

FRANCHISE DISCLOSURE DOCUMENT



Ellianos, LLC
a Florida limited liability company
426 SW Commerce Drive, Suite 130
Lake City, FL 32025
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The franchisee will operate a retail outlet under the name “Ellianos” offering fresh roasted coffee, espresso drinks, cappuccinos, lattes, chai teas, smoothies, food items, pastries and related menu items (“Ellianos Stores”).

The total investment necessary to begin the operation of a franchised Traditional Ellianos Store ranges from \$671,500 to \$1,068,700. This includes \$104,000 to \$126,000, which you must pay to us or our affiliates. If you sign a Development Agreement, for each Ellianos Store you agree to develop, you will pay to us a Development Fee in the amount of \$10,000. The Development Fee is in addition to the initial investment for the first Store, but we credit that amount against the Initial Franchise Fee.

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, us or our affiliates in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Stewart, by telephone at (386) 755-5828, by email at mike@ellianos.com or by mail at 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025.

The terms of your franchise agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement 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 by calling 1-877-FTC-HELP or writing the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 14, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Ellianos business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Ellianos franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

SOME STATES REQUIRE REGISTRATION

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

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

SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

1. **Out-of-State Dispute Resolution.** The franchise and development agreements require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. 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 Florida than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your ability to make the payments may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.
6. **Significant Expansion.** During the last 2 years, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.

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

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Exhibits:

- A. List of State Administrators
- B. Agents for Service of Process
- C. Development Agreement
- D. Franchise Agreement
- E. Confidentiality and Non-Disclosure Agreement
- F. List of Franchised Stores, List of Signed Franchise Agreements (Units Not Open) and List of Former Franchisees
- G. Financial Statements
- H. Form of General Release
- I. Information about Area Representatives
- J. State Specific Addenda

Receipt (2 copies)

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Ellianos, LLC is the franchisor. For ease of reference, we will refer to Ellianos, LLC as “Ellianos,” “we,” “us” or “our.” “You” means the person or entity who buys the franchise. If you are a corporation, a partnership or a limited liability company, certain provisions of this disclosure document also apply to your owners and will be noted.

Ellianos is a Florida limited liability company formed on June 16, 2003. Our principal business address is 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025. Our agents for service of process in various states are listed in Exhibit B.

We do business under the name “Ellianos” and “Ellianos Coffee Company.” We have offered franchises for Ellianos Stores since 2003. In 2009, we granted subfranchise rights to for Georgia which have expired; we no longer grant such rights. We have not offered franchises in any other line of business. We generally do not engage in any business not described in this Item.

As of December 31, 2024, there were 63 franchised Ellianos Stores. As set forth in Exhibit F, some of our officers operate Ellianos stores; as of December 31, 2024, 12 of the franchised Ellianos Stores are operated by our officers. We do not operate any Ellianos Stores.

On January 23, 2019, we entered into an Area Representative Agreement with Outlook Advisors, LLC. Under that Agreement, Outlook Advisors, LLC will provide franchisee recruiting and support services in the following counties in Florida: of Duval, Nassau, St. Johns, and Clay. See Exhibit I-1 for more information about Outlook Advisors, LLC.

On June 10, 2021, we entered into an Area Representative Agreement with SMA Coffee, LLC. Under that Agreement, SMA Coffee, LLC will provide franchisee recruiting and support services in Marion County, Florida. See Exhibit I-2 for more information about SMA Coffee, LLC.

On January 1, 2023, we entered into an Area Representative Agreement with Cornerstone Coffee, LLC. Under that Agreement, Cornerstone Coffee, LLC will provide franchisee recruiting and support services in Madison. Limestone, Jackson, Morgan, Marshall, Dekalb, Cherokee, Etowah, Cullman, Blount, St. Clair, Calhoun, Shelby, and Jefferson in Alabama. See Exhibit I-2 for more information about Cornerstone Coffee, LLC.

Our Parents, Predecessors and Affiliates

We do not have any predecessors, parents or affiliates that must be identified in this Item.

The Franchise Offered: Ellianos Stores

Ellianos is offering you the opportunity to become a franchisee to develop and operate Ellianos Stores. Ellianos Stores are retail outlets that sell ready-to-drink fresh roasted coffee, espresso drinks, cappuccinos, lattes, chai teas, smoothies, food items, pastries and other related menu items.

Ellianos Stores operate according to a distinctive format and appearance and operating procedures (“System”). We identify the System by means of the “Ellianos” name and mark and certain other names, marks, logos, insignias, slogans, emblems, symbols and designs (collectively, “Marks”) that we have designated, or may in the future designate, for use with the System.

Ellianos Stores have a standard image, color scheme, design and layout, which includes unique architectural features; however, each store is tailored to meet local needs and preferences, which may be unique to the particular location. Ellianos Stores can be located in various communities including urban and heavily populated suburban areas, preferably in close proximity to office and high volume shopping and/or traffic areas. Ellianos Stores can be located at different types of sites within those communities including in free-standing out parcel buildings in parking lots, storefronts, food courts and various other locations.

“Traditional Ellianos Stores” are located in free standing buildings with approximately 800 square feet that typically have sufficient exterior space for a double-sided drive-thru. “Non-traditional Ellianos Stores” are any other type of store which may be located in food courts, kiosks, convenience stores, in-line, or mobile units. We do not consider café-style sit-down locations to be Traditional Ellianos Stores. At this time, we are only offering franchises for Traditional Ellianos Stores. On a case-by-case basis, we may permit franchisees to develop Ellianos Stores in other locations.

We have described our mandatory and recommended standards and procedures in the confidential Operations Manual, Marketing Manual and other manuals (collectively, “Manual”). We will loan you one copy of the Manual for the term of your franchise. We retain the right to change the Manual and the elements of the System.

You can buy a franchise to develop and operate one franchised Ellianos Store (“Franchised Store”). If you and the area in which you are interested meet certain qualifications, you can buy the rights to develop multiple Ellianos Stores under a Development Agreement (Exhibit C). If you are developing a Franchised Store under a Development Agreement, you will sign the then current franchise agreement, which may differ from the current Franchise Agreement included with this FDD, as we require and pay the Initial Franchise Fee after we approve the site for the Franchised Store (“Franchised Location”). If you do not have a Development Agreement, prior to our consideration of a proposed site, you must sign a Franchise Agreement and pay the Initial Franchise Fee. You should not acquire any interest in a site for the Franchised Store until you have been approved as a franchisee and we have approved the site in writing. If we approve the site, we will sign the Franchise Agreement and provide you a fully-executed original of the Franchise Agreement.

Market and Competition

Competitors include national, regional and local restaurants or other businesses that sell food items including coffee, bagels, bakery items, or similar items. The general market is developed and competitive, the products are sold to the general public and in most markets should be impacted by seasonality.

Industry Specific Laws and Regulations

We are not aware of any laws or regulations applicable to Ellianos Stores that would not apply to the restaurant industry generally. You must comply with all applicable local, state and

federal laws and regulations, including health, sanitation, food handling, food preparation, waste disposal, smoking restrictions, discrimination, employment, sexual harassment and advertising laws. Some laws require point-of-sale disclosures including statements concerning the nutritional and dietary characteristics of the beverages and food served at your Franchised Store. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning these and other laws and regulations that may affect your operation of the Franchised Store. You also must obtain all real estate permits and licenses and operational licenses.

ITEM 2 BUSINESS EXPERIENCE

Managing Member and Founder: Scott Stewart

Mr. Stewart has been the Managing Member since June 2003. Mr. Stewart is the founder of the System. He has founded many businesses in addition to Ellianos, holds ownership interests in several other businesses, and has been a franchisee of Little Caesars for over 35 years. Mr. Stewart's decades of business experience includes expertise in franchising, restaurant management, marketing, land development, construction management, leasing and lease negotiations, tenant relations and business development. He has also been a franchise representative with Cornerstone Coffee, LLC since June 2023. Mr. Stewart has an ownership interest in 3 open Ellianos Stores and 2 under construction Ellianos Stores.

President: Robert Lawton Unrau

Mr. Unrau has been our President since June 2024. He was a consultant for us from April 2024 to May 2024. Mr. Unrau has been the Owner and Managing Member of Stoneridge Management, LLC in Lake City, Florida since December 2011. Mr. Unrau served as Chief Executive Officer of Belmont Academy, Inc. d/b/a Belmont Academy Charter School in Lake City, Florida from September 2013 to June 2024.

Vice President: Michael Stewart

Mr. Stewart has been our Vice President since January 2018. He has also been a franchise representative with SMA Coffee, LLC since June 2021. Mr. Stewart is an owner of 5 Ellianos Stores. Mr. Stewart has held roles with us since October 2004.

Vice President of Franchise Development: Chad Stewart

Mr. Stewart has been Vice President of Franchise Development since January 2019. He has also been a franchise representative with Outlook Advisors, LLC since January 2019. Mr. Stewart has been a Broker Associate for Rockford Realty Group in Lake City, Florida since October 2005. Mr. Stewart has an ownership interest in 7 open Ellianos Stores.

Vice President of Marketing: Gregory A. Pruitt

Mr. Pruitt has been Vice President of Marketing since June 2021. Mr. Pruitt previously served as Marketing Coordinator for James Moore & Company in Gainesville, Florida from November 2019 to June 2021.

Director of Franchise Sales: Jonathan M. Morgan

Mr. Morgan has been our Director of Franchise Sales since April 2020. From April 2017 to April 2020, he was Account Manager for Raymond Handling Consultants in Jacksonville, Florida.

Executive Director: Mallory Pruitt

Ms. Pruitt has been our Executive Director since June 2021. She served as Business Administrative Manager for ThemeWorks in High Springs, Florida from March 2020 to June 2021. Ms. Pruitt was Executive Project Manager for IJP Golf in Orlando, Florida from January 2016 to March 2020.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

Our President, Robert Lawton Unrau, filed a personal bankruptcy petition under Chapter 11 of the U.S. Bankruptcy Code on February 18, 2012. In re Unrau, No. 3:12-bk-00972-PMG (M.D. Fla 2012). On June 15, 2018, the bankruptcy court entered a discharge. This was before any association with Ellianos.

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

**ITEM 5
INITIAL FEES**

Development Fee

If you enter into a Development Agreement, simultaneously with signing that Agreement, you must pay a Development Fee of \$10,000 for each Ellianos Store that you agree to develop. For each Franchised Store that you open pursuant to the Development Agreement, we will credit \$10,000 of the Development Fee against the Initial Franchise Fee for that Franchised Store. The aggregate amount of the credits will not exceed the total amount of the Development Fee. The Development Fee is not refundable and is paid in consideration of administrative and other expenses incurred by us.

Initial Franchise Fee

For Ellianos Stores, the Initial Franchise Fee is \$30,000. The Initial Franchise Fee, less any Development Fee previously paid with respect to a Franchised Store, must be paid to us no later than the date on which you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us when paid. If Ellianos has not accepted the site for a Franchised Store when you sign the Franchise Agreement and does not accept a site in writing by the Site Acceptance Deadline in the Franchise Agreement, Ellianos may terminate the Franchise Agreement and refund to you the Initial Franchise Fee, less \$15,000 (which Ellianos will retain to cover a portion of its expenses). Except as stated, the Initial Franchise Fee is not refundable.

For any Franchise Agreement for any additional Ellianos Store opened by the same franchisee (owners must be exactly the same) we will reduce the Initial Franchise Fee to \$15,000.

Initial Franchise Fee Reductions

VetFran Program

Ellianos will reduce the Initial Franchise Fee by 20% or \$6,000 (the amount due is \$24,000) for any qualifying US veteran who owns at least 25% of a franchisee. This discount applies only to the first franchised Ellianos Store.

Operation of Multiple Ellianos Stores

Ellianos will reduce the Initial Franchise Fees as follows (regardless of whether you open those Stores under a Development Agreement):

Ellianos Store to be Opened	Amount of Initial Franchise Fee
1 st Store	\$30,000
2 nd and each additional Store	\$15,000

Extension Fee

If you request an extension of the time to select a site or to open a Franchised Store, you must pay to us a fee not to exceed \$1,000 for each 6 month extension ("Extension Fee"). Extending the site selection date will automatically extend the opening deadline. Extensions will be granted at our sole discretion. The Extension Fee is not refundable and is not credited against any other fee owed to us.

Equipment Purchases

You must purchase certain equipment including refrigeration, stainless, shelving, equipment, and walk in cooler from us. The cost range of that equipment is \$70,000 to \$90,000, which includes the then-current markup charged by us. You must pay for the equipment when we require, which will be before opening.

Marketing Materials for Opening

You must spend at least \$4,000 to \$5,000 for opening marketing and promotion, which includes the requirement that you purchase from us certain marketing and promotional materials (including free food and beverage cards) to be used for opening marketing at the Franchised Store during the 14 days after opening. You must pay us for the required marketing and promotional materials no later 14 days after opening.

* * *

Generally, the fees identified in Item 5 are uniform for all similarly situated franchisees. During our last fiscal year, the Initial Franchise Fee paid by franchisees ranged from \$12,500 to \$30,000.

**ITEM 6
OTHER FEES**

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee	The greater of 6% of Net Sales or \$350	Payable weekly on the Monday after each Reporting Period (2)	See Note 3 for the definition of Net Sales and other details.
Brand Obligation	The WBO is 1.25% of Net Sales (4)	See below	You will have a weekly brand Obligation ("WBO"). We can increase your WBO to 3% of Net Sales, but we will not increase the WBO by more than 0.5% of Net Sales in any 12 month period. Your WBO is divided between the Brand Fund, National Advertising Fund, Regional Advertising Fund (or Regional Advertising Co-op), and local store marketing ("LSM"). We have the right, following written notice to you, to reallocate and increase your WBO. The advertising fees and Advertising Funds are further described in Item 11. See Note 3 for the definition of Net Sales and other details.
Brand Fund	We require you to contribute the entire WBO to the Brand Fund (4)	Same as royalty fee	We can require you to contribute a portion of the WBO to us for the Brand Fund.
National Advertising Fund	Amount determined by Ellianos when the Fund is established	Same as royalty fee	We have the right to establish a National Advertising Fund to which you must contribute.
Regional Advertising Fund or Regional Co-op Fund	Amount determined when the Fund is established	Same as royalty fee or as otherwise set forth in writing	We have the right, in our sole discretion, to establish a Regional Advertising Fund (or a Regional Co-op Fund) in the geographic area that includes your Franchised Store to which you will be required to contribute.

Type of Fee (1)	Amount	Due Date	Remarks
800 Number and Secret Shopper Programs	If implemented, all costs associated with the 800 number, secret shopper programs and other programs as Ellianos may require	As incurred	
Additional Training	We do not charge you tuition for our Initial Training Program provided to you and up to two other persons designated (4) However, we have the right to charge you a tuition fee for any additional training, plus all out of pocket costs and expenses we incur. The current rate is \$60 per hour of training services (limited to corporate training center).	Within 30 days after your receipt of an invoice from us.	Ellianos has the right to require certain of your employees as designated by Ellianos to take and successfully complete training courses in addition to the Initial Training Program provided by Ellianos. In addition to the tuition charge, you will be required to pay all travel, living and other expenses incurred by you and any persons while attending the additional training.
Attorneys' Fees and Costs	Our costs and expenses	As incurred	If we prevail in any non-binding mediation, arbitration proceeding, or legal action, you must pay our costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

Type of Fee (1)	Amount	Due Date	Remarks
Audit and Inspection Costs	Deficiency in royalty fees and advertising contributions, plus Service Fee	Within 10 days after receipt of the audit or inspection report	The Service Fee for underpayments is the same as the Service Fee for late payments. If an inspection or audit is made necessary by your failure to furnish reports or supporting records, or to furnish such reports, records or information on a timely basis, or if there is an understatement of Net Sales of greater than 2%, you also must pay the reasonable costs of the audit or inspection, which amount will not exceed \$3,000.
Collection Costs and Expenses	Our costs and expenses	On demand, if required	These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Net Sales of the Franchised Store, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with any Service Fees on all of the foregoing.
Indemnification	Losses and expenses incurred by Ellianos and our affiliates	As incurred	To the extent permitted by applicable law, you must indemnify, defend and hold Ellianos and its affiliates harmless in all actions arising out of, resulting from or connected with your activities under the Franchise Agreement.
Late Charges	\$25 for each delinquent payment or report	When payment or report is overdue (2)	

Type of Fee (1)	Amount	Due Date	Remarks
New Product and Supplier Testing	Cost of inspection and actual cost of testing which may be between \$1,500 - \$2,500.	As incurred	If you propose to purchase any goods or materials (that you are not required to purchase from Ellianos, an affiliate of Ellianos or a designated supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval or you must request the supplier do so itself. We have the right to require, as a condition of our approval of the supplier, that our representatives be permitted to inspect the supplier's facilities and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval.
Reimbursement of Insurance Costs	Our out-of-pocket costs of obtaining coverage	Immediately upon receipt of invoice	If you fail to obtain or maintain at least the required insurance, we may obtain the insurance and charge its cost, along with our out-of-pocket expenses to you.
Relocation Fee	\$2,500	At time you request a relocation	We have the right to approve any relocation of the Franchised Store. Ellianos may, among other things, require you to pay a minimum royalty of \$150 per Reporting Period for the time the Franchised Store is not in operation.
Renewal Fee	\$2,500	At time you sign the Renewal Agreement	
Service Fees	Service Fee of 18% per year or maximum permitted by law	When payment is overdue (2)	Service Fees are due for the period beginning with the due date and continuing through the date paid.
Software Updates	Actual cost of updates	As incurred	The Franchise Agreement gives us the right to require you, at your expense, to use any proprietary software that we develop in the future. You pay any costs associated with the software or software updates.

Type of Fee (1)	Amount	Due Date	Remarks
Taxes	You must reimburse us for any taxes, fees or assessments imposed on us for acting as franchisor or licensing the Marks	Within 30 days after receipt of invoice	This fee would include, for example, a state-imposed gross receipts tax on the royalties we receive from your Store. It would not include our income tax.
Transfer and Convenience of Ownership	\$5,000, if the transferee is a new Ellianos franchisee; \$2,000, if the transferee is an existing Ellianos franchisee; plus costs and expenses associated with evaluating the transfer	Prior to closing of transfer	We will not require you to pay a transfer fee if the transfer is a transfer of minority ownership interests or a transfer upon the death or disability of you, any Owner or the Operating Principal ("Permitted Transfers"). Except the Permitted Transfers, we have the right to approve transfers. For transfers for convenience of ownership, we will charge a transfer fee of \$500.
Website Fee	Actual cost of developing, reviewing, approving and/or hosting your website	As incurred	
Pass Through Charges	Our costs	As incurred	If we pay any fees for any services provided to you by third parties you must reimburse us

NOTES FOR ITEM 6 TABLE:

1. Unless otherwise noted, all fees are imposed by and payable to us and are non-refundable. Generally, all fees are uniformly imposed on our franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee for a limited period of time. Certain franchisees and developers pay different fees under agreements or due to arrangements with us.
2. You must participate in our electronic funds transfer program authorizing us to utilize a pre-authorized bank draft system for all royalty fees and any other amounts due to us, including all fees and amounts stated Items 5 and 6. Royalties and advertising fees must be received by us before 5:00 p.m. EST on the Wednesday after the end of each Reporting Period or at a later point specified by us. You must designate an account at a commercial bank and furnish the bank with all authorizations necessary to permit us to make withdrawals by electronic funds transfer. Currently, our Reporting Period is Monday through Sunday.

3. "Net Sales" include all revenue from the sale of all services and products and all other income of every kind and nature related to the Franchised Store (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited), whether for cash or credit and regardless of collection in the case of credit. Net Sales shall not include: (a) any bona fide documented federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority; (b) the sale of food or merchandise for which refunds have been made in good faith to customers; (c) the sale of equipment used in the operation of the Franchised Store; (d) customer promotional discounts approved by us; and (e) employee meal discounts. After processing the Royalty Fee and Brand Fund weekly, we will not issue refunds for customer transactions voided, refunded, discounted or rebated.
4. Fees may change over time.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment (1)	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee (2)	\$30,000	\$30,000	Lump Sum	When You Sign Franchise Agreement	Us
Initial Training Program -- Travel and Living Expense (3)	\$1,000	\$3,000	As arranged	As incurred	Hotels, Airlines, Car Rentals and Restaurants
Real Estate (4)	Variable	Variable			
Building/Improvements (5)	\$385,000	\$515,000	Progress payments	As arranged	Contractors, Architect and Suppliers
Payment and Performance Bonds(5)	\$9,000	\$20,700	As arranged	As arranged	Third Parties
Site Work (6)	\$50,000	\$175,000	Progress payments/As Arranged	As arranged	Contractors, Architect and Suppliers
Civil Engineering & Permitting (7)	\$12,000	\$30,000	As arranged	As arranged	Contractors, Architect and Suppliers
Architectural, MEP, & Engineering Costs (8)	\$14,000	\$19,500	As arranged	As incurred	Contractors, Architect and Suppliers
Impact & Tap Fees (9)	\$2,000	\$40,000	As arranged	As incurred	Municipalities

Type of Expenditure	Amount		Method of Payment (1)	When Due	To Whom Payment Is To Be Made
	Low	High			
Landscaping (10)	\$10,000	\$25,000	As arranged	As incurred	Contractors, Architect and Suppliers
Equipment and Supplies (11)	\$113,500	\$134,500	As arranged	As incurred	Us, Vendors
Signs (12)	\$14,000	\$25,000	As arranged	As incurred	Vendors
Security Deposits (13)	\$5,000	\$10,000	As arranged	As incurred	Vendors
Opening Inventory (14)	\$10,000	\$10,000	Lump Sum	As arranged	Vendors
Miscellaneous Opening Costs (15)	\$2,000	\$6,000	As Incurred	As Incurred	Suppliers, Utilities, Insurers, Etc.
Opening Advertising (16)	\$4,000	\$5,000	As Incurred	As Arranged	Us, Vendors
Additional Funds (3 Months) (17)	\$10,000	\$20,000	As Arranged	As Incurred	Employees, Suppliers and Utilities
Total (18)	\$671,500	\$1,068,700	(does not include real estate costs)		

NOTES FOR ITEM 7 TABLE:

1. **General, Refunds.** If you sign a Development Agreement, a portion of the Development Fee will be credited against the Initial Franchise Fee for each Franchised Store. If Ellianos has not approved the site for the Franchised Store when you sign the Franchise Agreement and does not approve a site in writing within three months, Ellianos may terminate the Franchise Agreement and refund to you the Initial Franchise Fee, less \$15,000. Except as stated, no fees paid to Ellianos are refundable. Whether any expenditures paid to third parties are refundable will vary based on the practice in the area where your Franchised Store is located. All amounts due to Ellianos must be paid by electronic funds transfer.
2. **Initial Fees Paid To Ellianos.** The Initial Franchise Fee is paid to Ellianos when you sign the Franchise Agreement. If you sign a Development Agreement, when you sign that Agreement, you will pay to us a Development Fee of \$10,000 for each Ellianos Store you agree to develop. Item 5 includes more detailed information regarding these fees. See Item 5 for discounts offered.
3. **Initial Training Program – Travel and Living Expenses.** You must pay the costs of transportation, lodging, food and other incidental expenses for yourself and your employees during the Initial Training Program. This is an estimate of the travel and living expenses for 2 people to attend the Initial Training Program. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages.

4. **Real Property.** The amount for real estate will vary substantially depending upon whether you purchase or lease the real property. Purchasing the real estate on which your Franchised Store operates may require a substantial financial outlay even if you purchase the real estate with a mortgage. Lease payments will vary significantly depending upon the geographic location, terms of the lease, the total area leased, and various other fees for occupancy charged by the landlord. Depending on a variety of characteristics of the site including the type of site, the location of the site, the size of the site, rent may range from one thousand dollars (\$1,000) to ten thousand dollars (\$10,000) or more per month. The size of the property may vary from 1/5 of an acre to 1 acre or more depending on the type, configuration, and development of the property. Type, configuration, and development may be on existing parking lots, part of a commercial development, build to suit, remodel, or a stand-alone parcel of real estate. These are generally located in commercial or developing areas with good access, traffic, and population. In addition, you may be charged a security deposit, which generally does not exceed 2 times the monthly rent. Purchasing and leasing the real estate each have advantages and disadvantages. We suggest you discuss this issue with your advisor, such as an accountant or attorney.
5. **Building/Improvements.** All construction must comply with our standards. The amount includes estimated costs of actual engineered site plans, construction, employing a qualified architect and/or engineer to adapt our plans and specifications to your site, obtaining approval of such plans and specifications from the landlord and local building authorities, and the cost of fixtures. The cost for obtaining payment and performance bonds for construction of the store are set out in a separate cost estimate; the bonds amounts are typically 2%-3% of the overall construction contract pricing.
6. **Site Work.** Your landlord will probably require you to pay for, or if you purchase, you will have to pay for, connecting utilities and either construction of a new parking lot or cutting and resurfacing the existing parking lot. Any impact fees, tap fees, and/or other municipality permitting costs are not included here. Check with your local engineer and municipality. The high cost range includes costs for demolition and paving on-site for a simple site; however, depending on the condition of the site, these costs may be higher than stated.
7. **Civil Engineering & Permitting.** You must hire a civil engineer to assist you in planning the site and engineering plans for your project, including the dimensions, lanes, building locations, utilities, water management, and all details required for a civil site permit.
8. **Architectural, MEP, and Engineering Costs.** You must hire an architect and other engineers, as approved by Ellianos, to assist you in preparing, engineering, and permitting your building construction plans.
9. **Impact & Tap Fees.** Certain sites might necessitate incurring impact and tap fees, or other related fees. These vary by city, county, and municipality. Your civil engineer can assist you in determining these costs.
10. **Landscaping.** You must landscape your site as required, and depending on the local requirements, you may need a landscaping permit.
11. **Equipment and Supplies.** You must purchase certain items to equip the Franchised Store including canopies, menu boards, coffee and espresso brewing machines, coolers, ice maker, work counters, paper and serving goods and utensils, telecommunications and other

equipment and supplies. Certain of that equipment must be purchased from us. We require you to purchase a point-of-sale computer system from third parties (see Item 8).

