rd., Romulus, Michigan 48174 and whose telephone number is 313-455-9811. Our registered agents authorized to receive service of process are stated on Exhibit G.

The Issuance Date of this Disclosure Document is: March 17, 2025

I received a Disclosure Document issued on \_\_\_\_\_ which included the following exhibits:

A. List of State Administrators/Agents for SOP	E. Multi-Unit Development Agreement
B. Financial Statements	F. List of Franchisees
C. Operations Manual Table of Contents	G. State Specific Addenda
D. Franchise Agreement	H. Receipts

Please complete any applicable franchise seller information above and then sign and date this Receipt and mail it or email it to Sadeq Almatari at 9316 Harrison Rd., Romulus, Michigan 48174; email address: [info@mataricoffee.com](mailto:info@mataricoffee.com).

Dated: \_\_\_\_\_

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