12. **Signs**. Independent contractors provide signs. Signs must properly incorporate the Marks as set forth in the Manual. You may need to obtain a permit to erect or display signs at your Franchised Store. Permit costs vary by municipality and are included in this estimate.
13. **Security Deposits**. If you lease the site from which your Franchised Store operates, you may be charged a security deposit, which generally does not exceed two times the monthly rent.
14. **Opening Inventory**. The inventory items include coffee, syrup, paper products, ready to sell food items, dairy products and condiments. At this time, we do not sell any inventory items; however, we reserve the right to offer such items in the future.
15. **Miscellaneous Opening Costs**. This estimate includes utility deposits, business licenses and permits, legal and accounting, wages and insurance.
16. **Opening Advertising**. You must conduct grand opening marketing and promotion of the Franchised Store in accordance with a plan approved by us and using required advertising materials purchased from us. You must pay us for the required advertising materials purchased from us by electronic funds transfer within 14 days after opening. Other opening marketing and promotion expenditures are paid directly to vendors. All marketing you do must be approved by us, and you must provide documentation of such expenditures.
17. **Additional Funds**. These amounts are estimates of the additional funds that you may need for operating expenses during the initial period, which we consider to be the first 3 months the Franchised Business is open. They include payroll, taxes, insurance, food, paper, supplies, utilities, bank charges and repair and maintenance expenses. They do not include advertising or royalty payments made to us.
18. **Total**. In compiling these estimates, we used experience and data from Ellianos Stores developed by individuals identified in Item 2 and information provided by our franchisees. We do not offer any financing directly or indirectly for any part of the initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Equipment and Supplies

You must: **(1)** purchase food and beverage products that are prepared by or for Ellianos according to our proprietary special recipes or formulas (“proprietary products”) only from us or a third party designated and licensed by us to prepare and sell such products (“designated suppliers”); and **(2)** purchase from manufacturers, distributors, vendors and suppliers approved by us (“approved suppliers”) all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products, as well as advertising materials, furniture, fixtures, equipment, smallwares, menus, forms, paper and plastic products, packaging or other materials that meet the standards and specifications we promulgate from time to time. Ellianos has the right to require you to use only certain brands and to prohibit you from using other brands. Ellianos may occasionally modify the list of approved brands (including certain brands of soft drinks), and you may not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. Ellianos may occasionally modify

the list of designated suppliers and/or approved suppliers, and you may not, after receipt of such modification in writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier.

Our standards and specifications for Ellianos Stores are contained in the Manual. A list of approved suppliers is available upon written request. Certain equipment for the Franchised Store must be purchased from us.

The cost of leases, fixtures, furnishings, décor, signs, food items, ingredients, supplies and other items purchased in accordance with our specifications represents between 75% to 100% of your total purchases in connection with establishing your Franchised Store. We estimate that you must purchase the following percentage of the total items in accordance with our specifications 85% to 100% of your total purchases for the continued operation of your Franchised Store. During fiscal year 2024, we received a total \$1,077,004.04 from all required purchases and leases of franchisees, which was 21% of our total revenues of \$5,213,059.00.

We have a designated coffee supplier that provides us a volume rebate of \$0.75 to \$1.50 per pound of coffee purchased by Ellianos Stores. Our designated food supplier pays us a volume rebate of .75% to 1.5%. We have equipment vendors who pay us rebates, mostly falling in the range of 1% to 2.5%, with one equipment vendor who may pay a rebate of up to 18%. During fiscal year 2024, suppliers paid us a total \$507,999.65, which was 9.7% of our total revenues of \$5,213,059.00. We use these rebates, in our sole discretion. We may receive other fees, rebates, commissions, royalties or consideration from approved suppliers based on sales to franchisees. We may negotiate system-wide purchasing arrangements, including pricing terms, with suppliers for the benefit of all Ellianos Stores. We do not currently have purchasing or distribution cooperatives, but we have the right to establish them.

No officer of Ellianos identified in Item 2 owns an interest in any designated or approved supplier.

Supplier Approval Process

We may approve one or more suppliers for any goods or materials, and we may approve a supplier only as to certain goods or materials. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Ellianos Stores or any other group of stores franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and such approval may be temporary pending our further evaluation of such supplier. Ellianos may establish commissaries and distribution facilities owned and operated by us or our affiliates that we shall designate as an approved supplier. We do not have any purchasing or distribution cooperations.

We do not provide any material benefits (including, for example, renewal or granting additional franchises) to you based upon purchase of particular products or services or use of designated or approved suppliers.

If you propose to purchase any goods or materials (that you are not required to purchase from Ellianos, our affiliates or a designated supplier) from a supplier that we have not previously approved, you must submit to us a written request for such approval, or you must request the

supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. You must pay to us a charge not to exceed the cost of the inspection and the actual cost of the test that may range from \$1,500 to \$2,500. We will notify you within sixty days after receipt of your request as to whether you are authorized to purchase such products from that supplier. We may re-inspect the supplier's facilities and products to ensure continued compliance with our specifications.

Computer Equipment

You must obtain and install data processing equipment, computer hardware, required dedicated telephone and power lines, high speed and wireless Internet connections (where and when available), modems, printers and other computer-related accessory or peripheral equipment as we specify in the Manual or otherwise. You must utilize any proprietary software programs, system documentation manuals and other proprietary materials provided by us in connection with the operation of the Franchised Store. You must input and maintain in your computer the software programs, data and information as we prescribe. You must purchase from us at prices and upon terms that we determine, the proprietary software programs, manuals and/or computer-related materials whenever we decide to use new or upgraded programs, manuals and/or materials throughout the System. Since we currently do not require you to purchase any such items from us, there are currently no payments to be made to us in connection with these items.

Insurance

You must maintain in full force and effect insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Store, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by us. The current required insurance is:

Type of Insurance Coverage	Amount of Coverage
Commercial General Liability Insurance	Minimum of two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) aggregate.
"All Risk" Property Insurance	Not less than the full replacement value of the Franchised Store (including the building and its contents)
Worker's Compensation Insurance	As required by statute
Business Interruption and Extra Expense Insurance	On an actual loss sustained basis, including all business income and extra expenses, for a minimum of 12 months.
Business Automobile Liability	Not less than one million dollars (\$1,000,000) per accident, including owned, leased, non-owned, and hired automobile coverage.
Employer's Liability Insurance	One hundred thousand dollars (\$100,000) per person, five hundred thousand dollars (\$500,000) in the aggregate and one hundred thousand (\$100,000) for occupational disease

Type of Insurance Coverage	Amount of Coverage
Umbrella Insurance	One million dollars (\$1,000,000) minimum. The umbrella policy should extend over the Franchised Store's general liability, auto liability, and employer's liability.
Builder's All Risk Insurance	As required to cover construction, renovation, refurbishment or remodeling
Performance and Payment Bonds	Full contract price for any construction projects in excess of \$100,000, including but not limited to new construction and renovations of existing buildings.

All insurance policies must name Ellianos as an additional insured and be written by an insurance company or companies satisfactory to us, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to you in writing. Each policy must also include a waiver of subrogation in favor of Ellianos. We may reasonably increase the minimum coverage required and/or require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide to you written notice of such modifications and upon receipt, you shall take prompt action to secure the additional coverage or higher policy limits.

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.

Obligation	Section in Development Agreement (DA) and Franchise Agreement (FA)	Disclosure Document Item(s)
a. Site selection and acquisition/lease	FA: Sections 3, 4 & Appendix B DA: Sections 5.B.-G.	Items 7 & 11
b. Pre-opening purchases/leases	FA: Sections 3.G, 4.D, 13.B-D. & 15 DA: Sections 5.E & 7	Items 7 & 8
c. Site development and other pre-opening requirements	FA: Sections 3, 4 & 5 DA: Sections 3 & 5	Items 6, 7 & 11
d. Initial and ongoing training	FA: Sections 4.A. & 11 DA: Section 5.G	Items 5, 6, 7 & 11
e. Opening	FA: Sections 5 & 12.A. DA: Not Applicable	Item 11
f. Fees	FA: Sections 6, 8, 11, Appendix A & Appendix D DA: Sections 3.B., 4 & Appendix B	Items 5 & 6
g. Compliance with standards and policies/Operations Manual	FA: Sections 4.D., 9, 10 & 13 DA: Section 6	Items 8, 11 & 16

Obligation	Section in Development Agreement (DA) and Franchise Agreement (FA)	Disclosure Document Item(s)
h. Trademarks and proprietary information	FA: Section 14 DA: Not Applicable	Items 13 & 14
i. Restrictions on products/services offered	FA: Section 13.B. DA: Not Applicable	Item 16
j. Warranty and customer service requirements	FA: Section 13.I. DA: Not Applicable	Item 11
k. Territorial development and sales quotas	FA: Sections 1.A.-1.C. & Appendix A DA: Sections 1.A., 2 , Appendix A & Appendix B	Item 12
l. Ongoing product/service purchases/POS Computer System	FA: Section 13.B. DA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: Section 13.G. DA: Not Applicable	Item 11
n. Insurance	FA: Section 15 DA: Section 7	Items 6 & 7
o. Advertising	FA: Section 8 & Appendix D DA: Not Applicable	Items 6 & 11
p. Indemnification	FA: Section 15 DA: Section 16	Item 6
q. Owner's participation/management staffing	FA: Sections 13.J. & 16.G. DA: Section 8.G	Items 11 & 15
r. Records and reports	FA: Sections 6.G. & 7 DA: Not Applicable	Item 6
s. Inspections and audits	FA: Sections 4.E., 5.B., 7.F., 12.C. & 13.F DA: Not Applicable	Items 6 & 11
t. Transfer	FA: Sections 17 & 18 DA: Sections 9 & 10	Item 17
u. Renewal	FA: Section 2.B. DA: Not Applicable	Item 17
v. Post-termination obligations	FA: Section 22 DA: Section 14	Item 17
w. Non-competition covenants	FA: Section 20 DA: Section 12	Item 17
x. Dispute resolution	FA: Section 30 DA: Section 21	Item 17

ITEM 10 FINANCING

We do not offer, directly or indirectly, any arrangements for financing your initial investment or the operation of your business. We do not receive any direct or indirect payments for the placement of financing.

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

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

Ellianos' Obligations Prior to Opening

Before you open your Franchised Store, we will:

1. Provide you with the following site selection assistance: (A) our site selection guidelines and, as you may request, a reasonable amount of consultation with respect thereto; and (B) such on-site evaluation as we may deem advisable as part of our evaluation of your request for approval of a proposed site. (Franchise Agreement § 3.B; Development Agreement § 5.B)
2. Advise you in writing whether we have approved the site within 30 days after we receive your Site Application, a business plan and any additional information or materials that we may reasonably request. If we do not respond within 30 days, we will be deemed to have refused to approve the site. (Development Agreement § 5.E; Franchise Agreement § 3.F)
3. Provide to you and any employees we designate any development training we require. (Franchise Agreement § 4.A; Development Agreement § 5.G)
4. Furnish you with requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront, drive-thru, and color schemes for an Ellianos Store. You will be required to use our designated provider of architectural and engineering services to obtain final and complete Construction Plans to suit the shape and dimensions of the Franchised Location. You must use only registered architects, registered engineers, and professional and licensed contractors. You must ensure that the plans and specifications comply with all state laws, regulations or ordinances and lease restrictions. We will notify you whether we approve or refuse to approve the Construction Plans within 30 days after we receive them. (Franchise Agreement § 4.B)
5. Provide you with a final inspection of the Franchised Store and its premises, if we choose to conduct one, and provide you with express written authorization to open the Franchised Store if you have complied with all conditions. (Franchise Agreement § 5.B)
6. Loan you a copy of our confidential and proprietary Manual, which contains information and knowledge that is unique, necessary and material to the System. The Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for the development, management and operation of an Ellianos Store. The Manual remains our property. We may revise the contents of the Manual, and you agree to comply with each new or changed section. (Franchise Agreement § 9; Development Agreement § 6) Upon reasonable request, we will permit you to inspect a copy of the Manual at our offices before

you purchase a franchise provided that you first sign a Confidentiality and Non-Disclosure Agreement, which is attached as Exhibit E.

7. Provide you with consultation and advice with regard to the development and operation of the Franchised Store, building layout, furnishings, fixtures and equipment, plans and specifications, employee recruiting, selection and training, purchasing and inventory control and such other matters as we deem appropriate. (Franchise Agreement § 12.A)
8. Provide the Initial Training Program to you and up to two other persons designated by us. The details of the Initial Training program are described later in this Item. (Franchise Agreement § 11)
9. If the Franchised Store is your first Franchised Store, prior to the opening of that Franchised Store, send at least one of our representatives to the Franchised Store for a period of 3 days to assist with the Franchised Store opening. (Franchise Agreement § 12.B)

Ellianos' Obligations After Opening

During the operation of your Franchised Store, we will:

1. Provide you with guidelines for local advertising and promotion material periodically. You must submit to us for our prior approval any local advertising and promotional materials purchased from a source other than Ellianos, our affiliates or any other source approved by us. We may prescribe special promotions and programs including, but not limited to, product promotions, product launches, price point promotions, public relations campaigns, prize contests, special offers and other programs, which may be national, regional, or local in nature, and you are required to participate in such programs. (Franchise Agreement §§ 8.G & 8.I)
2. We may change or modify the System, including modifications to the Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Store (including the trade dress, décor and color schemes), the presentation of the Marks, the adoption of new administrative forms and means of reporting and of payment of any monies owed to us (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or copyrighted materials. (Franchise Agreement § 10.A)
3. We may provide pricing guidelines for menu items, subject to applicable law, which may include minimum and maximum price policies. If we do so, you must comply with all pricing guidelines that we specify. (Franchise Agreement § 10.B)
4. Provide additional training to you and any other employees that we designate, if we decide to offer any additional training. We have the right to require you to pay a tuition fee for these additional training programs and you will be required to pay all travel, living and other expenses incurred by you and your employees while attending the training. (Franchise Agreement § 11.B)
5. Provide periodic advice and consultation to you in connection with the operation of the Franchised Store as we deem appropriate or necessary. We will provide to you, as we deem appropriate or necessary, our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of restaurant design,

management, food and beverage preparation, sales promotion, service concepts and other areas. We may provide these services through visits by our representatives to the Franchised Store or your offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications. (Franchise Agreement § 12.C)

6. Conduct inspections of the Franchised Store and valuations of the products sold and services rendered as we deem appropriate or necessary. (Franchise Agreement §§ 12.D & 13.F)
7. Collect, administer and spend for branding purposes monies paid by franchisees and company-operated Ellianos Stores into the Brand Fund, National Advertising Fund (if established) and any Regional Advertising Fund (if established). (Franchise Agreement §§ 8.B-F & 8.H)

Opening Advertising and Expenditures

You must spend at least \$4,000 to \$5,000 for opening marketing and promotion and provide us documentation of such expenditures. All marketing you do must be approved by us. This amount includes certain required marketing and promotional materials (including free food and beverage cards) that you must purchase from us to be used for opening marketing at the Franchised Store during the 14 days after opening. We collect the payment for these required marketing and promotional materials by electronic fund transfer within 14 days after opening.

Weekly Brand Obligation

During the term of the Franchise Agreement, you will have a weekly brand obligation ("WBO"), which will not exceed 3% of Net Sales of the Franchised Store. The WBO is divided between the Brand Fund, National Advertising Fund, Regional Advertising Fund (or Regional Co-Cop) and local store marketing ("LSM"). Currently, we require franchisees to pay 1.25% of Net Sales to the Brand Fund and we encourage franchisees to spend at least 1% of Net Sales for LSM. We have the right to (1) reallocate the WBO among the Brand Fund, the National Advertising Fund, any Regional Advertising Fund (or any Regional Co-Op Fund) and/or LSM, and (2) increase the WBO but we will not increase the WBO by more than 0.5% of Net Sales in any 12 month period.

The monies contributed to the Brand Fund will be used for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that we, in our sole discretion, deem appropriate. We administer the Brand Fund. Any Ellianos Stores operated by us and our affiliates will contribute to that Fund on the same basis as comparable franchisees. Vendors and suppliers may contribute to the Brand Fund. We may establish an in-house marketing team or work with a third party advertising agency to develop advertising for print, Internet, radio or television to be used on a local, regional or national basis, as we direct. During our fiscal year ended December 31, 2024, the monies from the Brand Fund were spent as follows: 74% for payroll/labor for design/marketing work and 26% for search engine optimization, developing point of purchase, new items and in-store advertising materials as well as printing and the purchase of goods (such as menu boards, signage, and flyers). We had a surplus of \$126,655.51. If the Fund has a surplus in any year, those monies will be used for marketing purposes in subsequent years.

As of the date of this disclosure document, March 15, 2025, we have not yet established a National Advertising Fund, any Regional Advertising Fund or any Regional Co-op Fund. In

addition to the Brand Fund, you may be required to pay that portion of the WBO as we direct to a National Advertising Fund, once established, and to any Regional Advertising Fund or, in lieu of a Regional Advertising Fund, a Regional Co-op Fund that we may establish in the geographic area that covers your Franchised Location. The geographic area covered by a Regional Advertising Fund or a Regional Co-op will be determined by Ellianos based on the location of the Ellianos Stores in the area and the reach of print, radio and television media in the area. Ellianos Stores operated by us and our affiliates will contribute to the National Advertising Fund on the same basis as comparable franchisees. Only company operated and franchised Ellianos Stores in the geographic area covered by a Regional Advertising Fund or a Regional Co-op Fund will be obligated to contribute to that Fund. We will determine the source (which may include in-house departments or local, regional or national advertising agencies) of any advertising materials for any Brand Fund.

We, or our designee, shall direct all advertising, marketing, and public relations programs and activities financed by the National Advertising Fund and any Regional Advertising Funds with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials.

As noted above, in lieu of a Regional Advertising Fund for the area that includes your Franchised Location, we may establish a Regional Co-op Fund. Monies in the Regional Co-op Fund may be spent for the purposes determined by majority vote of the Regional Co-op Fund on the basis of one vote for each Ellianos Store in the Regional Co-op. If the members of a Regional Co-op Fund are unable or fail to determine how to spend Regional Co-op monies, Ellianos may assume this decision-making authority following 10 days' advance written notice to the Regional Co-op Fund members.

Ellianos has not established an advertising cooperative or an advisory council of franchisees to provide input on advertising matters, but we have the right to do so in the future. Unless otherwise consented to by Ellianos in writing, advertising that is funded by the National Advertising Fund or any Regional Advertising Funds or Regional Co-op Funds must conform to those advertising and sales promotions specified by Ellianos from time to time. We, or our designee, have the right to terminate (and subsequently restart) any of the advertising and cooperative funds and to establish different advertising and/or cooperative funds. We may incorporate any Advertising Fund and we will administer any Fund or we may have a separate entity manage any Advertising Fund. We will not use any of the Advertising Funds for advertising that is principally a solicitation for the sale of franchises.

Ellianos will separately account for all of the Funds, but we are not required to segregate any of the funds from our other monies. None of the funds shall be used to defray any of our general operating expenses. Ellianos and its affiliates may be reimbursed by each fund for expenses directly related to the fund's marketing programs including conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each fund. Ellianos may spend (and require franchisees to reimburse) in any fiscal year an amount greater or less than the aggregate contribution of all Ellianos Stores to each fund during the year or cause each fund to invest any surplus for future use by the fund. Ellianos will prepare an annual unaudited report of the operations of the funds, which will be available to you upon written request. Ellianos Stores operated by Ellianos and its affiliates contribute to the various Advertising Funds an amount equivalent to that contributed by comparable franchised Ellianos Stores. In spending advertising monies, Ellianos is not obligated to make expenditures for any

franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditure of the funds.

You must spend the portion of the WBO that is not contributed to the Brand Fund, and National Advertising Fund, or any Regional Advertising Fund (or Regional Co-op) for LSM. You may purchase local advertising and promotion materials from any Ellianos approved source. From time to time Ellianos, or its designee, may furnish you with marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges. You may not modify such materials without our prior written consent. If you purchase materials from a source other than Ellianos or its affiliates, these materials must comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by Ellianos or its designee and must be submitted to Ellianos or its designee at least 30 days prior to first use for approval, which Ellianos may grant or withhold in its sole discretion. All of your marketing materials must bear our Marks in the form, color, location and manner we specify. In no event may your advertising contain any statement or material which, in the sole discretion of Ellianos, may be considered: **(1)** in bad taste or offensive to the public or to any group of persons; **(2)** defamatory of any person or an attack on any competitor; **(3)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; or **(4)** inconsistent with the public image of Ellianos or the System.

In addition to the WBO, you must participate in all special promotions and programs including, but not limited to, product promotions, product launches, price point promotions, public relation campaigns, prize contests, special offers and other programs, national, regional or local in nature (including the introduction of new products, new franchises or other marketing programs directed or approved by us) that we require occasionally. You will be responsible for the costs of such participation, which may include a commitment by you to purchase specified quantities of inventory and supplies to support these programs. You must obtain our prior written approval before implementing any special program that we have not required.

Point of Sale System

You must purchase (or lease) and maintain at the Franchised Store a point of sale system approved by us. This system must be capable of recording customer transactions, collecting and generating sales reports, and collecting and generating sales reports by categories, including, but not limited to, menu mix by day-parts. The system also must be capable of complying with the Fair Credit Reporting Act requirements that merchants truncate credit card and debit card numbers. You must provide all assistance required by us to bring your point of sale system and any computer system on-line with our computer system. We have the right under the Franchise Agreement to retrieve any data and information from your point of sale system or computer system we deem appropriate including electronically polling the daily sales, menu mix and other data of the Franchised Store. We have independent access to your system and there are no contractual limitations on our right to access this information and data.

The components and cost are noted below:

Type of Fee	System	Initial Expense	Monthly Cost	Required?
Point of Sale	Toast	\$1,500 - \$2,500	\$300-\$500	Yes
Service Time Tracker	HME	\$2,800 - \$3,500	\$25-\$50	Yes
Gift Card Integration	Paytronix	\$0	\$65	Yes
Ellianos App	Lunchbox	\$0	\$190	Yes

Type of Fee	System	Initial Expense	Monthly Cost	Required?
Financial Reporting Software	Qvinci	\$0	\$25-30 to franchisee	Yes
Inventory Management Software	Craftable	\$450	\$199	No*
Accounting Software	Quickbooks	\$0	\$30 - \$400	No, but preferred

*Not required to subscribe to, but no other Inventory Management Software is permitted.

Neither we, nor any affiliate of ours, nor any third party, have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You are required to upgrade or update these systems during the term of the Franchise Agreement. There is no contractual limitation on the frequency or the cost of the obligation to upgrade and update these systems. The cost of such upgrades would be on a case by case basis. We anticipate the cost to replace or upgrade the point of sale system would be \$1,500 to \$2,500 and the cost for annual maintenance and support for the point of sale system would be up to \$2,000.

Selecting the Location for Your Franchised Store

We do not select the site for your Franchised Store. You select the site for your Franchised Store (subject to our approval). If no site has been designated at the time you sign the Franchise Agreement, you must select the site from within a general area mutually agreed to in writing by you and Ellianos, and Ellianos must approve a site by the date specified in Appendix A to your Franchise Agreement. If the Franchised Location is developed under a Development Agreement, you must obtain our approval of a site by the site approval date identified in the Development Agreement. We will approve sites for future/additional units under a Development Agreement using our then-current site criteria. If we have not approved a site within the relevant time period, Ellianos, at its option, may terminate the Development Agreement or the Franchise Agreement, respectively. As noted in Item 1, you should not acquire any interest in a site for your Franchised Store until you have been approved as a franchisee, and we have approved the site in writing.

You must submit to Ellianos a Site Application containing that information as we may reasonably require for a proposed site that you reasonably believe conforms to site selection criteria we establish periodically; including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area; the proximity to other businesses including restaurants operated or franchised by Ellianos or our affiliates; the nature of other businesses in proximity to the site and other commercial characteristics including the purchase price, rental obligations and other lease terms for the proposed site; and the size, appearance, other physical characteristics, and a site plan of the premises ("Site Application"). In the Site Application, you must furnish us with, among other things, financial pro formas, a description of the proposed site, a market feasibility study for the proposed site, a letter of intent (or other written confirmation demonstrating your ability to acquire the proposed site) and a summary of how the site meets our site selection guidelines. We may also request that you submit along with the Site Application a 3 year plan outlining the actions that you will take to ensure that your operation and management of the Franchised Store are in compliance with our standards ("Business Plan").

Within 30 days after we receive the Site Application, the Business Plan and any additional information or materials that we may reasonably request (and if the Franchised Store is not developed under a Development Agreement, the signed Franchise Agreement and all requisite

fees), we will advise you in writing whether we have accepted a particular site. If we do not respond within that time period, we will be deemed to have refused to accept the site. Our acceptance or refusal to accept a site may be subject to reasonable conditions as determined in our sole discretion.

Our acceptance only indicates our willingness to be represented by you at that site.

Time Between Agreement Signing and Opening

We estimate that you will open your Franchised Store approximately 6 to 16 months after you sign the Franchise Agreement and have a signed lease or have purchased the property. Factors affecting the length of time needed to open the Franchised Store usually include your ability to obtain a lease and adequate financing, weather, local requirements and procedures for necessary permits and zoning, shortages or delayed installation of equipment, signs and fixtures and special circumstances affecting construction in a particular area, none of which are within our control.

Training

You, your managers and any other persons designated by us, shall attend, and successfully complete, to our satisfaction, the Initial Training Program. We will provide you (or your Operating Principal) and up to 2 other persons the Initial Training Program at those times and those places designated by Ellianos. If you will operate one Ellianos Store, we provide the Initial Training Program to you (or your Operating Principal) and 1 other person and, if you will operate more than one Ellianos Store, we provide the Initial Training Program to you (or your Operating Principal) and 2 other persons. The Initial Training Program will cover aspects of operating a Franchised Store, including philosophy and background of Ellianos, human resources and recruiting, ordering, receiving, selling, marketing, equipment operation, recipes and reporting and records.

The Initial Training Program will include classroom and online instruction as well as training at our designated training facilities, which may include a franchised Ellianos Store. Currently, we conduct the Initial Training Program online and at our headquarters and training facility in Lake City, Florida, but we may conduct the Initial Training Program at any Ellianos Store. We offer the Initial Training Program periodically during the year on an as-needed basis. The Initial Training Program is scheduled so that it is completed sufficiently in advance of your Franchised Store's opening to afford adequate time for set-up and hiring and training of crew members before the opening of the Franchised Store (which will be at least 15 days before opening).

Currently, we do not charge tuition for the Initial Training Program. You will be required to pay all travel, living and other expenses incurred by you and your employees while attending the Initial Training Program.

We may dismiss from the Initial Training Program any person whom we do not believe will perform acceptably in the position for which you have hired, and you must provide a suitable replacement within one month of such dismissal. Subsequent to the opening of the Franchised Store, any new employee who replaces an employee who has attended the Initial Training Program or any employee that we designate must attend and successfully complete the Initial Training Program. You must pay a tuition fee for any substitute or replacement employee who

attends the Initial Training Program at a rate of \$60 per hour of training services (limited to corporate training center).

This Initial Training Program is mandatory for all franchisees. We will not authorize your Franchised Store to open until an adequate number of your employees, as determined by us in our sole discretion, have attended and successfully completed the Initial Training Program.

We have the right (which may be exercised at any time and in our sole discretion) to require that you, the Operating Principal, your managers and any other persons designated by us take and successfully complete training courses in addition to the Initial Training Program, plus our out-of-pocket expenses and costs.

TRAINING PROGRAM

The following chart summarizes the subjects taught during the Initial Training Program:

Subject (1)	Classroom Hours (2)	On the Job Hours (2)	Location
Human Resources and Recruiting (including hiring and scheduling)	2	0	Training Facility in Lake City, Florida; our Headquarters; your Franchised Store; Online; or another suitable location we may designate
Payroll, Reporting, Record Keeping, Insurance and Legal	2	0	Training Facility in Lake City, Florida; our Headquarters; your Franchised Store; Online; or another suitable location we may designate
Advertising and Marketing	2	0	Training Facility in Lake City, Florida; our Headquarters; your Franchised Store; Online; or another suitable location we may designate
Other: Administrative and management Practices	1	0	Training Facility in Lake City, Florida; our Headquarters; your Franchised Store; Online; or another suitable location we may designate

Subject (1)	Classroom Hours (2)	On the Job Hours (2)	Location
In Store Operations Including: Barista Techniques, Point of Sale System, Recipes, Inventory Purchasing, Stocking Procedures, Vendors, Equipment (including maintenance) and Products, Customer Service, Opening and Closing Procedures	30	0	Training Facility in Lake City, Florida; your Franchised Store; or another suitable location we may designate
In Store General Operations Training (including Store Setup, Introduction to Equipment, Systems Setup - Toast, HME, Craftable, App, Doordash, Paytronix)	0	38	Training Facility in Lake City, Florida; your Franchised Store; or another suitable location we may designate
TOTAL	37	43	

NOTES TO TRAINING TABLE:

1. Michael Stewart coordinates all trainers. Mr. Stewart is currently our Vice President. He has been with us since October 2004. Mr. Stewart has operated Ellianos stores and has been overseeing our training programs for 20 years. Each trainer brings expertise in business and franchise operations. Instructional materials include the Barista Training Handbook, Manager Training Handbook, Orientation Manual, Recipe Book and Branding Manual. You will receive a hard copy of these manuals after signing a Franchise Agreement.
2. Individual subjects and total hours, both classroom/online and on the job, may vary based on the prior experience of the trainee.

* * * *

We have the right, which may be exercised at any time and in our sole discretion, to require that you, the Operating Principal, your managers and any other persons designated by us take and successfully complete additional training courses specified by us. We have the right to require you to pay a tuition fee as established by us for these additional training courses within 30 days of receipt of an invoice from us. You will be required to pay all travel, living and other expenses incurred by you and any persons while attending the additional training courses.

ITEM 12 TERRITORY

Development Agreement

If you sign a Development Agreement, you will receive a non-exclusive Development Area. You will not receive an exclusive territory. You may face competition from other Ellianos franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Development Area will be mutually agreed upon by Ellianos and you, taking into consideration the density of the area and the number of Franchised Stores you agree to develop. A description of the Development Area will be attached as Appendix A to the Development Agreement. The perimeters of the Development Area are typically designated as a radius, and may be described by specific street boundaries, county lines, state lines, municipal boundaries, railroad tracks or other similar boundary descriptions, and the size may range from a portion of a metropolitan area to a county or a state in less densely populated areas. Ellianos retains the right, at all times during and after the Development Term, to establish and/or license others to establish Ellianos Stores in the Development Area and to use all other channels of distribution in the Development Area.

We will not open, or license anyone other than you to open, an Ellianos Store in the Development Area, provided that you are in compliance with the terms of the Development Agreement and any other agreements with Ellianos or our affiliates and you are current on all obligations due to us or our affiliates. Your territorial non-exclusivity in the Development Area will not prohibit us from: **(1)** operating and/or licensing others to operate, at any location any type of store other than a store identified in whole or in part by the name and mark “Ellianos”; **(2)** developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks licensed to you; and **(3)** purchasing, being purchased by, merging with or combining with businesses that directly or indirectly compete with Franchised Stores.

If you are in default under the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement, we may terminate the Development Agreement. You do not receive the right under the Development Agreement to develop or operate any Franchised Stores in addition to the number specified in the Development Schedule.

We will approve sites for future/additional units under a Development Agreement using our then-current site criteria.

Franchise Agreement

Under the Franchise Agreement, we will grant you the right to operate continuously the Franchised Store at the Franchised Location. If you comply with the Franchise Agreement, during the term of the Franchise Agreement, we and our affiliates will not operate, or license others to operate, Ellianos Stores in a certain radius surrounding the Franchised Location as described in the Franchise Agreement (“Protected Area”); however, this restriction will not apply to Ellianos Stores in operation in the Protected Area as of the date of the Franchise Agreement.

Under the Franchise Agreement, we reserve certain rights in your Protected Area. Due to our limited reserved rights in the Protected Area, you will not receive an exclusive territory. You may face competition from other Ellianos franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates may, however: **(1)** operate and/or license others to operate after this Agreement terminates or expires, stores or retail businesses identified in whole or in part by the Marks at any location, including locations inside the Protected Area; **(2)** operate, and/or license others to operate, at any location, including locations inside the Protected Area, during or after the Initial Term, any type of store or retail business other than a Store identified in whole or in part by the Marks; **(3)** develop and/or own other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and **(4)** purchase, be purchased by, merge with or combine with, businesses that directly or indirectly compete with Franchised Stores.

If you are in default under the Franchise Agreement, we may terminate the Franchise Agreement. Under the Franchise Agreement, you do not receive the right to develop or operate multiple Ellianos Stores and, if you desire to develop and open additional Ellianos Stores, you must meet our then-current qualifications for new franchisees and sign a new Franchise Agreement. You will not have any options, rights of first refusal or similar rights to acquire additional franchises.

You can request our consent to relocate the Franchised Business. We may require you to, among other things: **(a)** you construct and equip an Ellianos Store at the new location in accordance with our then-current System; **(b)** the Ellianos Store at the new location is open to the public for business within 6 months after the date that we approve the new location; **(c)** you pay a relocation fee in the amount of \$2,500; and **(d)** you pay a minimum royalty of \$150 per Reporting Period to us for the time the Franchised Store is not in operation. We will not extend the Initial Term if you relocate the Franchised Store.

* * * *

Except for online ordering approved by us, you may not solicit and/or receive any order (“Online Sales”) over the Internet or any other computer network. We reserve the right to maintain a website (currently, www.ellianos.com) or other computer network to conduct Online Sales. If we receive any orders from the website, we may, but are not obligated to, direct those orders to any Ellianos Store, including your Franchised Store.

There are no minimum sales quotas. Ellianos Stores may solicit and sell products to customers without regard to the customer’s geographic location. The media in which any Ellianos Store advertises may be distributed or otherwise enter the Development Area or the Protected Area. We reserve all rights to use and license the use of the System other than those we expressly grant to you under the Development Agreement or Franchise Agreement.

We and our affiliates do not operate or plan to operate or franchise businesses under a different trademark that will sell similar goods or services to those of the franchisee.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we license you to use our Marks. We have received certificates of registration for the following Marks from the Principal Register of the United States

Patent and Trademark Office (“PTO”) and all required affidavits of continued use have been filed and accepted, and we intend to renew these registrations as required by law:

Registration No.	Mark	Date of Registration
4734734 & 4734735		May 12, 2015
4731314 & 4731315	ELLIANOS	May 5, 2015
6562629		November 16, 2021
6567208		November 23, 2021

There are no presently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the principal Marks. There are no pending infringement, opposition or cancellation proceedings or material litigation involving the principal Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the principal Marks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Marks in any state.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does require that you notify us immediately if any litigation involving the Marks is instituted or threatened against you. You also must fully cooperate in defending or settling the litigation. You may not directly or indirectly contest the validity, or our ownership, of the Marks.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expense or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you. The Franchise Agreement provides that, if we require you to modify or discontinue using a trademark, then you will bear the sole cost and expense of making such changes, and we shall have no obligation or liability to you as a result of any such changes.

We may designate the form and content of your web site and/or require that any such web site be hosted by us or a third party designated by us, using one or more web sites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing and approving your web site and/or for hosting the web site.

If we should elect to use a principal name other than “Ellianos” to identify the System, we may select another name, and the System and the Franchise Agreement will be deemed amended to substitute that name, and you will be required to incur the necessary costs to adopt the new name.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents or copyrights that are material to your Franchised Store or the System. However, we claim copyright protection in the Manual and certain forms, architectural, engineering and construction plans, advertising materials, product specifications, newsletters, training materials, and operations and accounting materials. We have not registered those materials with the United States Registrar of Copyrights.

The Manual and these other materials contain Ellianos' detailed standards and specifications for developing, managing and operating your Franchised Store, including mandatory specifications and standards relating to the construction of Ellianos Stores. The Manual and other proprietary information may also discuss the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at Franchised Stores; management and employee training; marketing, advertising and sales promotions; maintenance and repair of buildings, grounds, equipment, graphics, signs, interior and exterior décor items, fixtures and furnishings; employee dress attire and appearance standards; menu concept and graphics; and accounting, bookkeeping, records retention and other business systems, procedures and operations.

The Manual and all other materials and information provided or disclosed to you regarding the System are disclosed in confidence. You may not disclose any part of this information to anyone who is not your employee, and you will disclose to your employees only those parts of the System that an employee needs to know. You also must agree not to contest our interest in the trade secrets and confidential and proprietary information that comprises the System.

We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so as appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are not obligated to participate personally in the direct operation of the Franchised Store; however, you must designate a qualified individual to serve as the Operating Principal for your Franchised Store. If you sign a Development Agreement, you must designate a qualified individual to serve as your "Development Principal." If qualified, you may fill either or both of these positions; however, we may require that these positions be held by different persons.

The Operating Principal must devote full time and best efforts to the supervision and conduct of your Franchised Store and those other stores that are franchised by Ellianos or our affiliates that you operate in the same geographic area as the Franchised Store. Unless waived in writing by Ellianos, the Operating Principal must: **(1)** have full control over the day-to-day activities, including operation of the Franchised Store and all other franchised Ellianos Stores you operate, including control over the standards of operation and financial performance; **(2)** maintain his primary residence within a reasonable driving distance of the Franchised Store; and **(3)** successfully complete the Initial Training Program and any additional training required by Ellianos.

The Development Principal must: **(1)** have full control over and devote his or her best efforts to supervising the day-to-day development of your Franchised Stores; **(2)** if required by us,

successfully complete development training; and **(3)** maintain a primary residence within a reasonable driving distance of the Development Territory.

The Franchised Store must at all times be under the on-site supervision of one of the following designated individuals who must meet Ellianos' applicable training qualifications for their designated position: the Operating Principal or a manager. If the Franchised Store does not employ 1 management person who has successfully completed the Initial Training Program, you have 30 days to hire a new manager and enroll him or her in the Initial Training Program. Your managers are not required to own an equity interest in your Franchised Store or the franchisee entity. Your managers who attend our training programs or have access to confidential or proprietary information may be required to sign confidentiality agreements.

If you are any type of business entity, Ellianos and you will identify a "Continuity Group," which must include the individuals who at all times own at least 66% of all interests in you. The members of the Continuity Group will be listed in an appendix to the Franchise Agreement and you must notify Ellianos of any change in the Continuity Group. Each member of the Continuity Group and each person who holds a legal or beneficial interest in you of 10% or more is bound by the confidentiality and non-competition restrictions described in Item 17 and must sign a guarantee assuming and agreeing to discharge all of your obligations to Ellianos unless waived or modified by us.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISE OWNER MAY SELL

You must use the Franchised Store solely for the operation of an Ellianos Store and must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Store at its maximum capacity and efficiency for the minimum number of days and hours as we specify in the Manual or otherwise in writing (subject to the requirements of local laws and licensing requirements).

The Franchised Store must meet and maintain the highest applicable health standards and ratings. You must operate the Franchised Store in strict conformity with the methods, standards and specifications as we prescribe in the Manual or otherwise in writing.

You must offer for sale and sell at the Franchised Store all and only those products and services as are expressly authorized by us in the Manual or otherwise in writing. We may restrict sales of menu items to certain time periods during the day. We have the right to change the menu items, ingredients, products, materials, supplies and paper goods or the standards and specifications of each and there are no limits on our ability to do so. You must promptly comply with the new requirements. We do not limit the customers to whom you may sell goods or services. You must not add or modify any menu item or participate in a test market program without first having obtained our prior written approval.

See Items 8 and 9 for more specific information on restrictions covering what you may sell.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

DEVELOPMENT AGREEMENT

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 1	The term is from the date of the execution of the Development Agreement to the date the last Franchised Store is required to be opened according to the development schedule.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 13	We may terminate upon default.
g. "Cause" defined-curable defaults	Section 13.A.(15)	You have 10 days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in paragraph h, below.

Provision	Section in Development Agreement	Summary
h. "Cause" defined- non-curable defaults	Sections 13.A.(1-13)	Non-curable defaults include: failure to comply with the development schedule; commencement of construction before receipt of fully-executed Franchise Agreement for that location; insolvency; bankruptcy; execution levied against your business or property; a judgment in excess of \$25,000 against you remains unsatisfied for more than 30 days; material breach of confidentiality or noncompetition covenants; transfer without approval; material misrepresentation; conduct that reflects poorly upon us or the System; material breach of any representation or warranty; violation of any ordinance, law or statute; default beyond cure period under other agreements with Ellianos or our affiliates, under any real estate, equipment lease or financing instrument relating to any Franchised Store, or with any vendor or supplier to any Franchised Store; failure to pay any taxes due; and default after receipt of 2 or more notices of default within 12 months.
i. Your obligations on termination/non-renewal	Section 14	Obligations include: forfeiture of right to develop; return of materials to Ellianos; continued observance of confidentiality or noncompetition covenants; payment of amounts due to Ellianos; forfeiture of Development Fee; no operation of business under any name or in any manner that suggests connection to Ellianos and its affiliates; cease use of Ellianos' materials; terminate your limited exclusive rights in the Development Area.
j. Assignment of contract by us	Section 9	There are no restrictions on our right to assign.
k. "Transfer" by you – defined	Section 10.A.	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the Development Agreement or any other asset pertaining to your operations under the Development Agreement.
l. Our approval of transfer by you	Sections 10.B. & 10.E	We have the right to approve transfers; provided that, certain transfers may be undertaken without our prior approval.

Provision	Section in Development Agreement	Summary
m. Conditions for our approval of transfer	Sections 10.B-10.C	Conditions include: compliance with any agreement with Ellianos or our affiliates; satisfaction of all material obligations to Ellianos or our affiliates and all other outstanding obligations related to the Franchised Stores; proposed transferee meets Ellianos' criteria; payment of amounts due; execution of general release (our current form of general release is attached as Exhibit H); noncompetition covenant and other documents necessary to protect Ellianos' rights are executed; and \$5,000 transfer fee paid (\$2,000 for transfer to existing Ellianos franchisee) (\$500 for convenience of ownership). If you propose to transfer the Development Agreement, the transferee must execute a written assignment or a new development agreement; the purchase price must not be too high; and any financing you provide must be subordinated to the transferee's obligations to us.
n. Our right of first refusal to acquire your business	Section 10.J	Ellianos can match any offer for your business.
o. Our option to purchase your business	Not Applicable	
p. Your death or disability	Section 10.E.1(b)	Transfer to your spouse, children, parent, sibling, or member of the Continuity Group is allowed. Such Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	Section 12.C	No diversion of any business or customer to any competitor; no interest in any competitive business that offers as a core menu item any specialty coffees, specialty teas, espresso drinks, cappuccinos, lattes, chai teas, smoothies or any menu item that constitutes 15% of sales at Ellianos Stores or whose method of operation or trade dress is similar to that used in the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.C	No activity as described in q. above for 2 years within the Development Area and within 10 miles of any then-existing Ellianos Store.
s. Modification of the agreement	Section 20	No modification generally without signed agreement, but Ellianos may modify the System.

Provision	Section in Development Agreement	Summary
t. Integration/merger clause	Section 20	Only the terms of the Development Agreement, the documents referred to in and the attachments to the Development Agreement are binding. Any other oral or written promises related to the subject matter of the Development Agreement may not be enforceable. Nothing in the Development Agreement is intended to disclaim our representations in this disclosure document.
u. Disputes resolution by arbitration or mediation	Section 21	Either party may attempt to resolve any dispute, claim or controversy through negotiation or non-binding mediation. Except for certain claims, binding arbitration is required before the American Arbitration Association ("AAA").
v. Choice of forum	Section 21.B.	Arbitration must be administered by the AAA office nearest to Ellianos' principal offices. Subject to applicable state law. See the State Specific Addenda (Exhibit J) attached to this Disclosure Document.
w. Choice of law	Section 21.D.	Subject to state law, Florida law applies. See the State Specific Addenda (Exhibit J) attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.A	10 years from the date that the Franchised Store opens for business.
b. Renewal or extension of the term	Section 2.B	You can renew for two renewal terms of 5 years.
c. Requirements for you to renew or extend	Section 2.B	To renew at the expiration of the Initial Term, you must: give timely notice; renovate; not be in default; have the right to remain in possession of the Franchised Location; execute a renewal franchise agreement; be in substantial compliance; execute a general release (our current form of general release is included as Exhibit H); comply with training requirements. You may be asked to sign a franchise agreement for the renewal term that includes materially different terms and conditions than your original franchise agreement. You must pay a renewal fee of \$2,500.

Provision	Section in Franchise Agreement	Summary
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 21	We may terminate upon default.
g. "Cause" defined-curable defaults	Section 21.B	You have 10 days to cure monetary defaults. You have 30 days to cure all other defaults except those discussed in paragraph h, above.
h. "Cause" defined- non-curable defaults	Sections 21.A, 21.B(3), 21.C	Non-curable defaults include: failure to obtain site approval within three months after execution of the Franchise Agreement (if applicable); failure to open the Franchised Store for business on or before the Opening Date; closure of Franchised Store for more than 7 days; insolvency; bankruptcy; execution levied on your business or property; foreclosure; a judgment greater than \$25,000 against you remains unsatisfied for more than 30 days; material breach of confidentiality or noncompetition covenants; transfer without approval; material misrepresentation; falsification of reports; imminent danger to public health or safety; loss of possession of Franchised Location; felony conviction; breach of representation or warranty; misuse of the Marks; failure to complete training programs; default beyond cure period under other agreements with Ellianos or our affiliates; default beyond the cure period of any lease or financing instrument relating to the Franchised Store; default beyond cure period of any contract with any vendor or supplier to Franchised Store; failure to pay taxes or assessments relating to the Franchised Store; violation of law relating to terrorist activities; understating any payment to us by 5% or more; default after receipt of 2 or more notices of default within previous 12 months; and receipt of second consecutive failing score on an inspection.
i. Your obligations on termination/non-renewal	Section 22	Obligations include: payment of amounts due; return Manual; continued observance of confidentiality and noncompetition covenants; discontinue use of the Marks; and complete de-identification of the Franchised Store. In addition, your limited exclusive rights in the Protected Area will terminate immediately.
j. Assignment of contract by us	Section 17	There are no restrictions on our right to transfer.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you – defined	Section 18.A	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance of any interest in you, the Franchise Agreement, the Franchise, the Franchised Store, the assets of the Franchised Store or the Franchised Location or any other asset pertaining to your operations under the Franchise Agreement.
l. Our approval of transfer by you	Sections 18.B & 18.E	We have the right to approve transfers; provided that certain transfers may be undertaken without our prior approval.
m. Conditions for our approval of transfer	Sections 18.B-18.C	Conditions include: compliance with any agreement with Ellianos or our affiliates; satisfaction of all material obligations to Ellianos or our affiliates and all other outstanding obligations related to the Franchised Store; proposed transferee meets Ellianos' criteria; payment of amounts due; refurbishing and remodeling; signed release (our current form of general release is included as Exhibit H); signed noncompetition covenant and other documents necessary to protect Ellianos' rights; and \$5,000 transfer fee paid (\$2,000 for transfer to existing Ellianos franchisee) (\$500 for convenience of ownership). If you propose to transfer the Franchise Agreement, the transferee must execute a written assignment or a new franchise agreement; the purchase price must not be too high; and any financing you provide must be subordinate to the transferee's obligations to pay Ellianos.
n. Our right of first refusal to acquire your business	Section 18.J	We or our designee can match any offer for your business.
o. Our option to purchase your business	Section 23	We can purchase some or all of your assets upon expiration or earlier termination of the Franchise Agreement at a price agreed upon or set by appraisers.
p. Your death or disability	Section 18.E.1(b)	Transfer to your spouse, children, parent, sibling, or member of the Continuity Group is allowed. Such Transfer must be completed within a reasonable time, not to exceed 6 months from the date of death or permanent disability.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 20.C	No diversion of any business or customer to any competitor; no interest in any competitive business that offers as a core menu item any specialty coffees, specialty teas, espresso drinks, cappuccinos, lattes, chai teas, smoothies or any menu item that constitutes 15% of sales at Franchised Stores or whose method of operation or trade dress is similar to that used in the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 20.C	No activity as described in q. above for 2 years within the Protected Area and within 10 miles of any then-existing Ellianos Store.
s. Modification of the agreement	Section 29	No modification generally without signed agreement, but Ellianos may modify the System and the Manual.
t. Integration/merger clause	Section 29	Only the terms of the Franchise Agreement, the Manual, the documents referred to in and the attachments to the Franchise Agreement are binding. Nothing in the Franchise Agreement is intended to disclaim our representations in this disclosure document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Disputes resolution by arbitration or mediation	Sections 30.A-30.C	Either party may attempt to resolve any dispute, claim or controversy through negotiation or non-binding mediation. Except for certain claims, binding arbitration is required before the American Arbitration Association ("AAA").
v. Choice of forum	Section 30.B	Arbitration must be administered by the AAA office nearest to Ellianos' principal offices. Subject to applicable state law. See the State Specific Addenda (Exhibit J) attached to this Disclosure Document.
w. Choice of law	Section 30.D	Subject to state law, Florida law applies. See the State Specific Addenda (Exhibit J) attached to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Table 1: 2024 Historic Ellianos Store Financial Performance

The table below includes information about the actual sales of franchised Ellianos Stores during our 2024 fiscal year (including 9 stores operated by officers listed in Item 2). The included Stores were open the entire fiscal year (the 16 Stores that opened during 2024 are not included). We excluded one store that is not a traditional drive-thru model. We currently require new Stores to be open on Sundays, but certain existing stores do not open on Sundays. We excluded 6 Stores that do not open on Sundays. We also excluded 1 store that was closed for a portion of the year for remodel. We also excluded 4 stores that have consistently failed to comply with System standards. The number of Stores included is 35.

We compiled the franchised sales data from the information submitted to us by our franchisees for purposes of royalty reporting and from records maintained by our officers for Stores they operate.

2024	All Included Locations	Top ¼ of Included Locations	Second ¼ of Included Locations	Third ¼ of Included Locations	Bottom ¼ of Included Locations
Average Net Sales	\$1,127,170	\$1,535,378	\$1,247,565	\$1,075,290	\$695,803
High Net Sales	\$1,678,363	\$1,678,363	\$1,413,898	\$1,177,059	\$848,734
Low Net Sales	\$466,151	\$1,415,364	\$1,179,041	\$896,098	\$466,151
Median Net Sales	\$1,127,170	\$1,527,813	\$1,230,743	\$1,133,612	\$748,209
Average Transactions	118,564	157,592	134,946	112,582	73,474
# of Stores included	35	8	9	9	9
# of Stores at or above Average Net Sales	22	4	3	5	5
% of Stores at or above Average Net Sales	63%	50%	33%	56%	56%

For fiscal year 2024, the Average Net Sales of the 26 franchised Ellianos Stores that are not operated by our officers listed in Item 2 is \$1,034,178. The number of Stores that met or exceed that amount are: 14. The Median Net Sales for those Stores are: \$1,091,063. The High and Low Net Sales are: \$1,542,884 and \$466,151, respectively.

Table 2: 2023 Historic Ellianos Store Financial Performance

The table below includes information about the actual sales of franchised Ellianos Stores during our 2023 fiscal year (including 7 stores operated by our owners or officers). The included Stores were open the entire fiscal year (the 17 Stores that opened during 2023 are not included). We excluded one store that is not a traditional drive-thru model. We currently require new Stores to be open on Sundays, but certain existing stores do not open on Sundays. We excluded 5 Stores that do not open on Sundays. We also excluded 2 stores that have consistently failed to comply with System standards. The number of Stores included is 22.

We compiled the franchised sales data from the information submitted to us by our franchisees for purposes of royalty reporting and from records maintained by our owners or officers for Stores they operate.

2023	All Included Locations	Top ¼ of Included Locations	Second ¼ of Included Locations	Third ¼ of Included Locations	Bottom ¼ of Included Locations
Average Net Sales	\$1,024,602	\$1,382,598	\$1,069,418	\$900,759	\$665,069
High Net Sales	\$1,610,392	\$1,610,392	\$1,128,617	\$971,401	\$784,937
Low Net Sales	\$578,402	\$1,213,971	\$1,010,496	\$835,479	\$578,402
Median Net Sales	\$1,025,909	\$1,339,566	\$1,069,062	\$893,191	\$665,069
Average Transactions	117,768	154,870	123,782	105,674	78,125
# of Stores included	22	6	6	5	5
# of Stores at or above Average Net Sales	11	3	3	2	2
% of Stores at or above Average Net Sales	50%	50%	50%	40%	40%

For fiscal year 2023, the Average Net Sales of the 15 Ellianos Stores that are not operated by our owners or officers is \$929,747. The number of Stores that met or exceed that amount are: 7. The Median Net Sales for those Stores are: \$893,191. The High and Low Net Sales are: \$1,392,148 and \$578,402, respectively.

Table 3: Average (and Median) Income and Costs Statement of Certain Ellianos Stores Operated by Our Officers

The table below includes the average income and costs statement of 6 Ellianos Stores operated by our officers that were open for the full year of 2024 and full year of 2023. No units that were open the full year and operated by our officers were excluded. This data was compiled from records maintained by our officers. We believe the information is accurate, but we have not audited or otherwise verified that information. Our franchisees do not submit similar information that can be included.

January 2024 to December 2024 and January 2023 to December 2023

	January 2024 to December 2024		January 2023 to December 2023	
Total Income (Net Sales)	\$1,393,690	100.0%	\$1,270,567	100.0%
Total Cost of Goods Sold	\$471,284	33.9%	\$460,231	36.2%
Gross Profit	\$922,407	66.1%	\$810,336	63.8%
Payroll Expenses	\$346,773	25.1%	\$327,648	25.8%
Royalty Fee	\$83,621.42*	6.0%*	\$76,234*	6.0%*
<i>Other Expenses</i>				
Advertising	\$1,355	0.1%	\$3,184	0.3%
Bank Service Charges	\$307	0.0%	\$415	0.0%
Brand Fund	\$17,421*	1.25%*	\$15,882*	1.25%*
Dues and Subscriptions	\$16,915	1.2%	\$13,400	1.1%
Insurance	\$11,985	0.9%	\$11,693	1.0%
Licenses and Permits	\$482	0.0%	\$394	0.0%
Office Supplies	\$293	0.0%	\$480	0.0%
Processing Fees (Credit Card, Ellianos App, DoorDash)	\$43,755	3.2%	\$32,559	2.6%
Repairs & Maintenance	\$18,919	1.4%	\$17,689	1.4%
Supplies	\$30,297	2.2%	\$27,118	2.2%
Uniforms	\$1,045	0.0%	\$2755	0.2%
Utilities	\$27,543	2.0%	\$26,638	2.1%
<i>Total Other Expenses</i>	\$169,719	12.3%	\$153,171	12.1%
Total Expenses	\$600,114	43.4%	\$557,054	43.8%
Net Operating Income	\$322,293	22.7%	\$253,282	19.9%

Tables 4a and 4b: Net Sales for Stores Not Included in Table 1 and Table 2 Due to Deviation from System Standards

Table 1 excluded 4 Stores and Table 2 excluded 2 Stores because those Stores consistently failed to meet system standards. For example, despite our directives to the contrary, these Stores have engaged in repeated violation of our system standards including selling unapproved menu items, refusing to offer all requirement menu items, or purchasing menu items from unapproved vendors, not using branded packaging, not installing approved equipment to prepare menu items or not programming equipment with required recipes, or repeatedly shutting down drive thru lanes

Table 4a: For the 4 Stores excluded from Table 1, the actual Net Sales for each Store, total orders and average order during our fiscal year ended December 31, 2024 are below.

Net Sales	Total Orders	Avg Sale Per Order
\$426,043	51,330	\$8.30
\$918,105	108,419	\$8.47
\$600,782	74,460	\$8.07
\$833,413	97,597	\$8.54

Table 4b: For the 2 Stores excluded from Table 2, the actual Net Sales for each Store, total orders and average order during our fiscal year ended December 31, 2024 are below.

Net Sales	Total Orders	Avg Sale Per Order
\$416,631.80	51,781	\$8.05
\$696,510.73	84,434	\$8.25

Notes:

“*Total Income*” includes all “Net Sales” which includes all revenue from the sale of all services and products and all other income of every kind and nature (including on-premise sales, off-premise sales, and any other type of sale) related to the Franchised Store (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift

certificates are redeemed or stored value gift cards are debited), whether for cash or credit and regardless of collection in the case of credit. Net Sales does not include: **(1)** any bona fide documented federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority; **(2)** the sale of food or merchandise for which refunds have been made in good faith to customers; **(3)** the sale of equipment used in the operation of the Franchised Store; **(4)** customer promotional discounts approved by us; and **(5)** employee meal discounts.

“Gross Profit” means Total Income minus Total Cost of Goods Sold.

“Total Cost of Goods Sold” includes the delivered cost of food, beverages, paper and promotional items to the Restaurants. Delivered costs include distribution and freight costs.

“Advertising” includes local store marketing.

“Brand Fund” is a fee of 1.25% of Net Sales as defined in the Franchise Agreement. We used that Brand Fund fee because that is the amount that will be paid by newly opened franchised units. See Item 6 and Item 11 for more information regarding the Brand Fund.

“Insurance” includes General Liability and Worker’s Comp.

“Payroll Expenses” The cost of labor will vary from location to location and will be dependent upon factors beyond our control, including, without limitation, local minimum wage laws and local labor market conditions. Labor costs include hourly labor, the wages of store manager and assistant managers. Most stores have one manager. The other components of labor expense are: payroll taxes, wages, and workers’ compensation insurance.

“Repairs and Maintenance” includes repairs or maintenance for building and equipment including pest control service.

“Royalty” is percentage of Net Sales as defined in the Franchise Agreement. We used a royalty fee of six percent (6%) because that is the amount that will be paid by newly opened franchised units. See Item 6 for more information regarding the Royalty.

“Total Supplies” includes all general store supplies, cleaning supplies (including janitorial services), smallwares and prepaid cards.

“Utilities” includes garbage service, gas & electric, sewer, telephone & internet and water

“Net Operating Income” means Gross Profit minus Total Expenses.

Franchisees may incur other costs in connection with the operation of Ellianos Store, which are not included in Table 3 above, such as occupancy costs (i.e., rent or mortgage payments), debt service (including interest), owner compensation, automobile and mileage, travel and entertainment expenses, cash long / short, donations, meal reimbursements, employee bonuses, employee health insurance contributions, and depreciation and amortization. Expenses will vary from franchisee to franchisee and from location to location, and are dependent upon seasonal, local and other factors beyond our control.

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

You should conduct an independent investigation of the costs and expenses you will incur in operating your Store.

Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Restaurant, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Michael Stewart, by telephone at (386) 755-5828, by email at mike@ellianos.com or by mail at 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 – Systemwide Outlet Summary
For Years 2022 to 2024 (1)**

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2022	20	30	+10
	2023	30	47	+17
	2024	47	63	+16
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	20	30	+10
	2023	30	47	+17
	2024	47	63	+16

**Table No. 2 – Transfers of Stores from Franchisees to New Owners
(Other than Franchisor or Affiliate)
For Years 2022 to 2024 (1)**

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

**Table No. 3 – Status of Franchised Outlets
For Years 2022 to 2024(1)**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations (2)	Non-renewals (2)	Reacquired by Ellianos	Ceased Operations – Other Reasons (2)	Outlets at End of the Year (3)
Alabama	2022	2	2	0	0	0	0	4
	2023	4	2	0	0	0	0	6
	2024	6	4	0	0	0	0	10
Florida	2022	6	4	0	0	0	0	10
	2023	10	7	0	0	0	0	17
	2024	17	9	0	0	0	0	26
Georgia	2022	12	4	0	0	0	0	16
	2023	16	8	0	0	0	0	24
	2024	24	3	0	0	0	0	27
Total	2022	20	10	0	0	0	0	30
	2023	30	17	0	0	0	0	47
	2024	47	16	0	0	0	0	63

**Table No. 4 - Status of Company-Owned Outlets
For Years 2022 to 2024 (1)**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year (2)
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

NOTES:

1. The numbers for 2022 to 2024 are as of December 31st of each year. If multiple events occurred affecting one Franchised Store, this chart shows the event that occurred last in time.
2. Exhibit F lists the Ellianos franchisees which had a Franchised Store terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our last fiscal year or failed to communicate with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.
3. Exhibit F is a list of the franchised Ellianos Stores. As noted in Item 1, 11 franchised Ellianos Stores are open and operated by entities owned by individuals identified in Item 2.

**Table No. 5 -- Projected Openings
As of December 31, 2024**

STATE	FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPENED*	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR*	PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR
Alabama	1	3	0
Florida	13	27	2
Georgia	5	6	0
North Carolina	1	1	0
TOTALS	20	37	2

*The units that we expect will open in the next fiscal year may have franchise agreements signed and might also included in the 21 signed franchise agreements in the first column.

We do not have any franchisees during the last three fiscal years who have signed confidentiality clauses.

We are not aware of any trademark-specific franchisee organizations associated with the System and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit G to this disclosure document are the December 31, 2022, December 31, 2023, and December 31, 2024 audited financial statements for Ellianos, LLC.

ITEM 22 CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

Exhibit C	Development Agreement
Exhibit D	Franchise Agreement
Exhibit E	Confidentiality and Non-Disclosure Agreement
Exhibit H	Form of General Release
Exhibit J	State Specific Addenda

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable acknowledgments of receipt. Please sign and date each Acknowledgement as of the date you received this disclosure document and return one copy to us.

EXHIBIT A
LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT C
DEVELOPMENT AGREEMENT



ELLIANOS COFFEE COMPANY DEVELOPMENT AGREEMENT

BETWEEN

ELLIANOS, LLC

AND

[Name of Developer]

**ELLIANOS COFFEE COMPANY DEVELOPMENT AGREEMENT
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GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

APPENDIX A – DEVELOPMENT AREA

APPENDIX B – DEVELOPMENT INFORMATION

APPENDIX C – OWNERSHIP INTERESTS

ELLIANOS COFFEE COMPANY DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") is made as of _____ ("Effective Date") by and between Ellianos, LLC ("Ellianos," "we" or "us"), a Florida limited liability company, and _____ ("you"), a(n) _____ organized in _____.

RECITALS

As the result of the expenditure of time, skill, effort and money, Ellianos has developed and owns a distinctive system ("System") relating to the development, establishment and operation of retail outlets that sell ready-to-drink coffee, espresso drinks, cappuccinos, lattes, chai teas, smoothies, food items, pastries and other related menu items under the name Ellianos® Coffee Company ("Ellianos Stores").

The distinguishing characteristics of the System include, without limitation: special business operations methods; merchandising; marketing; specially designed facilities; interior and exterior layout and trade dress; standards and specifications for fixtures and equipment; methods for maintaining books and records; inventory control systems; training; and management. We may change, improve and further develop the System and its components from time to time.

We identify the System by the "Ellianos®" name and mark and certain other names, marks, logos, insignia, slogans, emblems, symbols, designs and indicia of origin (collectively, "Marks") that we have designated, or may in the future designate, for use with the System. We may modify the Marks used to identify the System, including the principal Marks from time to time.

We continue to develop and use (and control the use of) the Marks in order to identify to 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.

You would like the opportunity, subject to the terms and conditions of this Agreement, to develop franchised Ellianos Stores ("Franchised Stores") within the limited geographic area described in attached Appendix A ("Development Area").

You understand and acknowledge the importance of our high and uniform standards of quality, operations and service and the necessity of developing the Franchised Stores in strict conformity with this Agreement and our standards and specifications as set forth in our confidential and proprietary operations manual ("Operations Manual") or otherwise.

We are willing to grant to you the opportunity to develop Franchised Stores in the Development Area, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEVELOPMENT TERM

The term of this Agreement ("Development Term") begins on the date this Agreement is signed by us and terminates on the Opening Deadline (defined in Section 3.A.) for the last Franchised Store required to be developed under this Agreement as set forth in the Development Schedule (defined in

Section 3.A.), unless terminated earlier pursuant to Section 13. There is no renewal term for this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS

A. Grant. Subject to the terms, conditions, provisions and limitations of this Agreement, we grant to you the limited exclusive right to develop Franchised Stores in the Development Area during the Development Term. The number and the type of Franchised Stores that you have the right to develop are described in Appendix B. Each Franchised Store in the Development Area shall be located at a specific site accepted by us.

B. Limited Exclusivity

(1) Your Rights. During the Development Term, we and our affiliates will not operate, or license others to operate, Ellianos Stores in the Development Area, provided you are in compliance with the terms of this Agreement and any other agreements with us or our affiliates (including any franchise agreement) and you are current on all obligations due to us or our affiliates. This restriction does not apply to Ellianos Stores in operation, under construction, otherwise under contract or commitment to open including any limited exclusive area previously granted to such Ellianos Stores that is in the Development Area as of the Effective Date.

(2) Rights We Reserve. During the Development Term, nothing in this Agreement shall prohibit us from:

(a) operating and/or licensing others to operate, stores in the Development Area identified in whole or in part by the Marks and/or utilizing the System that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, fairs, zoos, convention centers and shopping malls; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you;

(b) awarding national, regional or local licenses to third parties to sell products under the Marks in foodservice facilities in the Development Area, provided that those facilities are identified by the third party's trademark;

(c) selling, merchandising and distributing products identified by the Marks or by any other name or mark through any method or channel of distribution (including the Internet, wholesale, mail order and catalogs) other than through the operation of a store to any location including to locations within the Development Area;

(d) selling and/or distributing products identified by the Marks to stores in the Development Area, provided that those stores are not licensed to use the Marks in connection with retail sales;

(e) operating and/or licensing others to operate stores identified in whole or in part by the Marks at any location outside of the Development Area;

(f) operating and/or licensing others to operate, at any location any type of store other than a store identified in whole or in part by the Marks;

(g) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks licensed to you; and

(h) purchasing, being purchased by, merging with or combining with businesses that directly or indirectly compete with Ellianos Stores.

C. **Development Rights Only.** This Agreement is not a license or franchise agreement. It does not give you any right to operate, or license others to operate, Ellianos Stores or to use, or license others to use, the System. For each Franchised Store that you develop and open pursuant to the terms of this Agreement, you must sign a Franchise Agreement in accordance with Section 5.F. and operate the Franchised Store pursuant to the terms of that Agreement.

3. DEVELOPMENT SCHEDULE

A. **Development Obligations.** During the Development Term, you must develop, open and continuously operate in the Development Area the number of Franchised Stores specified in the schedule set forth in Appendix B (“Development Schedule”). Only Ellianos Stores that are free-standing, in-line or located in a food court (“Traditional Franchised Stores”) will count towards satisfying the minimum number of Franchised Stores that you must develop and open pursuant to the Development Schedule. For each Franchised Store developed pursuant to this Agreement, you must obtain our written acceptance of the site for that Franchised Store by the applicable date listed in the Development Schedule (“Site Acceptance Date”) and open that Franchised Store by the applicable date listed in the Development Schedule (“Opening Deadline”). You acknowledge that strict compliance with the Development Schedule (including each Site Acceptance Date and Opening Deadline) is essential to this Agreement and that your failure to comply with the Development Schedule (including any Site Acceptance Date or Opening Deadline) shall constitute a material, non-curable breach of this Agreement permitting us to terminate this Agreement by giving written notice of termination to you without an opportunity to cure. **TIME IS OF THE ESSENCE.**

B. **Extension of Development Schedule.** Upon our receipt of a written request from you, we may, in our sole discretion, extend any Site Acceptance Date or any Opening Deadline (“Development Schedule Extension”). Extending the Site Acceptance Date will automatically extend the Opening Deadline. Simultaneously with your submission of any request for a Development Schedule Extension, you shall pay to us a fee (“Extension Fee”) in an amount not to exceed One Thousand Dollars (\$1,000). We, in our sole discretion, may waive the Extension Fee, upon a showing by you, to our satisfaction, that: (1) you have used your best efforts to comply with the Development Schedule; and (2) you have been unable to comply with the Development Schedule as a result of conditions or events beyond your control. Nothing in this Section 3.B shall be deemed to require us to grant you any Development Schedule Extension and our grant of any Development Schedule Extension shall not be deemed an approval by us of any future development by you.

C. **Effect of Sale of Franchised Store.** During the Development Term, if you sell (and we approve the sale of) a Franchised Store that you developed pursuant to this Agreement and you are not in default of the Franchise Agreement for that Franchised Store, we will continue to count that Ellianos Store as a Franchised Store under the Development Schedule, provided that the Ellianos Store continues to be operated pursuant to a franchise agreement with Ellianos or its affiliates.

4. DEVELOPMENT FEE

Simultaneously with your execution of this Agreement, you shall pay to us a development fee equal to Ten Thousand (\$10,000) for each Traditional Franchised Store that you have agreed to develop in the Development Area during the Development Term (“Development Fee”). The total amount of the Development Fee paid by you is set forth in Appendix B. For each Franchised Store that you open pursuant to this Agreement, we will credit Ten Thousand (\$10,000) of the Development Fee against the Initial Franchise Fee for that Franchised Store. You acknowledge and agree that the Development Fee: **(A)** is not refundable; and **(B)** is paid in consideration of administrative and other expenses incurred by us.

5. DEVELOPMENT PROCEDURES

A. Your Responsibility. You assume all cost, liability, expense and responsibility for locating, obtaining and developing sites for the Franchised Stores and for constructing, equipping and operating the Franchised Stores in accordance with our standards. You should not make any binding commitments to acquire any interest in any site until we have accepted that site in writing.

B. Site Selection Assistance. We may provide the following site selection assistance to you: **(1)** our site selection guidelines and, as you may request, a reasonable amount of consultation with respect thereto; and **(2)** such on-site evaluation as we may deem advisable as part of our evaluation of your request for acceptance of a site.

C. Site Application

(1) You must submit to us a site application that contains the information we require for each proposed site that you believe conforms to our site selection criteria (“Site Application”). Each Site Application shall include, among other things, financial pro formas, a description of the proposed site, a market feasibility study for the proposed site, a letter of intent (or other written confirmation demonstrating your ability to acquire the proposed site) and a summary of how the site meets our site selection guidelines. We may change our site selection guidelines from time to time, which may include demographic characteristics, traffic count and patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including stores operated or franchised by Ellianos or our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics and a site plan of the premises.

(2) You acknowledge that, in order to preserve and enhance the reputation and goodwill of all Ellianos Stores and the goodwill of the Marks, each Ellianos Store must be properly developed, operated and maintained.

(3) Throughout the Development Term, you must adequately capitalize the development of the Franchised Stores and maintain the minimum net worth and amount of liquid capital as we specify, in our sole discretion. You agree that we may refuse to accept a site for a proposed Franchised Store if you fail to demonstrate sufficient financial capabilities, in our sole judgment, to properly develop, operate and maintain that Franchised Store. You shall furnish to us any financial statements and other information regarding you (or your Affiliated Entity, as defined in Section 5.F.(2)) and/or the development and operation of any proposed Franchised Store, including, without limitation, investment and financing plans for any proposed Franchised Store, as we reasonably may require.

D. Site Acceptance

(1) Within thirty (30) days after our receipt of the completed Site Application (which shall include all information and materials relating to a proposed site that we reasonably request), we will advise you in writing whether we have accepted or refused to accept the proposed site. If we do not respond within that time period, we will be deemed to have refused to accept the proposed site. Our acceptance or refusal to accept a proposed site may be subject to reasonable conditions as determined by us in our sole discretion.

(2) You agree that your decision to develop and operate a Franchised Store at any site is based solely on your own independent investigation of the suitability of that site for an Ellianos Store. We assume no liability or responsibility for: (a) evaluation of the soil of any site for hazardous substances; (b) inspection of any structure at any site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act (“ADA”); or (d) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the proposed sites (and any structures thereon) are free from environmental contamination and in compliance with the requirements of the ADA (and any other applicable laws).

(3) You agree that our acceptance of a site for any Franchised Store and any information communicated to you regarding our site selection guidelines for Ellianos Stores does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for a Franchised Store or for any other purpose. Our acceptance of a site is not a representation or promise by us that an Ellianos Store at the site will achieve a certain sales volume or a certain level of profitability. Similarly, our acceptance of one or more sites and our refusal to accept other sites is not a representation or promise that the site will have a higher sales volume or be more profitable than a site that we did not accept. Our acceptance merely means that the site meets our minimum site selection guidelines. You agree that our acceptance, or our refusal to accept a proposed site, whether or not a Site Application is completed and/or submitted to us shall not impose any liability or obligation on us. The decision to accept or reject a particular site is yours, subject to our acceptance. Preliminary acceptance of a proposed site by any of our representatives is not conclusive or binding, because his or her recommendation may be rejected by us.

E. Acquisition of the Authorized Site

(1) Within sixty (60) days after we accept a proposed site for any Franchised Store (“Authorized Site”), you must submit to us a copy of the proposed sublease, lease or purchase contract for the Authorized Site. We have the right to approve and modify the terms of any lease, sublease or purchase contract for any Authorized Site.

(2) Any lease or sublease (“lease”) must not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement or the Franchise Agreement for that Franchised Store. Any lease, letter of intent or lease memorandum for the Authorized Site shall contain provisions required by us (see attachment to form franchise agreement). You may not sign a lease, sublease or purchase contract or any modification thereof without our acceptance. Our acceptance of the lease, sublease or purchase contract or modification thereof does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms, and we do not assume any liability or responsibility to you or any third parties due to such acceptance. Within ten (10) days after the execution of any lease, sublease or purchase contract, you must provide a fully signed copy to us. You may not sign a Franchise Agreement or begin construction of a Franchised Store at an Authorized Site until you deliver a copy of the fully signed lease, sublease or purchase contract to us.

F. Execution of Franchise Agreements

(1) After we receive a copy of the fully signed lease, sublease or purchase contract for an Authorized Site, we will prepare and forward to you a Franchise Agreement for the Authorized Site. The Franchise Agreement for each Franchised Store that you develop pursuant to this Agreement shall be our then-current standard form of Franchise Agreement in general use at the time we provide notice to you that we have accepted the proposed site. You must sign and return to us the Franchise Agreement along with the Initial Franchise Fee within the time period we specify, but in any event no later than the time that you receive the permits for the site. We will sign the Franchise Agreement and return a fully signed original to you before you begin construction of the Franchised Store.

(2) At your request, the Franchise Agreement for any Franchised Store may be signed by an entity formed by you to develop and operate the Franchised Store ("Affiliated Entity"), provided all of the following conditions are met: (a) you, your Development Principal (defined in Section 8.G) or your Continuity Group (defined in Section 8.F) owns at least sixty-six percent (66%) of the ownership interests in the Affiliated Entity; (b) the Affiliated Entity conducts no business other than the operation of Ellianos Stores; (c) you, your Development Principal, your Continuity Group and all holders of a legal or beneficial interest in you of ten percent (10%) or more ("Owner(s)") agree to assume full and unconditional liability for, and agree to perform, all obligations, covenants and agreements contained in the Franchise Agreement; (d) all owners of the Affiliated Entity possess a good moral character, as determined by us in our sole discretion, and you provide to us all reasonably requested information to permit us to make such a determination; and (e) the Affiliated Entity meets our then-current financial criteria for new franchisees.

G. Development Training. You and any employees designated by us must complete, to our satisfaction, any development training we specify. We also may require that you and employees designated by us attend optional development training offered by us from time to time, subject to payment of a tuition fee as established by us. You must pay all travel, living and other expenses that you and your employees incur while attending development training and optional development training.

H. Legal Compliance. You must comply with the requirements of all applicable federal, state and local laws, rules and regulations. You must timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business contemplated under this Agreement. This obligation is in addition to the obligation to comply with all laws and obtain all licenses and permits that are imposed under the Franchise Agreement. To the extent that the requirements of these laws are in conflict with the terms of this Agreement or our other instructions, you must: (1) comply with these laws; and (2) immediately provide written notice to us describing the nature of any such conflict.

6. OPERATIONS MANUAL

A. Definition; Contents. The term "Operations Manual" refers to Ellianos Operations Manual, Ellianos Marketing Manual and any other manuals, publications, materials, drawings, memoranda, and electronic media that we from time to time may loan to you. The Operations Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, or any other communication concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating an Ellianos Store. You shall keep your copy of the Operations Manual current and up-to-date with all additions and deletions provided by or on behalf of us and shall purchase whatever equipment and related services (including, without limitation, a computer system, Internet service, dedicated phone line, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Operations Manual develops, the master copy maintained by us at our principal offices shall control.

The Operations Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for development, management and operation of an Ellianos Store. The Operations Manual may set forth requirements related to the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at Ellianos Stores; management and employee training; marketing, advertising and sales promotions; maintenance and repair of the buildings, grounds, equipment, graphics, signs, interior and exterior décor items, fixtures and furnishings; employee dress attire and appearance standards; menu concept and graphics; and accounting, bookkeeping, records retention and other business systems, procedures and operations.

B. Use of Operations Manual. We will loan you one (1) copy of the Operations Manual (which may be delivered electronically, in hard copy or in such other format/medium as we determine), which contains information and knowledge that is unique, necessary and material to the System. You agree to comply fully with all mandatory standards, specifications, and operating procedures and other obligations contained in the Operations Manual. You agree at all times to develop, open and operate the Franchised Stores in strict conformity with the Operations Manual; to take all measures necessary to limit access and insure confidentiality of the Operations Manual; to refrain from reproducing the Operations Manual or any part of it; to treat the Operations Manual as confidential and proprietary; and to disclose the contents of the Operations Manual only to your employees who have a need to know.

7. INSURANCE

A. Procurement of Insurance. You are responsible for all loss or damage arising from or related to your acquisition, development and operation of each Franchised Store, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage or expense whatsoever occurring in connection with the acquisition, development and/or operation of each Franchised Store. You shall maintain in full force and effect throughout the Development Term that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the acquisition, development or operation of each Franchised Store which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 7.B. We, and any individual or entity with an insurable interest designated by us, shall be an additional insured in such policies to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to us, in compliance with the standards, specifications, coverages and limits set forth in the Operations Manual or otherwise provided to you in writing. We may reasonably increase the minimum coverage required and/or require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide to you written notice of such modifications and, upon receipt, you shall take prompt action to secure the additional coverage or higher policy limits. At a minimum, you shall maintain the following policies for each Franchised Store:

(1) Commercial General Liability Insurance, including broad-form contractual liability, broad-form property damage, personal injury, completed operations, products liability and fire damage coverage, in the minimum amount of two million dollars (\$2,000,000) and four million dollars (\$4,000,000) in the aggregate.

(2) “All Risk” Property Insurance, including theft, equipment breakdown, fire, wind and hail, earthquake, and extended coverage insurance (including vandalism and malicious mischief insurance, earthquake insurance and flood insurance where applicable) on the Franchised Store (including the building and its contents) in an amount not less than the full replacement value thereof.

(3) Business Interruption and Extra Expense Insurance, on an actual loss sustained basis including all business income and extra expenses for a minimum of twelve (12) months.

(4) Business Automobile Liability Insurance, including owned, leased, non-owned and hired automobile coverage, with a limit of not less than one million dollars (\$1,000,000) per accident.

(5) Worker's Compensation Insurance and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Store will be located. This coverage shall also be in effect for all of your employees who participate in any training programs.

(6) Employer's Liability Insurance in the amount of one hundred thousand dollars (\$100,000) per person, five hundred thousand dollars (\$500,000) in the aggregate and one hundred thousand (\$100,000) for occupational disease.

(7) Umbrella Insurance in the minimum amount of one million dollars (\$1,000,000) per Franchised Store. The umbrella policy should extend over the Franchise Store's general liability, auto liability, and employer's liability

(8) Builder's All Risk Insurance, in connection with any construction, renovation, refurbishment or remodeling of the Franchised Store in amounts satisfactory to us in an amount not less than the full replacement value of the Franchised Store. You must also obtain a certificate of liability insurance naming you and us as additional insured from any general contractor who performs any work at any Franchised Store.

(1) Performance and Payment Bonds guaranteeing the performance of the contract and full payment of all required parties to deliver a fully completed and lien free project must be supplied by the general contractor naming the franchisee as the obligee. The bond must be issued from a surety acceptable to us and on forms acceptable to us for full contract price for any construction projects in excess of \$100,000 including but not limited to new construction and renovations of existing buildings.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that you are required to maintain under this Agreement:

(1) Each insurance policy shall name Ellianos as an additional insured and be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. Each policy shall also include a waiver of subrogation in favor of Ellianos. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Ellianos or its affiliates. In the event payments are required to be made under our insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by you are exhausted, you agree to reimburse, hold harmless and indemnify us and our insurers for such payments. You shall notify your insurers of the terms of this Agreement and shall use your best efforts to obtain an endorsement on each policy obtained pursuant to Section 7.B. stating as follows:

(2) The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Ellianos, LLC. All insurance coverage obtained by Ellianos, LLC shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(3) Each certificate of insurance shall identify the Franchised Stores covered by the applicable insurance policy.

(4) The certificate holder for each certificate of insurance shall be Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025.

(5) The insured party under each insurance policy shall be the individual or entity that entered into this Agreement.

(6) No insurance policy shall contain a provision that in any way limits or reduces coverage for you in the event of a claim by Ellianos or our affiliates.

(7) Each insurance policy shall extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify us under this Agreement.

(8) Each insurance policy shall be written by an insurance company that has received and maintains at least an "A-" rating by the latest edition of Best's Insurance Rating Service.

(9) No insurance policy shall provide for a deductible amount that exceeds five thousand dollars (\$5,000), unless otherwise approved in writing by us.

(10) All liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns.

D. Evidence of Insurance. Upon the earlier of (1) the date you have a signed agreement for occupancy (such as a lease or purchase agreement) for the first location, (2) the date you have a signed agreement for renovation or construction with a contractor for the first location, or (3) the date we request proof of coverage and on each insurance policy renewal date thereafter, you must submit to us evidence of satisfactory insurance and proof of payment. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to us. Upon our request, you must provide to us copies of all policies, amendments and riders.

E. No Representations. You acknowledge that no requirement for insurance contained in this Agreement constitutes advice or a representation by us that only such policies, in such amounts, are necessary or adequate to protect you from losses in connection with your business under this Agreement. Maintenance of this insurance, and the performance by you of your obligations under this Section 7, shall not relieve you of liability under Section 16.

F. Our Right to Procure Insurance. If you fail to obtain or maintain at least the insurance required by this Section 7, as revised from time to time pursuant to the Operations Manual or otherwise in writing, we may obtain such insurance and charge its cost to you. Upon your receipt of an invoice from us, you must immediately reimburse us for all out-of-pocket costs incurred by us in obtaining such insurance on your behalf.

8. YOUR ORGANIZATION AND MANAGEMENT

A. Representations

(1) If you are a legal entity, you represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization; (b) you are duly qualified to do business in the states included in the Development Area; (c) execution of this Agreement, and the development and operation of the Franchised Stores and execution of the Franchise Agreements is permitted by your governing documents; and (d) unless waived in writing by us, your governing documents shall at all times provide that your activities are restricted to those necessary solely for the acquisition, development, ownership and operation of the Ellianos Stores in accordance with this Agreement and in accordance with any other agreements entered into with Ellianos or our affiliates.

(2) If you are an individual, or a partnership comprised solely of individuals, you make the following representations and warranties: (a) each individual has executed this Agreement; (b) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, pursuant to Section 10.F., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Ellianos. If you are a limited liability company, copies of your Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Ellianos. If you are a partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Ellianos, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement. When any of these governing documents are modified or changed, you promptly shall provide copies to us.

C. Ownership Interests. If you are an entity, all interests in you are owned as set forth in attached Appendix C. You shall comply with the requirements of Section 10 prior to any change in ownership interests and shall sign addenda to Appendix C as changes occur in order to ensure the information contained in Appendix C is true, accurate and complete at all times. If you are a publicly held entity, the requirements of this Section 8.C. shall apply only to your Continuity Group (defined in Section 8.E.).

D. Restrictive Legend. If you are a corporation, you shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Ellianos Coffee Company Development Agreement or Franchise Agreement(s) to which the corporation is a party.” If you are a publicly-held corporation, these requirements shall apply only to the stock owned by your Continuity Group. If you are a limited liability company, each membership or management certificate or other evidence of interest in you shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of an interest in this limited liability company is subject to the restrictions

imposed on assignment by the Ellianos Coffee Company Development Agreement or Franchise Agreement(s) to which the limited liability company is a party.” If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement and the Franchise Agreements.

E. Continuity Group. If you are an entity, Appendix C lists those persons whom you and we have designated as your “Continuity Group.” In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, you shall sign addenda to Appendix C to reflect that change. If you are a corporation, the Continuity Group shall at all times own at least 66% of your voting securities; if you are a limited liability company, the Continuity Group shall at all times own at least 66% of your membership interests; and if you are a partnership, the Continuity Group shall at all times have at least a 66% interest in the operating profits and losses and at least a 66% ownership interest in you.

F. Guaranty

(1) All members of the Continuity Group shall jointly and severally guarantee your payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guaranty. Unless you are a publicly-held entity, all of your officers, directors and all holders of a legal or beneficial interest in you of 10% or more (“Owners”) also shall jointly and severally guarantee your payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guaranty. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guaranty. We reserve the right to require any guarantor to provide financial statements to us from time to time.

(2) With respect to your Owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not entities) sign the Guaranty. Accordingly, if any Owner is not an individual, we shall have the right to have the Guaranty signed by individuals who have only an indirect ownership interest in you. (By way of example, if an Owner is a corporation, we have the right to require that the Guaranty be signed by individuals who have an ownership interest in that corporation.)

G. Development Principal

(1) If you are owned by more than one individual, you must designate and retain an individual who we approve to serve as your Development Principal. The Development Principal as of the date of this Agreement must be identified in Appendix C.

(2) The Development Principal shall meet the following qualifications:

(a) The Development Principal, at all times, shall have full control over and devote his or her best efforts to supervising the day-to-day development of your Franchised Stores.

(b) The Development Principal must attend and successfully complete any development training we specify.

(c) The Development Principal must maintain a primary residence within a reasonable driving distance of the Development Area.

(3) If the Development Principal no longer meets the qualifications set forth in Section 8.G(2), you must designate another qualified person to act as the Development Principal within thirty (30) days after the date the prior Development Principal ceases to be qualified. Your designee must satisfy the criteria set forth in this Section 8.G., be approved by us, and sign a Guaranty in favor of Ellianos.

9. TRANSFERS BY US

We shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent.

10. TRANSFERS BY YOU

A. Our Prior Written Acceptance Required. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or your Owners and that we have entered into this Agreement in reliance on your and/or your Owners' business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations. Neither you, your Owners, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation or other legal entity which directly or indirectly controls you, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in you, your Owners, this Agreement, any Franchised Store, any Authorized Site or any other assets pertaining to your operations under this Agreement (collectively, "Transfer") without our prior written acceptance. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having our prior written acceptance shall be null and void and shall constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach. We may withhold our acceptance of any Transfer, without consideration of the factors listed in 10.B., if you do not propose to Transfer to the proposed transferee the same interest in all agreements (including any Franchise Agreements) that relate to your operations in the Development Area.

B. Transfer Considerations. You shall advise us in writing of any proposed Transfer and submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts, all other agreements or proposals and all other information requested by us relating to the proposed Transfer. If we do not exercise our right of first refusal as described in Section 10.J., the decision as to whether or not to accept a proposed Transfer will be made by us in our sole discretion and will include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(1) You, your Owners and affiliates must be in compliance with the provisions of this Agreement and all other agreements with us and our affiliates.

(2) All of your accrued monetary obligations to us and our affiliates (whether arising under this Agreement, any Franchise Agreement or otherwise) and all other outstanding obligations related to the Franchised Stores (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in our reasonable judgment, adequately provided for. We may require you to place a sum of money in escrow to ensure that all of these obligations are satisfied.

(3) If the proposed Transfer is a Transfer of direct or indirect ownership interests in you and is a Transfer to financial investors, none of whom will own more than five percent (5%) of all

ownership interests in you and, after the proposed Transfer, at least fifty-one percent (51%) of all ownership interests in you will be held by the owners identified in Appendix C (“Original Owners”), each transferee (and, if any transferee is not a natural person, all persons that have any direct or indirect legal or beneficial ownership interest in that transferee) shall have demonstrated to Ellianos’ satisfaction: **(a)** a management culture compatible with that of Ellianos, as determined by Ellianos; and **(b)** sufficient and appropriate moral character, educational credentials, business and managerial acumen, aptitude, ability, standards and reputation, credit rating, financial resources and capital, all as determined by Ellianos.

(4) For all proposed Transfers of ownership interests in you not covered by Section 10.B.(3), the transferee (and, if any transferee is not a natural person, all persons that have any direct or indirect, legal or beneficial ownership interest in that transferee) shall have demonstrated to Ellianos’ satisfaction: **(a)** extensive experience in high quality foodservice operations of a character and complexity similar to that associated with Ellianos Stores and the System; **(b)** a management culture compatible with that of Ellianos, as determined by Ellianos; **(c)** sufficient and appropriate moral character, educational credentials, business and managerial acumen, aptitude, ability, standards and reputation, credit rating, financial resources and capital, all as determined by Ellianos; and **(d)** such persons designated by Ellianos, attended and successfully completed any training required by Ellianos and paid any fees in connection with such training.

(5) If you propose to Transfer this Agreement, as opposed to ownership interests in you pursuant to Section 10.B.(3) and (4), in addition to the requirements of Section 10.B.(4), the transferee (and its guarantors, as designated by Ellianos) shall, as Ellianos may require, enter into either: **(a)** a written assignment, in form and substance acceptable to Ellianos, under which the transferee assumes and agrees to discharge the obligations that are proposed to be transferred to the transferee, or **(b)** one or more new agreements with Ellianos covering such obligations and using such forms of agreement designated by Ellianos (for example, without limitation, the then-current form of development agreement). Ellianos may disapprove a Transfer subject to this Section 10.B.(5) if the price or cost paid by the transferee in connection with the Transfer is so high, as determined by Ellianos, as to jeopardize the ability of the transferee to remain in full compliance with all financial obligations and other obligations to Ellianos, its affiliates and any third party relating to this Agreement. If you (and/or your Owners or affiliates) finance any part of the sale price, you, your Owners or affiliates must agree that all obligations of the proposed transferee and any security interests reserved by you, your Owners, and/or your affiliates in the assets transferred, will be subordinate to the proposed transferee’s obligations to pay all amounts due to us and our affiliates and to comply otherwise with this Agreement or any other agreements relating to the Development Area that are signed by the proposed transferee.

(6) You, your Owners and all guarantors shall execute a general release and covenant not to sue, in form and substance satisfactory to us, with respect to any and all claims against us and our affiliates.

(7) You, your Owners and all guarantors must sign a non-competition covenant, in form and substance satisfactory to us, in favor of us and the proposed transferee agreeing that, for a period of two (2) years, starting on the effective date of the Transfer, you, your Owners and/or all guarantors will not directly or indirectly, such as through members of their immediate families (including a spouse, parent, sibling, or child, whether natural or adopted), own any legal or beneficial interest in, or render services or give advice to, any Competitive Business as defined in Section 12 within a ten (10) mile radius of any Ellianos Store or within any Development Area.

(8) You and/or your Owners shall sign such other documents and take such other actions as we may require to protect our rights under this Agreement.

C. Transfer Procedures. If we accept a proposed Transfer, prior to the Transfer becoming effective, you or the transferee shall pay us a Transfer Fee for each Franchised Store that remains to be developed under the Development Schedule, plus our costs associated with evaluating the Transfer. If the transferee is a new Ellianos franchisee, the Transfer Fee for each Franchised Store shall be \$5,000 and if the transferee is an existing Ellianos franchisee, the Transfer Fee shall be \$2,000 for each Franchised Store.

D. Effect of Acceptance. Our acceptance of a Transfer does not constitute: (1) a representation as to the fairness of the terms of any agreement or arrangement between you and/or your Owners and the transferee or as to the prospects of the transferee's success in developing Franchised Stores; or (2) a release of you and/or your Owners, a waiver of any claims against you and/or your Owners or a waiver of our right to demand that the transferee comply with the terms of this Agreement. Any acceptance of any Transfer shall apply only to the specific Transfer being proposed and shall not constitute acceptance of, or have any bearing on, any other proposed Transfer. Our acceptance of a Transfer will not create any liability on our part to the proposed transferee if the transferee experiences financial difficulties, and our refusal to accept a proposed Transfer will not create any liability on our part to you and/or the transferee if our refusal is pursuant to this Section. We, without incurring any liability to you, your Owners or the transferee, have the right, in our sole discretion, to communicate with and counsel you (and/or your Owners) and the transferee (and/or its owners) and either party's representatives regarding any proposed Transfer.

E. Permitted Transfers. Notwithstanding the provisions of Section 10.B., we agree that certain Transfers shall be permitted without our prior written acceptance and without payment of a Transfer Fee, provided the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) If you are an entity, a minority percentage of ownership interests in you and after the Transfer, the Continuity Group owns at least sixty-six percent (66%) of your voting securities if you are a corporation; the Continuity Group owns at least sixty-six percent (66%) of the membership interests in you if you are a limited liability company; or the Continuity Group owns at least a sixty-six percent (66%) interest in your operating profits and losses.

(b) Ownership interests in you following the death or permanent disability of any of Owner or the Development Principal, provided that the Transfer is to the parent, sibling, spouse or child of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a "permanent disability" if his personal, active participation in the development of the Franchised Stores is for any reason curtailed for a continuous period of six (6) months.

(2) You provide to us written notice of your intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of Section 10.E(1)(a) or 10.E(1)(b).

(3) At the time of your notice to us, you are not in default of this Agreement or any other agreements between you and Ellianos or our affiliates.

F. Transfers for Convenience of Ownership. If you are an individual or a partnership, our right of first refusal described in Section 10.J. shall not apply to any Transfer of this Agreement to a corporation or limited liability company formed for the convenience of ownership. Our acceptance of

such a Transfer will be conditioned on the following: **(1)** the corporation or limited liability company must be newly organized; **(2)** prior to the Transfer, we must receive a copy of the documents specified in Section 8.B. and the transferee shall comply with the remaining provisions of Section 8; **(3)** you must pay us a transfer fee of \$500; and **(4)** each individual or partner shall have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer.

G. Grant of Security Interest. You shall not grant any security interest in you, any Franchised Store, any Authorized Site or the assets used in the operation or development of the Franchised Stores without our prior written acceptance, which will not be unreasonably withheld. Our acceptance may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

H. Offerings by You. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written acceptance (whether or not our acceptance is required under any other provision of this Agreement), which acceptance shall not be unreasonably withheld. In addition to the requirements of Section 10.B., prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you, at your expense, shall deliver to us a copy of the offering documents and an opinion of your legal counsel. You, at your expense, also shall deliver to us an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our affiliates. Section 16 shall include any losses or expenses incurred by us and/or our affiliates in connection with any statements made by you or on behalf of you in any public offering or private placement of your securities.

I. Changes in Ownership of Voting Securities. If you were a publicly-held entity as of the Effective Date, Section 10.B. shall be applicable to Transfers of ownership interests in you only if the proposed Transfer would result in: **(1)** fifty percent (50%) or more of your voting securities being held by different shareholders than as of the Effective Date; **(2)** any change in ownership of your voting securities whereby any existing shareholder acquires an additional ten percent (10%) or more of your voting securities; or **(3)** any change in the membership of the Continuity Group (unless such change is a permitted Transfer under Section 10.E).

J. Our Right of First Refusal

(1) If any party holding any interest in you or this Agreement desires to undertake a Transfer for legal consideration, you or such Owner must obtain a *bona fide*, signed offer from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer including the price and payment terms. If the offeror proposes to buy any other property or rights (other than rights under this Agreement or any Franchise Agreement) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us. In addition, upon our request, you must also provide to us copies of all materials and information provided to the potential purchaser.

(2) We have the right, exercisable by notice delivered to you within thirty (30) days after our receipt of a complete and accurate copy of such offer (or such later time if we decide to Verify The Transaction as described in Section 10.J.(3)), to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: **(a)** we may substitute cash for any other form of payment proposed in such offer; **(b)** our credit shall be deemed equal to the credit of any proposed purchaser; **(c)** we shall not be obligated to pay any finder's or broker's fees; and **(d)** we will have not less

than ninety (90) days from the date we exercise the right to close on the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the proposed transaction. We may conduct such investigation and analysis in any manner we deem appropriate, and you must cooperate fully with us.

(3) We reserve the right to test the *bona fide*, arms-length price, terms and conditions of the proposed transaction (“Verify the Transaction”) by any means we deem desirable, including, but not limited to, having an appraisal performed on the business, inviting third party purchasers to bid on the business and verifying the financial ability of the proposed purchaser to consummate the transaction. If we Verify the Transaction, we shall have sixty (60) days from the date that we notify you of our intent to Verify the Transaction to do so, and our notice that we have decided to exercise our right of first refusal shall not be due until thirty (30) days after that verification is complete.

(4) If we exercise our right of first refusal, we are entitled to set off any monies owed by you to us and purchase such interest subject to all representations, warranties, closing documents and indemnities as we may require; provided that, if we exercise our right of first refusal as a result of a written offer reflected in a fully-negotiated, definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement.

(5) Our failure to exercise our right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 10 with respect to a proposed Transfer. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our consent to the Transfer as provided in Section 10.B., provided that if the sale to such offeror is not completed within six (6) months after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30)-day period following your notification of the expiration of the six (6) month period or the material change to the terms of the offer.

11. GENERAL RELEASE

You (on behalf of yourself and your parent, subsidiaries and affiliates), all individuals who execute this Agreement and all guarantors of your obligations under this Agreement (collectively, “Releasers”) freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “claims”), which any Releaser now owns or holds or may at any time have owned or held, up to and including the Effective Date including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releaser and us or our parent, subsidiaries or affiliates, the sale of any franchise to any Releaser, the development and operation of the Franchised Stores and the development and operation of all other retail businesses operated by any Releaser that are franchised by us or our parent, subsidiaries or affiliates. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the Effective Date.

12. COVENANTS

A. Best Efforts. You and your Development Principal shall devote reasonable efforts to the development of the Franchised Stores in the Development Area.

B. Confidentiality

(1) You acknowledge and agree that: **(a)** we own all right, title and interest in and to the System; **(b)** the System consists of trade secrets and the confidentiality of the proprietary information and know-how that gives us and our affiliates a competitive advantage; **(c)** we and our affiliates have taken all measures necessary to protect the trade secrets, confidential and proprietary information and know-how comprising the System; **(d)** all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; **(e)** you have no right to disclose any part of the System to anyone who is not an employee of yours; **(f)** you will disclose to your employees only those parts of the System that such employees need to know; **(g)** you will have a system in place to ensure that your employees keep confidential our trade secrets, confidential and proprietary information and know-how, and, if requested by us, you shall obtain from those of your employees designated by us a signed Confidential Disclosure Agreement in the form prescribed by us; **(h)** you will not acquire any interest in the System; and **(i)** your use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) You shall not, during the Development Term or thereafter, communicate or disclose any trade secrets, confidential and proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that we or our affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

C. Restrictions

(1) You acknowledge and agree that: **(a)** you will have access to valuable trade secrets, specialized training and confidential and proprietary information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research and money; **(d)** we would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Ellianos Stores if franchisees and developers were permitted to hold interests in Competitive Businesses; and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not hinder your activities.

(2) You covenant and agree that, during the Development Term and for a continuous period of two (2) years following the expiration, termination or Transfer of this Agreement, you shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation or other entity or in manner whatsoever:

(a) Divert or attempt to divert any actual or potential business or customer of Ellianos Stores to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, develop, operate, engage in, franchise or license, make loans to, have any interest in or render services or give advice to any “Competitive Business.” As used in this Agreement, the term “Competitive Business” means any business in the casual dining market or fast-casual segment of the restaurant industry: (i) that offers as a core menu item any specialty coffee, specialty tea, espresso drink, cappuccino, latte, chai tea, smoothie, or any menu item that constitutes fifteen percent (15%) of sales at Ellianos Stores; or (ii) whose method of operation or trade dress is similar to that employed by the System.

(3) During the Development Term, there is no geographical limitation on these restrictions. Following the expiration of the Development Term or earlier termination of this Agreement, these restrictions shall apply within the Development Area and within ten (10) miles of any then-existing Ellianos Store. These restrictions shall not apply to your existing restaurant or foodservice operations, if any, which are identified in Appendix B, nor shall it apply to other foodservice operations operated by you that are franchised by Ellianos or our affiliates.

(4) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two (2)-year period following expiration of the Development Term or earlier termination of this Agreement, you fail to comply with your obligations under this Section, that period of noncompliance will not be credited toward your satisfaction of the two (2) year obligation.

(5) You further covenant and agree that, for a period of two (2) years following the expiration, termination or Transfer of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer any Authorized Site to any person, firm, partnership, corporation, or other entity which you know, or have reason to know, intends to operate a Competitive Business at that Authorized Site. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in any Authorized Site, shall include restrictive covenants as necessary to ensure that a Competitive Business that would violate Section 12.C.(2) is not operated at that Authorized Site for this two (2)-year period, and you shall ensure that the restrictive covenants in this Section 12 become a matter of public record.

D. Modification. We may, in our sole discretion, reduce the scope of any covenant in this Section 12 effective upon your receipt of written notice, and you agree that you shall comply with any modified covenant, which shall be fully enforceable notwithstanding Section 20.

E. Execution of Covenants by Third Parties. At our request, you shall require and obtain execution of covenants similar to those set forth in this Section 12 (including covenants applicable upon the termination of an individual’s relationship with you) from all guarantors of your obligations. Every covenant required by this Section 12.E. shall be in a form satisfactory to us, including, without limitation, specific identification of Ellianos as a third party beneficiary of such covenants with the independent right to enforce them. Failure by you to obtain execution of any covenant required by this Section 12.E. shall constitute a material breach of this Agreement.

F. Survival. The terms of this Section 12 shall survive the termination, expiration or any Transfer of this Agreement. The parties agree this Section 12 shall be construed as independent of any other provision of this Agreement.

G. Applicability. The covenants and restrictions contained in this Section 12 shall apply to you and all guarantors of your obligations. With respect to your guarantors, these restrictions shall apply for a two (2)-year period after any guarantor ceases to be an officer, stockholder, director, Owner, Development Principal or member of the Continuity Group. The restrictions contained in this Section shall not apply to any ownership interest of less than 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation. The existence of any claim that you or any of your guarantors may have against Ellianos or our affiliates, whether or not arising under this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 12. The preceding sentence, however, does not constitute a waiver of any such claim.

13. DEFAULT AND TERMINATION

A. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement and the rights granted to you by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You fail to comply with the Development Schedule, including any Site Acceptance Date or Opening Deadline.

(2) You fail to have open and operating the minimum number of Franchised Stores required by the Development Schedule.

(3) You begin construction of any Franchised Store before you receive a fully-executed Franchise Agreement for that Authorized Site.

(4) You are insolvent or unable to pay your creditors (including us); you file a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is filed against you a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within sixty (60) days after the filing; you make an assignment for the benefit of creditors; or a receiver or trustee is appointed for you and not dismissed within sixty (60) days after the appointment.

(5) Execution is levied against your business or property; suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Store is instituted against you and is not dismissed within 60 days; or the real or personal property of any Franchised Store is sold after levy thereupon by any sheriff, marshal or constable.

(6) A judgment in excess of twenty-five thousand dollars (\$25,000) against you to remains unsatisfied for a period of more than thirty (30) days (unless a supersedeas or other appeal bond has been filed).

(7) There is a material breach of any covenant or obligation under Section 12.

(8) Any Transfer that requires our prior written acceptance occurs without you having obtained that acceptance.

(9) We discover that you made a material misrepresentation in or omitted a material fact from the information that you provided to us in connection with our decision to enter this Agreement.

(10) You make any material misrepresentation in your dealings with us or fail to disclose any material facts to us.

(11) You, the Development Principal, any member of the Continuity Group, any Owner, officer, director or any guarantor engages in conduct that is deleterious or reflects unfavorably on us, the System, the Marks, Ellianos Stores and/or the goodwill associated therewith, including, without limitation, conduct which exhibits a disregard for the physical and mental well-being of employees, customers, our representatives or the public at large (*e.g.*, battery, assault, sexual harassment, discrimination and other forms of threatening, outrageous or socially unacceptable behavior).

(12) There is a material breach by you of any representation or warranty set forth in Sections 23.G or 24.

(13) Any assets, property or interests of yours or your Owners are blocked under any law, ordinance or regulation relating to terrorist activities, or you or any Owner violate any such law, ordinance or regulation.

(14) You, your Development Principal, any member of the Continuity Group, any guarantor or any Owner: **(a)** remains in default beyond the applicable cure period under any other agreement with Ellianos or our affiliates (provided that, if the default is not by you, we shall provide to you written notice of the default and a thirty (30) day period to cure the default); **(b)** remains in default beyond the applicable cure period under any real estate lease, equipment lease or financing instrument relating to any Franchised Store; **(c)** remains in default beyond the applicable cure period under any contract with any vendor or supplier to any Franchised Store; or **(d)** fails to pay when due any taxes or assessments relating to any Franchised Store or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

(15) Except as specifically provided in Sections 13.B.(1) – (14), you fail or refuse to comply with any provision of this Agreement or any requirement of the System and do not correct that failure or refusal within thirty (30) days (ten (10) days for monetary defaults) after you receive written notice of default. Except for monetary defaults, if the default cannot be corrected within thirty (30) days, you shall have such additional time to correct the default as reasonably required (not to exceed ninety (90) days), provided that you begin taking the actions necessary to correct the default during the thirty (30)-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 13.B(15) for any failure to comply materially with any of the requirements imposed by this Agreement or otherwise in writing, or to carry out the terms of this Agreement in good faith.

(16) You have received two (2) or more notices of default within the previous twelve (12) months, upon your next default in that twelve (12)-month period, we shall be entitled to terminate this Agreement without providing you an opportunity to remedy that default.

B. Actions Other Than Termination. If we have the right to terminate this Agreement under Section 13.B, then we may take any of the following actions:

(1) Reduce the number of Franchised Stores that you are required to develop pursuant to Section 3.A;

(2) Reduce the Development Area;

(3) Withhold evaluation or acceptance of site proposal packages and refuse to permit you to open any Franchised Store that is under construction or not ready to commence operations, pending satisfactory cure of any such default;

(4) Accelerate the Development Schedule; and

(5) Pursue any other remedies available under this Agreement (including termination) or at law or in equity.

C. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 13, this Agreement shall be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

14. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Your Obligations. Upon expiration or earlier termination of this Agreement:

(1) You have no further right to develop or open Franchised Stores in the Development Area, except that you may complete and open a Franchised Store for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect your right to continue to operate Franchised Stores that were open and operating as of the date this Agreement terminated or expired.

(2) You must promptly return to us the Operations Manual, any copies of the Operations Manual and all other materials and information furnished by Ellianos or our affiliates, except materials and information furnished with respect to a Franchised Store that is open and operating pursuant to an effective Franchise Agreement.

(3) You and all persons and entities subject to the covenants contained in Section 12 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(4) You immediately must pay us and our affiliates all sums due and owing pursuant to this Agreement.

(5) We will retain the Development Fee.

(6) Your limited exclusive rights in the Development Area shall immediately terminate, and we may operate or license others to operate stores identified in whole or in part by the Marks anywhere in the Development Area.

B. Evidence of Compliance. You shall furnish to us, within thirty (30) days after the effective date of termination or expiration, evidence (certified to be true, correct and complete by an executive officer) satisfactory to us of your compliance with Section 14.A.

C. Prohibited Conduct. You shall not, except with respect to an Ellianos Store that is then open and operating pursuant to an effective Franchise Agreement: **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with Ellianos or our affiliates or have any right to use the System or the Marks; **(2)** make, use or avail yourself of any of the materials or information furnished or disclosed by Ellianos or our affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(3)** assist anyone not licensed by Ellianos or our affiliates to construct or equip a foodservice outlet substantially similar to an Ellianos Store.

15. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Ellianos or our affiliates. Neither this Agreement nor any course of conduct is intended nor may be construed to state or imply that Ellianos is the employer of your employees and/or independent contractors, nor vice versa. You shall have no right or power to, and shall not, bind or obligate Ellianos or our affiliates in any way or manner, nor represent that you have any right to do so. You shall not issue any press releases without our prior written approval.

B. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Franchised Stores, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Franchised Stores are developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of any Franchised Store violates any law, ordinance or regulation. You are the only party that is in day-to-day control of the development activities under this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that fact.

C. The sole relationship between you and us is a commercial, arms' length business relationship, and, except as provided in Section 16, there are no third party beneficiaries to this Agreement. Your business is, and shall be kept, totally separate and apart from any that may be operated by us. In all public records, in relationships with other persons, and on letterheads and business forms, you shall indicate that you are solely a developer of Ellianos, LLC.

16. INDEMNIFICATION

A. Except as expressly prohibited by state law, you, your Owners and all guarantors of your obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to us) and hold harmless (to the fullest extent permitted by law) us and our affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively, "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with your activities under this Agreement. You promptly shall give us written notice of any

such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against you and, upon request, shall furnish us with copies of any documents from such matters as we may request.

B. At your expense and risk, we may elect to assume (but under no circumstances will we be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this Section 16. Such an undertaking shall, in no manner or form, diminish your obligation to indemnify and hold harmless us and Indemnitees. We shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section 16, the phrase “losses and expenses” shall include, but not be limited to: all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys’ fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to our reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

17. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires our prior approval, consent or acceptance, you shall make a timely written request to us therefor, and any approval, consent or acceptance received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

B. We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent, acceptance or suggestion to you in connection with this Agreement, and assume no liability or obligation to you therefor, or by reason of any neglect, delay, or denial of any request therefor. We shall not, by virtue of any approvals, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.

C. No failure by us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by you with any obligation or condition under this Agreement, and no custom or practice of the parties at variance with any term of this Agreement, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission by us in exercising any power or right arising out of any breach or default by you of any term, provision or covenant of this Agreement affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Development Term. Our subsequent acceptance of any payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding breach by you of any term, covenant or condition of this Agreement.

18. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed: **(A)** if to you, the notice address set forth in Appendix B; and **(B)** if to us, Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, FL 32025 (Attn: Mike Stewart) (Email: mike@ellianos.com). Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first refusal of delivery) and may be: **(1)** delivered

personally; **(2)** transmitted by electronic mail to the email addresses set forth above (or in Appendix B) with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

19. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

20. ENTIRE AGREEMENT

We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Operations Manual, the documents referred to in this Agreement, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning the matters covered in this Agreement, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, the Operations Manual, the documents referred to in this Agreement (including our Franchise Disclosure Document), and the attachments to this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and signed in writing.

21. DISPUTE RESOLUTION

A. Negotiation and Non-Binding Mediation. If any dispute, claim or controversy arises out of this Agreement or the parties' relationship, before beginning any legal action or arbitration proceeding, the parties may attempt to resolve the dispute, claim or controversy through negotiation (as described in this Section 21.A.(1)) or non-binding mediation (as described in Section 21.B.(2)); provided that the parties shall not be required to negotiate or mediate any such dispute, claim or controversy.

(1) Negotiation. The party initiating negotiation of any dispute, claim or controversy shall provide written notice to the other party describing the nature of the dispute, claim or controversy, specifying the relief sought and identifying the persons who are authorized to settle the dispute, claim or controversy. Within ten (10) days after receiving that notice, the other party shall designate in writing the persons who are authorized to settle the dispute, claim or controversy. The designated persons may take all actions necessary to investigate the dispute, claim or controversy;

provided however, within fourteen (14) days after the initial notice identifying the dispute, claim or controversy, those persons shall meet to negotiate a resolution of the dispute, claim or controversy.

(2) **Non-Binding Mediation.** If the parties fail to resolve any dispute, claim or controversy during a negotiation as set forth in Section 21.A.(1) within thirty (30) days after the initial meeting of the persons designated by the parties, either party may notify the other party of its intent to commence non-binding mediation. Within fourteen (14) days after a request for mediation, the parties shall select a mediator who is certified by the Florida Supreme Court and experienced in the mediation of food service business disputes. Any mediation shall take place in the city where we have our principal offices. The parties will share the costs of mediation equally, exclusive of their respective attorneys' fees.

B. Arbitration

(1) Except as provided in Section 21.C., any claim, controversy or dispute arising out of or relating to this Agreement or with respect to a breach of the terms of this Agreement and any other claim, controversy or dispute between the parties shall be submitted to final and binding arbitration before the American Arbitration Association ("AAA") as the sole and exclusive remedy.

(2) The arbitration will be governed by the AAA commercial arbitration rules in effect on the date the demand for arbitration is filed and shall be conducted before one neutral arbitrator with franchise experience selected in accordance with the AAA commercial arbitration rules from the AAA's national or regional arbitrator lists. Any demand for arbitration shall specify the amount of damages sought.

(3) The arbitration shall be administered by the AAA office nearest to Ellianos' principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which Ellianos' principal offices are located at that time.

(4) All other costs and expenses in connection with the arbitration shall be borne initially by the party who incurs such expense or who requests a service (such as, without limitation, a transcript of a deposition or of the arbitration proceeding). At the conclusion of the arbitration proceeding, all costs and expenses (including, without limitation, attorneys' and accountants' fees) of the prevailing party shall be reimbursed by the party that does not prevail. If a party prevails on some but not all issues, the arbitrator shall determine the manner in which such costs will be borne.

(5) The arbitrator shall have no authority to amend or modify the provisions of this Agreement. The award and decision of the arbitrator shall be conclusive and binding upon all parties thereto and judgment upon the award may be entered in any court of competent jurisdiction, and Ellianos and you waive any right to contest the validity or enforceability of the award. Ellianos and you will obtain the agreement of the arbitrator that: (a) the arbitrator shall provide a written ruling, stating in separate sections the findings of fact and conclusions of law on which the ruling is based; and (b) the ruling is due not later than sixty (60) days after the final hearing.

C. Claims Not Subject to Arbitration. Notwithstanding anything to the contrary contained in Section 21.B., either party shall be entitled to file suit in a court of competent jurisdiction for the entry of temporary or preliminary injunctive relief, restraining orders and orders of specific performance, including, without limitation, injunctive relief pertaining to your use of the System and the Marks. You shall file any suit against us for claims not subject to arbitration only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file any suit against you for claims not subject to arbitration in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business

or where the Development Area or any Franchised Store is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

D. Choice of Law. This Agreement and any dispute, claim or controversy arising out of, or relating to, the rights and obligations of the parties under this Agreement and any other dispute, claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

E. Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

F. Reimbursement of Costs and Expenses. If we prevail in any non-binding mediation, arbitration proceeding or legal action, we shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us. The amount of these costs and expenses will be determined by the mediator, arbitrator or judge.

G. Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

H. Waiver of Punitive Damages and Jury Trial. To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.

22. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which you and we are a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 16, nothing is this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you

and Ellianos and its affiliates and such of their respective heirs, successors, representatives and assigns any rights or remedies under or by reason of this Agreement.

C. Modification to Scope of Covenants by Law. You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any provision of this Agreement any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

23. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

D. References. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, owners, directors and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

E. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

F. Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, notwithstanding the agreement of the parties to arbitrate claims pursuant to Section 21.B., in the event of a breach or threatened breach of any term of this Agreement by you, we shall be entitled to injunctive relief (both preliminary and permanent) in a court of competent jurisdiction restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that we otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

G. Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are prohibited from

engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: **(1)** do not, and hereafter shall not, engage in any terrorist activity; **(2)** are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and **(3)** are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating or supporting terrorist activity, or to otherwise support or further any terrorist activity.

24. REPRESENTATIONS

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Legal and Business Rights and Risks. This Agreement involves significant legal and business rights and risks. We do not guarantee your success. You have read this Agreement in its entirety, conducted an independent investigation of the business contemplated by this Agreement, have been thoroughly advised with regard to the terms and conditions of this Agreement by legal counsel or other advisors of your choosing, recognize that the nature of the business conducted by Ellianos Stores may change over time, have had ample opportunity to investigate all representations made by or on our behalf and have had ample opportunity to consult with our current and former developers and franchisees. The prospect for success of the business undertaken by you is speculative and depends to a material extent upon your personal commitment, capability and direct involvement in the day-to-day management of the business.

B. No Representation of Your Success. We make no express or implied warranties or representations that you will achieve any degree of success in the development or operation of the Franchised Stores. Your success in the development and operation of the Franchised Stores depends ultimately on your efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, your financial condition and competition.

C. Acceptance of Sites. Our acceptance of one or more sites or our refusal to accept other sites is not a representation that any Authorized Location will achieve a certain sales volume or a certain level of profitability, or that any Authorized Location will have a higher sales volume or be more profitable than a site that we did not accept. Our acceptance merely means that the minimum criteria which we have established for identifying sites for proposed Ellianos Stores have been met. Because real estate development is an art and not a precise science, you agree that our acceptance, or refusal to accept a proposed site, whether or not a site application is completed and/or submitted to us, shall not impose any liability or obligation on us. The decision to accept or reject a particular site is yours, subject to our acceptance of the site. Preliminary acceptance of a proposed site by any representative of Ellianos is not conclusive or binding, because that recommendation may be rejected by Ellianos.

D. Evaluation of any Authorized Location. We assume no liability or responsibility for **(1)** evaluation of any Authorized Location's soil for hazardous substances; **(2)** inspection of any structure on any Authorized Location for asbestos or other toxic or hazardous materials; **(3)** compliance with the ADA; or **(4)** compliance with any other law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that any Authorized Location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of ADA.

E. Our Agreements with Third Parties. We have entered, and will continue to enter, into agreements with other developers and franchisees for Ellianos Stores. Those agreements may contain provisions, conditions and obligations that differ from your obligations in this Agreement. The existence of different forms of agreements and the fact that we and other developers and franchisees may have different rights and obligations do not affect the duties of the parties to this Agreement. In addition, the manner in which we enforce our rights and the developers' or franchisees' obligations under any of those other agreements shall not affect our ability to enforce our rights or your obligations under this Agreement.

F. Refundability of Development Fee. The Development Fee is not refundable for any reason.

G. Your Franchise Application. All information that you provided to us in connection with your franchise application and our grant to you of the opportunity to develop Ellianos Stores is truthful, complete and accurate.

H. Signatories to this Agreement. The persons signing this Agreement on your behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties, including the Franchise Agreements. You must deliver to us a written certification issued by an executive officer verifying the authority of those persons signing this Agreement on your behalf. Your execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, the terms of any other agreement with any other third party to which you or any Owner is a party.

I. Acknowledgement of Receipt of Disclosure Document. You acknowledge receipt of the Ellianos Coffee Company Franchise Disclosure Document within the time period required by applicable law before execution of this Agreement or payment of any monies to us.

J. Review of Franchise Materials. You acknowledge that you have read and understand this Agreement and the attachments hereto, and the Ellianos Coffee Company Franchise Disclosure Document and the attachments thereto, and that you have independently evaluated the franchise. You acknowledge that the terms and covenants of this Agreement are reasonably necessary for us to maintain our high standards of quality and service, to ensure the uniformity of those standards at each Ellianos Store and to protect and preserve the goodwill of the Marks. You acknowledge that we have offered you opportunities to ask any questions and to review any materials of interest to you concerning the franchise.

K. Financial Performance. Except as set forth in Item 19 of the Ellianos Coffee Company Franchise Disclosure Document, you have not received from Ellianos or our affiliates, or anyone acting on our behalf, any representation of your potential sales, expenses, income, profit or loss.

L. No Representations Other Than Disclosure. You have not received from Ellianos or our affiliates, or anyone acting on our behalf, any representations other than those contained in the Franchise Disclosure Document as inducements to enter this Agreement.

M. No Actual or Apparent Authority. Even though this Agreement contains provisions requiring you to develop the Franchised Stores in compliance with the System: **(1)** we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; and **(2)** you and we do not intend for Ellianos or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System whether or not in accordance with the requirements of the Operations Manual.

N. **Limited Exclusivity.** You understand that there are certain limitations to your exclusive rights in the Development Area during the Development Term and that, following termination or expiration of the Development Term, we may develop and operate, and license others to develop and operate stores identified in whole or in part by the Marks at any location in the Development Area.

O. **Waiver of Right to Jury Trial.** In the event of a dispute between us and you, the parties have waived their right to a jury trial.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the day and year first above written.

ELLIANOS, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

DEVELOPER:

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Ellianos Coffee Company Development Agreement dated as of _____ (“Agreement”) by Ellianos, LLC (“Ellianos”), entered into with _____ (“Developer”), the undersigned (“Guarantors”), each of whom is an officer, director, member of Developer’s Continuity Group or a direct or indirect holder of a legal or beneficial interest in Developer of ten percent (10%) or more (“Owner”), hereby personally and unconditionally: **(1)** guarantee to Ellianos and its successors and assigns, for the Development Term and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; **(2)** agree personally to be bound by the provisions of Sections 12 and 16 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 12 of the Agreement.

Each Guarantor waives: **(a)** acceptance and notice of acceptance by Ellianos of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Developer or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation that any Guarantor may have against Developer arising as a result of the execution of and performance under this Guaranty by each Guarantor; **(f)** any law or statute that requires Ellianos make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against Guarantor with respect to this Guaranty; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guaranty decided by a jury.

Each Guarantor consents and agrees that: **(i)** his direct and immediate liability under this Guaranty shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Ellianos of any remedies against Developer or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Ellianos may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Development Term and for so long thereafter as there are monies or obligations owing from Developer to Ellianos or its affiliates under the Agreement; and **(v)** monies received from any source by Ellianos for application toward payment of the obligations under the Agreement and under this Guaranty may be applied in any manner or order deemed appropriate by Ellianos. In addition, if any Guarantor ceases to be a member of the Continuity Group, an Owner, an officer or a director of Developer or to own any interest in Developer prior to termination or expiration of the Agreement, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless Ellianos in its sole discretion, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 12.C. shall remain in force and effect for a period of two (2) years after any such release by Ellianos. A release by Ellianos of any of Guarantor shall not affect the obligations of any other Guarantor.

If Ellianos brings an action to enforce this Guaranty, and Ellianos prevails in that action, Ellianos shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable

accountants', attorneys', attorneys' assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Ellianos utilizes legal counsel (including in-house counsel employed by Ellianos or its affiliates) in connection with any failure by any Guarantor to comply with this Guaranty, Guarantor shall reimburse Ellianos for any of the above-listed costs and expenses incurred by it.

This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Ellianos' interests in and rights under this Guaranty are freely assignable, in whole or in part, by Ellianos. Any assignment shall not release any Guarantor from this Guaranty.

Section 21 of the Agreement is incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature.

GUARANTORS:

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

APPENDIX A DEVELOPMENT AREA

The Development Area shall be:

The Development Area may also be depicted on a map and, if so, that map will be attached to this Appendix A. Your rights in the Development Area are subject to the limitations described in Section 2 of the Area Development Agreement.

Any political boundaries contained in the description of the Development Area shall be considered fixed as of the date of the Area Development Agreement and shall not change notwithstanding any change in those boundaries.

Unless given written permission by us, all street boundaries shall only be deemed to only include the side of the street within your Development Area.

A signed franchise agreement on a neighboring development agreement may have the right to develop an Ellianos Store that may have a protected area radius, which may extend into to your territory, restricting your right to develop a location within that protected area.

MAP OF DEVELOPMENT AREA

**APPENDIX B
DEVELOPMENT INFORMATION**

1. **Type of Franchised Store to be Developed (Section 2.A).** You are granted the right to develop the following type(s) of Ellianos Stores:

Type of Franchised Store	Number of This Type of Franchised Store You Agree to Develop
Traditional Ellianos Store	
Non-Traditional Ellianos Store (Gas Station)	
Non-Traditional Ellianos Store (other than in a Gas Station)	

2. **Development Schedule (Section 3.A) and Development Fee (Section 4).** You must develop and continue to operate a minimum of _____ Traditional Franchised Stores in the Development Area, in accordance with the following schedule, and pay the following fees:

Store Number	Site Acceptance Date	Opening Deadline	Cumulative Number of Franchised Stores To Be Open And Operating On The Opening Deadline	Total Fees (Development Fee and Initial Franchise Fee)	Development Fee Due on Signing of Development Agreement	Balance of Initial Franchise Fee Due on Signing of Franchise Agreement

3. **Interests in Other Foodservice Operations (Section 12.C).** _____

4. **Your Notice Address, and Email Address (Section 18).**

**APPENDIX C -- OWNERSHIP INTERESTS
CORPORATION**

If you are a corporation, the number of authorized shares in you that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY

If you are a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

PARTNERSHIP

If you are a partnership, the name, address and partnership interest of each partner, whether general or limited, is as follows:

Name	Address	Partnership Interest

CONTINUITY GROUP AND DEVELOPMENT PRINCIPAL

Your Continuity Group is composed of the following persons: _____

Your Development Principal is: _____

EXHIBIT D
FRANCHISE AGREEMENT



ELLIANOS COFFEE COMPANY FRANCHISE AGREEMENT

BETWEEN

ELLIANOS, LLC

AND

[Name of Franchisee]

**ELLIANOS COFFEE COMPANY FRANCHISE AGREEMENT
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GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

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RIDER 1 – FRANCHISE AGREEMENT EXPIRATION DATE

ELLIANOS COFFEE COMPANY FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made as of _____ (“Effective Date”) by and between Ellianos, LLC (“Ellianos”, “we” or “us”), a Florida limited liability company, and _____ (“you”), a(n) _____ organized in _____.

RECITALS

As the result of the expenditure of time, skill, effort and money, Ellianos has developed and owns a unique and distinctive system (“System”) relating to the development, establishment and operation of retail outlets that sell ready-to-drink coffee, espresso drinks, cappuccinos, lattes, chai teas, smoothies, food items, pastries and other related menu items under the name Ellianos® Coffee Company (“Ellianos Stores”).

The distinguishing characteristics of the System include, without limitation: special business operations methods; merchandising; marketing; specially designed facilities; interior and exterior layout and trade dress; standards and specifications for fixtures and equipment; methods for maintaining books and records; inventory control systems; training; and management. We may change, improve and further develop the System and its components from time to time.

We identify the System by the “Ellianos®” name and mark and certain other names, marks, logos, insignia, slogans, emblems, symbols, designs and indicia of origin (collectively, “Marks”) that we have designated, or may in the future designate, for use with the System. We may modify the Marks used to identify the System, including the principal Marks from time to time.

We continue to develop and use (and control the use of) the Marks in order to identify to 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.

You would like the opportunity, subject to the terms and conditions of this Agreement, to obtain a license to use the System in connection with the operation of a franchised Ellianos Store (“Franchised Store”) at the location specified in attached Appendix A or a location approved by us in accordance with the terms of this Agreement (“Franchised Location”) and to receive training and other assistance provided by us in connection with your development and operation of the Franchised Store.

You understand and acknowledge the importance of our high and uniform standards of quality, operations and service and the necessity of developing and operating the Franchised Store in strict conformity with this Agreement and our standards and specifications as set forth in our confidential and proprietary operations manual (“Operations Manual”), marketing manual (“Marketing Manual”), and other manuals (“Manual”).

We are willing to grant to you a license to operate the Franchised Store at the Franchised Location, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of our grant to you of the right to operate a Franchised Store at the Franchised Location during the Initial Term, as well as the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF RIGHTS

A. Grant

(1) Subject to the terms and conditions of this Agreement, we hereby grant to you the right (“Franchise”) to operate continuously the Franchised Store at the Franchised Location and to use the Marks and the System in the operation of the Franchised Store. If we have not approved a site for the Franchised Store as of the Effective Date, Section 3 will govern your selection of a site for the Franchised Store.

(2) You may not operate the Franchised Store at any location other than the Franchised Location and may not relocate the Franchised Store without our prior written consent, which we may withhold in our sole discretion. As conditions for our consent to a relocation request, we may require that, among other things: (a) you construct and equip an Ellianos Store at the new location in accordance with our then-current System; (b) the Ellianos Store at the new location is open to the public for business within six (6) months after the date that we approve the new location; (c) you pay a relocation fee in the amount of two thousand five hundred dollars (\$2,500); and (d) you pay a minimum royalty of \$150 per Reporting Period to us for the time the Franchised Store is not in operation. Our approval of new location is not a guarantee or assurance by us that an Ellianos Store at the new location will be profitable or successful. We will not extend the Initial Term if you relocate the Franchised Store.

(3) You agree, at all times, to faithfully, honestly and diligently perform your obligations under this Agreement, that you will continuously exert your reasonable efforts to promote and enhance the business of the Franchised Store and that you will not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of other Ellianos Stores or other stores that are franchised by Ellianos.

B. Protected Area. Provided you are in compliance with this Agreement, during the Initial Term, we will not operate, or license others to operate, Ellianos Stores within the geographic area set forth in Appendix A (“Protected Area”). We reserve all rights to use the System and the Marks other than those expressly granted to you under this Agreement. These restrictions contained in this Section 1.B. do not apply to Ellianos Stores in operation, under construction or otherwise under contract (and their respective limited protected areas) or any development areas previously granted to existing developers in the Protected Area as of the Effective Date of this Agreement.

C. Limited Exclusivity. Nothing in this Agreement shall prohibit us and/or our affiliates from: (1) operating and/or licensing others to operate stores or retail businesses identified in whole or in part by the Marks and/or utilizing the System in the Protected Area that are located in gas stations or convenience stores; (2) operating and/or licensing others to operate stores or retail businesses identified in whole or in part by the Marks and/or utilizing the System in the Protected Area that are located in transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, fairs, zoos, and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you; (3) awarding national or regional licenses

to third parties to sell products under some or all of the Marks in foodservice facilities primarily identified by the third party's trademark; (4) selling, merchandising and/or distributing products identified by some or all of the Marks or any other name or mark through any method or channel of distribution (including the Internet, whole sale, mail order, and data logs); (5) selling and/or distributing products identified by some or all of the Marks to stores or retail businesses in the Protected Area, provided those stores or retail businesses are not licensed to use the Marks in connection with retail sales; (6) operating and/or licensing others to operate stores or retail businesses identified in whole or in part by the Marks at any location outside of the Protected Area; (7) operating and/or licensing others to operate after this Agreement terminates or expires, stores or retail businesses identified in whole or in part by the Marks at any location, including locations inside the Protected Area; (8) operating, and/or licensing others to operate, at any location, including locations inside the Protected Area, during or after the Initial Term, any type of store or retail business other than a Store identified in whole or in part by the Marks; (9) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (10) purchasing, being purchased by, merging with or combining with, businesses that directly or indirectly compete with Ellianos Stores.

D. No Customer/Media Exclusivity. You expressly acknowledge that Ellianos Stores may solicit and sell products to customers without regard to the customer's geographic location. You further acknowledge and agree that the media in which any Ellianos Store advertises may be distributed or otherwise enter the Protected Area.

E. Online Sales. You may not solicit and/or receive any order ("Online Sales") over the Internet or any other computer network. We reserve the right to maintain a website (currently, www.ellianos.com) or other computer network to conduct Online Sales. If we receive any orders from the website, we may, but are not obligated to, direct those orders to any Ellianos Store, including your Franchised Store. If we develop an app or similar service for the System, you must use that app or service in accordance with our written requirements.

2. TERM

A. Initial Term

(1) The initial term ("Initial Term") of this Agreement and the Franchise shall begin on the Effective Date and shall expire at midnight on the day preceding the 10th anniversary of the date the Franchised Store first opened for business, unless this Agreement is terminated at an earlier date pursuant to Section 21. We shall complete and forward to you a notice, in a form substantially similar to attached Rider 1, to memorialize the date the Franchised Store first opened for business. Except as described in Section 2.A.(2), you acknowledge that you do not have the unilateral right to cease operating the Franchised Store prior to the expiration of the Initial Term.

(2) During the Initial Term, if you, through no act or failure to act on your part (except the failure to extend the lease for the Franchised Location through the Initial Term), lose the right to possession of the Franchised Location, the Initial Term shall expire as of the date of the loss of the right to possession. However, if the right to possession is lost through no act or failure to act on your part, you may relocate the Franchised Store (without paying any additional initial franchise fee or transfer fee) at your expense, and the Initial Term shall not expire if you comply with the conditions on relocation set forth in Section 1.A.(2).

B. Renewal Term. Upon the expiration of the Initial Term, if you meet certain conditions, you will have the option to request the right to remain a franchisee at the Franchised Location for two (2) renewal terms of five (5) years each (each, "Renewal Term"). The conditions for the first Renewal Term

are set forth in this Agreement and all references in this Agreement to the Renewal Term shall mean the first Renewal Term. The conditions for the second Renewal Term will be set forth in the Renewal Franchise Agreement.

You must give us written notice of your election to renew for the Renewal Term (“Renewal Notice”) not less than eight (8) months nor more than twelve (12) months prior to the expiration of the Initial Term. Your failure to provide us the required notice in a timely manner constitutes a waiver by you of your option to remain a franchisee beyond the expiration of the Initial Term. In addition to timely providing the Renewal Notice, you must comply with all of the following conditions prior to and at the end of the Initial Term:

(1) You must make the capital expenditures required to renovate and modernize the Franchised Store to conform to the interior and exterior designs, décor, color schemes, furnishings and equipment and presentation of the Marks consistent with the image of the System for new Ellianos Stores at the time you provide us the Renewal Notice, including such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so.

(2) You must not be in default under this Agreement, any other agreements with Ellianos or our affiliates, any real estate lease, equipment lease or financing instrument relating to the Franchised Store, or any agreement with any vendor or supplier to the Franchised Store and, for the twelve (12) months prior to the Renewal Notice Date, you must not have been in default beyond the applicable cure period under this Agreement or any other agreements with Ellianos or our affiliates.

(3) You shall present satisfactory evidence to us that you have the right to remain in possession of the Franchised Location, or other premises acceptable to us, for the Renewal Term and that all monetary obligations owed to your landlord, if any, are current.

(4) You, all individuals who signed this Agreement, and all guarantors of your obligations shall have executed a general release and a covenant not to sue, in a form satisfactory to us, with respect to any and all claims against us and our affiliates and our respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and us or our affiliates, and your operation of the Franchised Store and other Ellianos Stores operated by you.

(5) You and your employees at the Franchised Store must comply with our then-current training requirements.

(6) As determined by us in our sole discretion, you have operated the Franchised Store and any other franchised Ellianos Stores in accordance with the applicable franchise agreements and with the System (as set forth in the Manual or otherwise and as revised from time to time by us) and have operated each of your other stores that are franchised by us or our affiliates in accordance with the applicable franchise agreement.

Within ninety (90) days after our receipt of your Renewal Notice, we will advise you whether or not you are entitled to remain a franchisee for the Renewal Term. If we intend to permit you to remain a franchisee for the Renewal Term, our notice will contain preliminary information regarding actions you must take to satisfy our remodeling and training requirements. If we do not intend to permit you to remain a franchisee for the Renewal Term, our notice will specify the reasons for rejecting your request, and we will have the right to extend unilaterally the Initial Term as necessary to comply with any applicable laws.

If you will remain a franchisee for the Renewal Term, we will forward to you a Renewal Agreement. The form of Renewal Agreement will be the form of franchise agreement then in general use by us for Ellianos Stores (modified as necessary to reflect the fact that it is a Renewal Agreement) or, if we are not then granting franchises for Ellianos Stores, that form of agreement as specified by us. The form of Renewal Agreement will likely differ from this Agreement, including, but not limited to, provisions relating to the royalty fees and advertising obligations. You also must sign and return the Renewal Agreement at least one (1) month before the expiration of the Initial Term. Your failure to sign and timely return to us the Renewal Agreement will be deemed an election by you not to exercise your right to remain a franchisee for the Renewal Term and will result in the expiration of this Agreement and the Franchise granted by this Agreement at the end of the Initial Term. You must pay to us a renewal fee of Two Thousand Five Hundred Dollars (\$2,500), due at the time you execute the Renewal Agreement. Provided you have timely complied with all of the conditions set forth in this Section 2.B., we will sign the Renewal Agreement and return a fully-signed original to you.

3. DEVELOPMENT PROCEDURES

If you are developing the Franchised Store pursuant to an Ellianos Coffee Company Development Agreement or we have approved the site for the Franchised Store as of the Effective Date, the provisions of this Section 3 shall not apply.

A. Your Responsibility. You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Store and for constructing, equipping and operating the Franchised Store in accordance with our standards. You should not make any binding commitment to acquire any interest in any site until we have accepted the site in writing.

B. Site Selection. You must select a site from within a general area to which Ellianos and you have mutually agreed in writing. You must select a site and obtain our approval of such site no later than the date specified in Appendix A (“Site Acceptance Deadline”). You may request in writing an extension of the Site Acceptance Deadline, which we shall have sole discretion to grant or deny. Extending the Site Acceptance Date will automatically extend the Opening Deadline, described in Section 4(C)(4). Simultaneously with your submission of such request, you must pay us an extension fee in the amount we specify, which is currently one thousand dollars (\$1,000) for each 6 month extension. If we have not approved a site by the Site Acceptance Deadline, we, at our option, may terminate this Agreement pursuant to Section 21.

C. Assistance from Ellianos. We may provide the following site selection assistance to you: (1) our site selection guidelines and, as you may request, a reasonable amount of consultation with respect thereto; and (2) such on-site evaluation as we may deem advisable as part of our evaluation of your request for acceptance of a site. We may change our site selection guidelines from time to time, which may include demographic characteristics, traffic count and patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including stores operated or franchised by Ellianos or our affiliates), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics and a site plan of the premises.

D. Site Application. You must submit a site application to us that contains the information we require for each proposed site that you believe conforms to our site selection guidelines (“Site Application”). Each Site Application shall include, among other things, financial pro formas, a description of the proposed site, a market feasibility study for the proposed site, a letter of intent (or other written confirmation demonstrating your ability to acquire the proposed site) and a summary of how the site meets our site selection guidelines.

E. Business Plan. If we request, you shall submit along the Site Application a three-year business plan (“Business Plan”) outlining the actions that you will take to ensure that your operation and management of the Franchised Store are in compliance with our standards. During the Initial Term, you must revise the Business Plan as required by us and implement the Business Plan as approved by us.

F. Site Acceptance

(1) Within thirty (30) days after our receipt of the completed Site Application (which shall include the Business Plan and all information and materials relating to a proposed site that we reasonably request), we will advise you in writing whether we have accepted or refused to accept the proposed site. If we do not respond within that time period, we will be deemed to have refused to accept the proposed site. Our acceptance or refusal to accept a proposed site may be subject to reasonable conditions as determined by us in our sole discretion.

(2) You agree that our acceptance of a site for the Franchised Store and any information communicated to you regarding our site selection guidelines for Ellianos Stores does not constitute a warranty or representation of any kind, express or implied, as to the suitability of any site for an Ellianos Store or for any other purpose. Our acceptance of a site is not a representation or a promise by us that an Ellianos Store at the site will achieve a certain sales volume or a certain level of profitability. Similarly, our acceptance of one or more sites and our refusal to accept other sites is not a representation or a promise that the site will have a higher sales volume or be more profitable than a site that we did not accept.

(3) You agree that your decision to develop and operate the Franchised Store at a proposed site is based solely on your own independent investigation of the suitability of that site for an Ellianos Store. We assume no liability or responsibility for: (a) evaluation of the soil of any site for hazardous substances; (b) inspection of any structure at any site for asbestos or other toxic or hazardous materials; (c) compliance with the Americans with Disabilities Act (“ADA”); or (d) compliance with any other applicable law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the proposed site (and any structures thereon) is free from environmental contamination and in compliance with the requirements of the ADA (and any other applicable laws).

(4) **You are solely responsible for selection of the site even if we or our delegates are involved any way with the process because we do not require or suggest that you select one site over another site. Our acceptance of one or more sites or our refusal to accept other sites is not a representation that any site will achieve a certain sales volume or a certain level of profitability, or that a site we accept will have a higher sales volume or be more profitable than a site which we did not accept. Our acceptance merely means that the site meets our minimum site selection guidelines. Because real estate development is an art and not a precise science, you agree that our acceptance, or our refusal to accept a proposed site, whether or not a site application is completed and/or submitted to us, shall not impose any liability or obligation on us. The decision to accept or reject a particular site is yours, subject to our acceptance. Preliminary acceptance of a proposed site by any of our representatives is not conclusive or binding, because his or her recommendation may be rejected by us.**

G. Purchase or Lease of the Authorized Site

(1) Within sixty (60) days after we accept a proposed site for the Franchised Store (“Authorized Site”), you must submit to us a copy of the proposed sublease, lease or purchase contract for the Authorized Site. We have the right to approve and modify the terms of any lease, sublease or purchase contract for the Authorized Site. Such lease or sublease (“lease”) or purchase contract shall not contain any

covenants or other obligations that would prevent you from performing your obligations under this Agreement.

(2) Unless waived in writing by us, any lease, letter of intent or lease memorandum must contain provisions that satisfy the following requirements during the entire term of the lease, including any renewal term:

(a) The initial term (or the initial term together with the renewal terms) shall be at least twenty (20) years.

(b) The leased premises shall be used only for the operation of an Ellianos Store.

(c) The landlord must consent to your use of the proprietary signs, distinctive exterior and interior designs and layouts, and the Marks prescribed by us. Upon expiration or earlier termination of the lease, the landlord also must consent to your removal (at your expense) of all such items and other trade fixtures, so long as you make repairs to the building caused by such removal.

(d) The landlord must provide us (at the same time sent to you) a copy of all amendments and assignments and notices of default or termination pertaining to the lease and the leased premises.

(e) We have the right to enter the leased premises to make any modifications or alterations necessary to protect the System and the Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort, and to charge you for these costs.

(f) The landlord agrees that you are solely responsible for all obligations, debts and payments under the lease.

(g) The landlord agrees that, following the expiration or earlier termination of this Agreement, you shall have the right to make those alterations and modifications to the leased premises as may be necessary to clearly distinguish to the public the premises from an Ellianos Store and also make those specific additional changes as we reasonably may request for that purpose. The landlord also agrees that, if you fail to promptly make these alterations and modifications, we shall have the right to do so without being guilty of trespass or other tort so long as we make repairs to the building caused by such alterations or modifications.

(h) You may not assign, sublease or otherwise transfer any interest in the lease or your occupancy rights to any third party or extend or renew the lease without our prior written consent. You may assign the lease to us or our designee with the landlord's consent (which consent shall not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(i) The landlord agrees to consent to your collateral assignment of the lease to us or our designee, granting us the option, but not the obligation, to assume the lease from the date we take possession of the leased premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the landlord.

(j) The landlord agrees not to amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent, which consent shall not be unreasonably withheld.

(3) Appendix B is a form addendum to the lease that includes the provisions referenced in Section 3.G.(2). You may not sign a lease, sublease or purchase contract or any modification thereof without our acceptance. Our acceptance of the lease, sublease or purchase contract or modification thereof does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms, and we do not assume any liability or responsibility to you or any third parties due to such acceptance. Within ten (10) days after the execution of any lease, sublease or purchase contract, you must provide a fully signed copy to us. You may not begin construction of a Franchised Store until you deliver a copy of the fully signed lease, sublease or purchase contract to us.

4. CONSTRUCTION OF THE FRANCHISED STORE

A. Development Training. You and any employees we designate must complete, to our satisfaction, any development training required by us. We also may require that you, your managers and/or any employees (which may be designated by us) attend optional development training as offered by us from time to time, subject to payment of a tuition fee as established by us from time to time. You must pay all travel, living and other expenses that you and your employees incur while attending development training and optional development training.

B. Construction Plans

(1) You shall order and obtain, from our approved provider of architectural and engineering services and at your own expense, plans for the construction of an Ellianos Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront, drive-thru, and color schemes, as well as surveys, site and foundation plans adapted to suit the shape and dimensions of the Authorized Site. You may not modify or deviate from those plans and specifications without our prior consent. You must ensure that those plans and specifications comply with all state laws, regulations or ordinances and lease restrictions.

(2) Within six (6) months after we accept a proposed site, you must submit to us, and obtain our acceptance of, the final and complete plans and specifications for the construction (or renovation) and decoration of the Franchised Store ("Construction Plans"). The Construction Plans shall include, among other things, floor plans, equipment layouts, décor, and interior and exterior elevations. We will notify you whether we accept or refuse to accept the Construction Plans within thirty (30) days after we receive them. Our consent will not be unreasonably withheld. If we accept the Construction Plans, thereafter, you cannot make any substantial change to the Construction Plans without our prior written consent.

C. Commencement and Completion of Construction

(1) You shall not begin site preparation or construction at the Franchised Location until: (a) we have accepted the Construction Plans; (b) you have provided to us a copy of the fully-executed lease or, if you own the Franchised Location, proof of that ownership interest; (c) you have obtained all permits, licenses and certifications necessary to commence construction; and (d) you have obtained the insurance coverage required by Section 15. All construction must be completed in accordance with the Construction Plans approved by us and must comply in all respects with applicable laws, ordinances, and local rules.

(2) Once construction has commenced, it shall continue uninterrupted until all work is completed (except for reason of events constituting Force Majeure). During the course of construction, if you modify the Construction Plans, you must obtain our prior written consent to such modification.

(3) In connection with the construction or renovation, you must use general contractors, engineers and architects duly licensed by the jurisdiction in which the Franchised Store will be located. We, in our sole discretion, have the right to approve or disapprove your general contractors, engineers and architects.

(4) You must complete construction or renovation and furnish, equip and open the Franchised Store no later than the date specified in Appendix A ("Opening Deadline"). We may, in our sole discretion, accept a later Opening Deadline to address unforeseen construction delays, not within your control, provided that we will charge you a fee for any extension of the Opening Deadline. You may request in writing an extension of the Opening Deadline, which we shall have sole discretion to grant or deny. Extending the Site Acceptance Date will automatically extend the Opening Deadline. Simultaneously with your submission of such request, you must pay us an extension fee in the amount we specify, which is currently one thousand dollars (\$1,000) for each 6 month extension.

(5) If you fail to comply with the Construction Plans approved by us, we may delay the opening of the Franchised Store until you, at your sole expense, bring the Franchised Store into full compliance with the Construction Plans. Upon our request, you must provide copies of "as built" plans to us.

D. Acquisition of Necessary Furnishings, Fixtures, Equipment and Signage

(1) You agree to use in the development and operation of the Franchised Store only the fixtures, furnishings, equipment, and signage that we have approved for Ellianos Stores as meeting our specifications and standards for quality, design, appearance, function and performance. You further agree to place or display at the Franchised Store (interior and exterior) only those signs, emblems, lettering, logos and display materials that we approve in writing from time to time.

(2) You shall purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we designate or approve, which may include Ellianos. If you propose to purchase, lease or otherwise use any fixtures, furnishings, equipment or signs which we have not approved, you must notify us in writing and shall, at your sole expense, submit to us upon our request sufficient specifications, photographs, drawings and/or other information or samples for a determination as to whether those fixtures, furnishings, equipment and/or signs comply with our specifications and standards. We will, in our sole discretion, approve or disapprove the items and notify you within 30 days after we receive your request.

E. Inspection, Cooperation, Reports. During the course of construction and/or renovation of the Franchised Store, you shall (and shall cause your architect, engineer, contractors, and subcontractors to) cooperate fully with and grant access to us and our designees for the purpose of permitting us and our designees to inspect the Franchised Location and the course of construction to determine whether construction is proceeding in accordance with the Construction Plans. Upon our request, you shall submit to us, on or before the first day of each month (or more frequently if we request), a report with photographs showing progress made in connection with the construction and equipping of the Franchised Store.

F. Limitation of Liability. Notwithstanding our right to approve the Construction Plans and to inspect the construction work at the Franchised Store, we and our designees shall have no liability or obligation with respect to the Franchised Location, the design or construction of the Franchised Store or

the fixtures, furnishings, equipment, and signs to be acquired; our rights being exercised solely for the purpose of ensuring compliance with the terms and conditions of this Agreement.

5. OPENING OF FRANCHISED STORE

A. Opening Assistance. If the Franchised Store is your first Ellianos Store, we will provide one Ellianos representative to be present at the opening of the Franchised Store and you shall not open the Franchised Store unless the representative is present.

B. Right to Open

(1) You must notify us in writing at least thirty (30) days prior to the date that you expect construction and/or renovation at the Franchised Store to be completed and a certificate of occupancy to be issued. Upon our request, you shall submit to us a copy of the certificate of occupancy. We reserve the right, after receiving notice from you, to conduct a final inspection of the Franchised Store and its premises to determine if you have constructed the Franchised Store in accordance with the Construction Plans and have otherwise complied with this Agreement. We will not be liable for any delay or loss occasioned by our inability to complete this inspection and to make a determination within the thirty (30) day period. You shall not open the Franchised Store for business unless we have authorized that opening in writing.

(2) We will not authorize you to open the Franchised Store unless all of the following conditions have been met:

(a) You are not in material default under this Agreement or any other agreements with us; you are not in default beyond the applicable cure period for any other agreement that relates to the Franchised Store.

(b) We have determined that the Franchised Store has been constructed and/or renovated and equipped substantially in accordance with the Construction Plans, all requirements of this Agreement, the Manual and all state and local codes, ordinances and laws.

(c) You have hired and trained a staff for the Franchised Store.

(d) You, your managers and your employees have successfully completed, to our satisfaction, our initial training program ("Initial Training Program").

(e) You have paid the Initial Franchise Fee (as defined in Section 6.A.) and any other amounts due to us.

(f) You have signed all agreements required by us, including, but not limited to, the electronic funds transfer documents described in Section 6.H.(2). You have provided to us a signed copy of the lease or purchase contract for the Franchised Location.

(g) You have obtained a certificate of occupancy and any other required building, utility, sign, health, sanitation, safety or fire department certificates, licenses and permits.

(h) You have provided to us copies of certificates for all insurance policies required by Section 15 or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

(i) You have purchased an opening inventory of authorized and approved products, materials and supplies.

(j) You have become a member of any purchasing cooperative required by us.

C. Conditional Opening. We may conditionally authorize you to open and operate the Franchised Location as a Franchised Store, even though you have not fully complied with the terms of this Agreement, if you agree to fulfill all remaining terms of this Agreement on or before the Opening Deadline. Our determination as to whether to authorize a conditional opening shall be final and binding and shall be made in our sole discretion based upon those factors that we deem relevant, including our determination that a conditional opening will not be injurious to the reputation of the System. If you fail to fulfill all remaining terms of this Agreement on or before the Opening Deadline, this Agreement shall terminate without further action by us, and you shall take such steps as are required by Section 22.

6. FEES

A. Initial Franchise Fee. Simultaneously with your execution of this Agreement, you shall pay to us an Initial Franchise Fee in the amount specified in Appendix A. You acknowledge and agree that the Initial Franchise Fee was paid in consideration of our grant of this Franchise to you, it was fully earned at the time paid, and, except as set forth in this Section 6.A., it is not refundable for any reason whatsoever. If we have not accepted the site for the Franchised Store by the Site Acceptance Deadline and this Agreement has been terminated, we will refund to you the Initial Franchise Fee, less Fifteen Thousand Dollars (\$15,000), which we shall retain to cover a portion of our expenses. The portion of any Development Fee applicable to the Franchised Store previously paid by you to us shall be credited against the Initial Franchise Fee.

B. Royalty Fee. In addition to all other amounts to be paid by you to us, for each Reporting Period, you shall pay to us a nonrefundable and continuing weekly royalty fee in an amount equal to the greater of: **(a)** six percent (6%) of Net Sales of the Franchised Store (as defined in Section 6.D.), or **(b)** three hundred fifty dollars (\$350).

C. Advertising Fees. For each Reporting Period, you also shall spend and/or contribute a percentage of the Net Sales for marketing and promotional purposes. The amount and allocation of the advertising fees as of the date of this Agreement are set forth in Section 8 and Appendix D.

D. Definition of Net Sales. The term “Net Sales” shall include all revenue from the sale of all services and products and all other income of every kind and nature (including on-premise sales, off-premise sales, and any other type of sale) related to the Franchised Store (excluding revenue from the sale of stored value gift cards or gift certificates but including revenue when gift certificates are redeemed or stored value gift cards are debited), whether for cash or credit and regardless of collection in the case of credit. Net Sales shall not include: **(1)** any bona fide documented federal, state, or municipal sales taxes collected by you from customers and paid by you to the appropriate taxing authority; **(2)** the sale of food or merchandise for which refunds have been made in good faith to customers; **(3)** the sale of equipment used in the operation of the Franchised Store; **(4)** customer promotional discounts approved by us; and **(5)** employee meal discounts. After processing the Royalty Fee and Brand Fund, we will not issue refunds based upon customer transactions voided, refunded, discounted or rebated.

E. Reporting Period. A “Reporting Period” shall be defined as each one (1) week period commencing on Monday and ending on the following Sunday, or such other period as we designate from time to time.

F. Taxes. If any taxes, fees, or assessments are imposed on us by reason of our acting as the franchisor or licensing the Marks under this Agreement, you shall reimburse us for the amount of those taxes, fees, or assessments within thirty (30) days after receipt of an invoice from us.

G. Remittance Reports. No later than 12:00 pm EST on the Wednesday after the end of each Reporting Period, you must submit to us in writing by electronic mail, polling by computer or such other form or method as we may designate the amount of Sales (both gross and net) from the Franchised Store and such other data or information as we may require.

H. Payment of Fees

(1) You must participate in our then-current electronic funds transfer program authorizing us to utilize a pre-authorized bank draft system. All royalty fees applicable to the Net Sales and any other amounts owed under this Agreement or otherwise due to us, including advertising fees, Service Fees (as defined in Section 6.I.), late fees and charges for services or products must be received by us or credited to our account by pre-authorized bank debit after the end of each reporting period and by the due date we specify (“Due Date”). On each Due Date, we will transfer from the Franchised Store’s commercial bank operating account (“Account”) the amount reported to us in your remittance report or determined by us based on the records contained in the cash registers/computer terminals of the Franchised Store. If you have not reported Net Sales to us for any fiscal period, we will transfer from the Account an amount calculated in accordance with our estimate of the Net Sales during the Reporting Period. If, at any time, we determine that you have underreported the Net Sales of the Franchised Store, or underpaid the royalty fee or other amounts due to us under this Agreement or any other agreement, we will initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including Service Fees and late fees as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after we and you determine that such credit is due.

(2) In connection with payment of the royalty fee by electronic funds transfer, you shall: (a) comply with procedures specified by us in the Manual or otherwise in writing; (b) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.H.; (c) give us an authorization in the form attached as Appendix C to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any Service Fees and late fees; and (d) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

(3) Notwithstanding the provisions of this Section 6.H., we reserve the right to modify, at our option, the method by which you pay the royalty fee and other amounts owed under this Agreement, including advertising contributions, Service Fees and late fees.

(4) Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Section 21.B.(2). You shall not be entitled to set off, deduct or otherwise withhold any royalty fees, advertising contributions, Service Fees, late fees or any other monies payable by you under this Agreement on grounds of any alleged non-performance by us of any of our obligations or for any other reason.

I. Late Charges and Service Fees. Any payment or report not actually received by us on or before the Due Date shall be deemed as late. You shall pay a service fee (“Service Fee”) to us on any late payment from the Due Date until the date paid at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, if such maximum rate is less than eighteen percent (18%). Entitlement to such Service Fee shall be in addition to any other remedies we may have. You agree that this Section 6.I.

does not constitute our agreement to accept payments after the Due Date or a commitment by us to extend credit to you or otherwise finance the operation of the Franchised Store. In addition to the Service Fee on late payments, at our sole discretion we may charge you a late charge of twenty-five dollars (\$25.00) for each delinquent payment or report that is received after the Due Date.

J. Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and we may accept the partial payment without prejudice to any rights or remedies we may have against you. Acceptance of payments by us other than as set forth in this Agreement shall not constitute a waiver of our right to demand payment in accordance with the requirements of this Agreement or a waiver by us of any other remedies or rights available to us pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, we shall have sole discretion to apply any payments by you to any of your past-due royalty fees, advertising fees, purchases from Ellianos or our affiliates, the Service Fees or any other indebtedness. We have the right to accept payment from any other entity as payment by you and acceptance of that payment by us will not result in that other entity being substituted for you.

K. Collection Costs and Expenses / Third Party Payments. You agree to pay to us on demand any and all costs and expenses incurred by us in enforcing the terms of this Agreement, including, without limitation, collecting any monies owed by you to us. These costs and expenses include, but are not limited to, costs and commissions due a collection agency, reasonable attorneys' fees (including attorneys' fees for in-house counsel employed by Ellianos or our affiliates and any attorneys' fees incurred by us in bankruptcy proceedings), costs incurred in creating or replicating reports demonstrating Sales (either gross or net) of the Franchised Store, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with any Service Fees on all of the foregoing. You will also pay to us, within fifteen (15) days of any written request by us that is accompanied by reasonably substantiating documentation, any monies that we have paid, or have been obligated to pay, on your behalf by consent or otherwise in accordance with this Agreement.

If we pay any third party an amount that benefits your Franchised Store or for a service or similar item provided to your Franchised Store, upon your receipt of an invoice or other notice of amount due from us, you must immediately reimburse us for all costs incurred by us.

7. RECORDS AND REPORTS

A. Recordkeeping. You agree to use computerized cash and data capture and retrieval systems that meet our specifications and to record sales of the Franchised Store electronically or on tape for all sales at or from the Franchised Location. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Store sufficient to report fully to us. Your books and records shall be kept and maintained using generally accepted accounting principles ("GAAP"), if you use GAAP in any of your other operations, or using other recognized accounting principles applied on a consistent basis that accurately and completely reflect your financial condition. You are required to use the accrual accounting method. You shall preserve all of your books, records and state and federal tax returns for at least five (5) years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to us within five (5) days after our written request.

B. Quarterly Reports. You shall, at your expense, submit to us, in the form prescribed by us, a quarterly profit and loss statement and balance sheet (both of which may be unaudited) within forty-five (45) days after the end of each fiscal quarter during each fiscal year. We shall have the right, to be

exercised in our sole discretion, to require that you provide to us profit and loss statements and balance sheets at other times requested by us. Each statement and balance sheet shall be signed by you or by your treasurer or chief financial officer attesting that it is true, correct and complete and uses accounting principles applied on a consistent basis which accurately and completely reflect your financial condition.

C. Annual Reports. At our request, you shall, at your expense, provide to us either a reviewed or audited profit and loss statement and balance sheet for the Franchised Store within forty-five (45) days after the end of each fiscal year to be signed by you or by your treasurer or chief financial officer attesting that the financial statements present fairly the financial position of you and the results of operations of the Franchised Store during the period covered. We shall have the right, in our reasonable discretion, to require that you, at your expense, submit audited financial statements prepared by a certified public accounting firm acceptable to us for any fiscal year or any period or periods of a fiscal year.

D. Other Reports. You shall submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Manual or otherwise in writing.

E. Public Filings. If you are or become a publicly-held entity in accordance with other provisions of this Agreement, you must send to us copies of all reports (including responses to comment letters) or schedules that you file with the U.S. Securities and Exchange Commission (certified by your chief executive officer to be true, correct, complete and accurate) and copies of any press releases you may issue, within three (3) days of the filing of those reports or schedules or the issuance of those releases.

F. Audit Rights

(1) We or our designee shall have the right at all reasonable times, both during and up to one (1) year after the term of this Agreement, to inspect, copy and audit your books, records, and federal, state and local tax returns, and such other forms, reports, information and data as we reasonably may designate, applicable to the operation of the Franchised Store. If an inspection or audit discloses an understatement of Sales (either gross or net), you shall pay us, within 10 days after receipt of the inspection or audit report, the deficiency in the royalty fees and advertising fees plus any Service Fees (at the rate and on the terms provided in Section 6.I.) from the Due Date until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records or information on a timely basis, or if an understatement of Net Sales for the period of any audit is determined by any audit or inspection to be greater than two percent (2%), you also shall reimburse us for the reasonable cost of the audit or inspection including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room, board and compensation of our employees or designees involved in the audit or inspection, which amount shall not exceed \$3,000. The foregoing remedies shall be in addition to all other remedies and rights available to us under this Agreement or applicable law.

(2) If you fail to provide us on a timely basis with the records, reports and other information required by this Agreement or, upon our request, with copies of the same, we or our designee shall have access at all reasonable times (and as often as necessary) to your books and records for the purpose, among other things, of preparing the required records, reports and other information. You promptly shall reimburse us or our designee for all costs and expenses associated with obtaining such records, reports or other information.

8. ADVERTISING

A. Opening Advertising. You must purchase from us certain required marketing and promotional materials (including free food and beverage cards) to be used for opening marketing at the Franchised Store during the 14 days after opening. We will collect the payment for these required marketing and promotional materials by electronic funds transfer 14 days after opening. You must spend at least \$4,000 to \$5,000 for opening marketing and promotion and provide us documentation of such expenditures. This minimum required spend may include the purchase of the required marketing and promotional materials (including free food and beverage cards) to be used for opening marketing at the Franchised Store during the 14 days after opening. All marketing that you do must be approved by us pursuant to Section 8.G.(2).

B. Contributions/Expenditures. During the Initial Term, you shall have a weekly brand obligation (“WBO”) as set forth in Appendix D. We may increase your WBO; however, it will not exceed 3% of Net Sales and we will not increase the WBO by more than 0.5% of Net Sales in any 12 month period. We may reallocate the WBO among the Brand Fund, the National Advertising Fund, a Regional Advertising Fund (or a Regional Co-op Fund) and/or local store marketing. If any portion of the WBO is allocated to the Brand Fund, the National Advertising Fund or a Regional Advertising Fund, you shall pay those amounts at the same time and in the same manner as the royalty fee.

C. Brand Fund. We may establish, maintain and administer a fund for the creation and development of advertising, marketing and public relations, research and related programs, activities and materials that we, in our sole discretion, deem appropriate (“Brand Fund”). You shall contribute the amount specified in Appendix D to the Brand Fund (“Brand Fund Fee”), as subsequently modified by us. Ellianos Stores operated by us and our affiliates shall contribute to the Brand Fund on the same basis as comparable franchisees.

D. National Advertising Fund

(1) We shall have the right, in our sole discretion, to establish a National Advertising Fund for Ellianos Stores (“National Advertising Fund”). If we establish a National Advertising Fund, you shall contribute to the National Advertising Fund in the amount set forth in Appendix D, as subsequently modified by us. Ellianos Stores operated by us and our affiliates shall contribute to the National Advertising Fund on the same basis as comparable franchisees.

(2) We or our designee shall direct all advertising, marketing, and public relations programs and activities financed by the National Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. You agree that the National Advertising Fund may be used among other things to pay the costs of preparing and producing such associated materials and programs as we or our designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the National Advertising Fund. From time to time, we, or our designee, may furnish to you marketing, advertising and promotional materials at the cost of producing them, plus any related shipping, handling and storage charges.

E. Regional Advertising Fund

(1) We shall have the right, in our sole discretion, to establish one or more Regional Advertising Funds for Ellianos Stores (“Regional Advertising Funds”). If a Regional Advertising Fund is established for a geographical area that includes the Franchised Location, you shall contribute to that Regional Advertising Fund in the amount set forth in Appendix D, as subsequently modified by us. Ellianos Stores operated by us or our affiliates in the geographic area covered by a Regional Advertising Fund shall contribute to the Regional Advertising Fund on the same basis as comparable franchisees.

(2) We or our designee shall direct all advertising, marketing, and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. You agree that the Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as we or our designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Regional Advertising Fund.

F. Regional Co-op Fund

(1) In lieu of a Regional Advertising Fund for the geographic area that includes the Franchised Location, we, in our sole discretion, may establish a Regional Co-op Fund. You shall contribute to the Regional Co-op Fund in the amount set forth in Appendix D, as subsequently modified by us. We, if we so elect, may prepare bylaws to be used by the Regional Co-op Fund and may require the Regional Co-op Fund to incorporate.

(2) Monies in the Regional Co-op Fund may be spent for the purposes determined by majority vote of the Regional Co-op Fund on the basis of one vote for each Ellianos Store in the Regional Co-op Fund. Unless otherwise consented to in writing by us, the Regional Co-op Fund shall only conduct advertising that conforms with those advertising and sales promotions specified by us from time to time (including the media in which conducted). All advertising shall be submitted to us prior to first use as provided in Section 8.G. and all advertising shall adhere to the standards set forth in Section 8.G. Each franchisee who is a member of the Regional Co-op Fund shall be entitled to vote on Regional Co-op Fund matters; however, a franchisee shall not be entitled to vote if it is in default under its franchise agreement or any other agreement with us or our affiliates. We always shall be a member of the Regional Co-op Fund and be entitled to attend and fully participate in Regional Co-op Fund meetings, but we shall not have a vote unless we or our affiliates operate Ellianos Stores in the geographic area covered by the Regional Co-op Fund. We shall be given at least three (3) days’ prior written notice of Regional Co-op Fund meetings. If the members of the Regional Co-op are unable or fail to determine the manner in which Regional Co-op Fund monies should be spent, we may assume this decision making authority following ten (10) days’ advance written notice to the members of the Regional Co-op Fund.

(3) We or our designee shall have the right to terminate (and subsequently restart) the Regional Co-op Fund or convert the Regional Co-op Fund to a Regional Advertising Fund. Upon termination, all monies in the Regional Co-op Fund shall be spent for advertising and/or promotional purposes.

(4) We or our designee may grant to any franchisee an exemption for any length of time from the requirement of membership in the Regional Co-op Fund, upon written request of such a franchisee stating reasons supporting an exemption. Decisions regarding a request for exemption shall be final. We shall have the sole right to enforce the obligations of franchisees who are members of the Regional Co-op Fund to contribute to the Regional Co-op Fund, and neither you nor any other franchisees who contribute to the Regional Co-op Fund shall be deemed a third party beneficiary with respect to the Regional Co-op Fund obligations of other franchisees or have any right to enforce the obligation of any franchisee to contribute to the Regional Co-op Fund.

G. Local Store Marketing

(1) You shall spend, at a minimum, that portion of the WBO not otherwise spent or contributed pursuant to this Section 8 for local store marketing (“LSM”) in authorized advertising media and for authorized advertising expenditures. We or our designee periodically shall advise you of the advertising and sales promotions approved by us.

(2) Local advertising and promotion materials may be purchased from Ellianos, our affiliates or any source approved by us. If purchased from a source other than Ellianos, our affiliates, or a source approved by us, these materials shall comply with federal and local laws and regulations and with the guidelines for advertising and promotions promulgated from time to time by us or our designee and shall be submitted to Ellianos or our designee at least thirty (30) days prior to first use for our approval, which we may grant or withhold in our sole discretion. Your advertising shall not contain any statement or material which, in our sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons’ trade name, trademark, service mark or identification; or (d) inconsistent with the public image of Ellianos or the System.

H. Treatment of Payments to Ellianos

(1) We shall separately account for the Brand Fund, any National Advertising Fund and any Regional Advertising Fund (collectively, “Funds”), but we shall not be required to segregate these Funds from our other monies. None of the monies in the Funds shall be used to defray any of our general operating expenses. Each Fund may hire employees, either full-time or part-time, for its administration. We and our affiliates may be reimbursed by each Fund for expenses directly related to the Fund’s marketing programs, including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to each Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Ellianos Stores to each Fund during that year or cause each Fund to invest any surplus for future use by the Fund. A statement of monies collected and costs incurred by each Fund shall be prepared annually and shall be furnished to you within a reasonable period of time following a written request. We or our designee will have the right to cause each Fund to be incorporated or operated through an entity separate from us at such time as we or our designee deems appropriate, and such successor entity shall have all of our rights and duties pursuant to this Section 8.

(2) You understand and acknowledge that each Fund is intended to enhance recognition of the Marks and patronage of Ellianos Stores. We will endeavor to utilize each Fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System and all Ellianos Stores contributing to the Fund. You agree, however, that we are not liable to you, and you forever covenant not to sue and hold us harmless of any liability or obligation to ensure that expenditures by each Fund in or affecting any geographic area (including the Franchised Location) are proportionate or equivalent to the contributions to the Fund by Ellianos Stores operating in that geographic area, or that any Ellianos Store will benefit directly or in proportion to its contribution to each Fund from the development

of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section 8, neither we nor our designee assumes any direct or indirect liability to you with respect to the maintenance, direction or administration of each Fund.

(3) We reserve the right, in our sole discretion, to: (a) suspend contributions to and operations of each Fund for one or more periods that we determine to be appropriate; (b) terminate any Fund upon 30 days' written notice to you and establish, if we so elect, one or more new Advertising Funds; and (c) defer or waive, in whole or in part, upon the written request of any franchised or company stores, any advertising fees required by this Section 8 if, in our sole discretion, there has been demonstrated unique, objective circumstances justifying any such waiver or deferral. On termination of a Fund, all monies in the Fund shall be spent for advertising and/or promotional purposes. We have the right to reinstate any Fund upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to you. We, in our sole discretion as we deem appropriate in order to maximize media effectiveness, may transfer monies between the Funds.

I. Special Promotions

(1) In addition to the WBO, you must participate in all special promotions and programs including, but not limited to, product promotions, product launches, price point promotions, public relations campaigns, prize contests, special offers and other programs, national, regional, or local in nature (including the introduction of new products, new franchises or other marketing programs directed or approved by us) that we prescribe from time to time. You shall be responsible for the costs of such participation, which may include a commitment by you to purchase specified quantities of inventory and supplies to support these programs. For any special promotion that we have not required, you must obtain our prior written approval before implementing such program. To the extent permitted by law, you will comply with any maximum price restrictions that we promulgate from time to time.

(2) We may also require you to join and participate in regional, national or international programs designed to increase business, including multi-area customer, national customer, commercial customer, Internet, event, yellow pages, directory affinity vendor and co-branding programs. All such programs are our proprietary trade secrets. We may designate the coverage area, method and timing of payment, and any outside agencies for these programs.

J. Public and Media Relations. You agree that you will not issue any press release, media releases or other communications without our prior consent. You agree to only participate in internal and external communications activities that create goodwill, enhance our public image and build the System.

9. MANUAL

A. We will loan you one (1) copy of our confidential and proprietary Manual (which may be delivered electronically, in hard copy or such other format/medium as we determine), which contains information and knowledge that is unique, necessary and material to the System. You agree to comply fully with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual.

B. As used in this Agreement, the term "Manual" refers to Ellianos Operations Manual, Ellianos Marketing Manual and any other manuals, publications, materials, drawings, memoranda, and electronic media that we from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, or any other communication concerning the System to reflect changes in the image, specifications and standards relating to developing, equipping, furnishing and operating an Ellianos Store. You shall keep your copy of the Manual current and up-to-date with all

additions and deletions provided by or on behalf of us and shall purchase whatever equipment and related services (including, without limitation, a computer system, Internet service, dedicated phone line, etc.) as may be necessary to receive these communications. If a dispute relating to the contents of the Manual develops, the master copy maintained by us at our principal offices shall control.

C. The Manual contains detailed standards, specifications, instructions, requirements, methods and procedures for the development, management and operation of an Ellianos Store. The Manual also may relate to the selection, purchase, storage, preparation, packaging, ingredients, recipes, service and sale of all products and beverages sold at Ellianos Stores; management and employee training; marketing, advertising and sales promotions; maintenance and repair of buildings, grounds, equipment, graphics, signs, interior and exterior décor items, fixtures and furnishings; employee dress attire and appearance standards; menu concept and graphics; and accounting, bookkeeping, records retention and other business systems, procedures and operations.

D. You agree at all times to operate the Franchised Store in strict conformity with the Manual; to maintain the Manual at the Franchised Store, to take all measures necessary to limit access and insure confidentiality of the Manual; to refrain from reproducing the Manual or any part of it; to treat the Manual as confidential and proprietary; and to disclose the contents of the Manual only to your employees who have a need to know.

10. MODIFICATIONS OF THE SYSTEM

A. System Modifications. We, in our sole discretion, shall be entitled from time to time to change or modify the System, including modifications to the Manual, the menu and menu formats, the required equipment, the signage, the building and premises of the Franchised Store (including the trade dress, décor and color schemes), the presentation of the Marks, the adoption of new administrative forms and methods of reporting and payment of any monies owed to us (including electronic means of reporting and payment) and the adoption and use of new or modified Marks or copyrighted materials. Such changes may necessitate the purchase of equipment, supplies, furnishings or other goods, completion of additional training by you or your employees, or other costs to you. You shall accept and use or display in the Franchised Store any such changes or modifications to the System as if they were a part of the System at the time this Agreement was signed, and you will make such expenditures as the changes or modifications in the System may reasonably require.

B. Authorized Menu Items. Within thirty (30) days after receipt of written notice from us, you shall begin selling any newly authorized menu items and cease selling any menu items that are no longer authorized. All food, beverage and merchandise items authorized for sale at the Franchised Store shall be offered for sale under the specific name designated by us. We, in our sole discretion, may restrict sales of menu items to certain time periods during the day. You agree that we may establish restrictions on the minimum and maximum menu prices you may charge. If we impose a maximum price for a particular menu item, then (subject to applicable law) you may charge any price for that item up to and including the maximum price we have set. If we impose a minimum price on a particular item, then you may charge any price for that item (subject to applicable law), down to and including the minimum price that we have set. If you have a suggestion for a new menu item or for a change to an authorized menu item or you desire to participate in a test market program, you shall provide to us written notice prior to implementation. You shall not add or modify any menu item or participate in a test market program without first having obtained our prior written approval. You shall purchase any additional equipment and smallwares as we deem reasonably necessary in connection with new menu items. If we require you to begin offering a new menu item which requires the purchase of additional equipment, a reasonable period of time, as determined in our sole discretion, shall be provided for the financing, purchase and installation of any such equipment before such new menu items must be offered for sale at the Franchised Store.

C. Renovation of Franchised Store. Extensive structural changes, major remodeling and renovations and substantial modifications to existing equipment and improvements to modernize and conform the Franchised Store to the image of the System for new franchised and company Ellianos Stores shall be required at our request (but not more often than every five (5) years). Capital expenses necessary for the repair and maintenance of the Franchised Location are not subject to the time limitations described in the preceding sentence. Within sixty (60) days after receipt of our written notice regarding the required modernization, you shall prepare and complete drawings and plans for the required modernization. These drawings and plans must be submitted to, and their use approved by, us prior to the commencement of work. You shall complete the required modernization within the time reasonably specified by us in our written notice.

D. Variations from System Standards. We have the right, in our sole discretion, to waive, defer or permit variations from the standards of the System or the applicable agreement to any franchisee or prospective franchisee based on the peculiarities of a particular site, existing building configuration or circumstance, density of population, business potential, trade area population or any other condition or circumstance. We shall have the right, in our sole discretion, to deny any such request we believe would not be in the best interests of the System.

E. Your Development of System Improvements. If you develop any new concept, process or improvement relating to the System, whether or not pursuant to a test authorized by us, you promptly shall notify us and provide to us with all information regarding the new concept, process or improvement, all of which shall become our property and which may be incorporated into the System without any payment to you. You, at your expense, promptly shall take all actions deemed necessary or desirable by us to vest in us ownership of such concepts, processes or improvements.

11. TRAINING

A. Initial Training Program

(1) You, your managers and any other persons designated by us, shall attend, and successfully complete, to our satisfaction, the Initial Training Program. The Initial Training Program will include classroom instruction and training at our designated training facilities. We will authorize the Franchised Store to open only after an adequate number of your managers and employees, as determined by us in our sole discretion, have attended and successfully completed the Initial Training Program. Currently, Ellianos, our affiliates or our designees will provide the Initial Training Program to you and one manager if you will operate one Ellianos Store, or to you and two managers if you will operate two or more Ellianos Stores. You will be required to pay all travel, living and other expenses incurred by you and your employees while attending the Initial Training Program.

(2) We may dismiss from the Initial Training Program any person whom we do not believe will perform acceptably in the position for which you have hired him, and you must provide a suitable replacement within one month of such dismissal. Subsequent to the opening of the Franchised Store, any new employee who replaces an employee who has attended the Initial Training Program or any employee that we designate must attend and successfully complete the Initial Training Program.

B. Additional Training. We shall have the right (which may be exercised at any time and in our sole discretion) to require that you, the Operating Principal, your managers and any other persons designated by us take and successfully complete training courses in addition to the Initial Training Program, plus our out-of-pocket expenses and costs. We reserve the right to require you to pay a tuition fee as established by us from time to time for these additional training programs within thirty (30) days of receipt

of an invoice from us. You will be required to pay all travel, living and other expenses incurred by you and any persons while attending the additional training.

C. Training by You. You shall conduct such initial and continuing training programs for your employees as we may require from time to time, including those training programs required in order for your employees to be qualified and/or certified for the position for which each employee was hired.

12. ADDITIONAL SERVICES BY ELLIANOS

A. Pre-Opening Assistance. We will provide consultation and advice to you, as we deem appropriate, with regard to the development and operation of the Franchised Store, building layout, furnishings, fixtures and equipment plans and specifications, employee recruiting, selection and training, purchasing and inventory control, and such other matters as we deem appropriate.

B. Grand Opening Assistance. If the Franchised Store is your first Franchised Store, prior to the opening of that Franchised Store, we will send at least one of our representatives to the Franchised Store for a period of 3 days to assist with the Franchised Store opening ("Opening Assistance"). This assistance will include on-site training for your staff, testing of your equipment, review of inventory and purchasing procedures, assistance with operations, and a progress review of any grand opening promotion or advertising you undertake. We will determine the hours during which we will provide the Opening Assistance; however, typically, we will provide the Opening Assistance for the 3-day period beginning on the day before the grand opening of the Franchised Store through the day after the grand opening of the Franchised Store. We reserve the right, in our sole discretion, to modify the Opening Assistance in any manner to meet your needs. We will not charge you for the Opening Assistance. In addition, you will not be required to pay for the travel or living expenses incurred by our representatives while they provide the Opening Assistance at the Franchised Store; however, if you reschedule the opening of the Franchised Store, you must reimburse us for any travel costs we incur in changing the travel schedules of our personnel. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you agree to pay our then applicable charges, including fees for our personnel and their travel and living expenses.

C. Post-Opening Assistance. We periodically, as we deem appropriate, shall advise and consult with you in connection with the operation of the Franchised Store. We, as we deem appropriate, shall provide to you our knowledge and expertise regarding the System and pertinent new developments, techniques and improvements in the areas of design, management, food and beverage preparation, sales promotion, service concepts and other areas. We may provide these services through visits by our representatives to the Franchised Store or your offices, the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, electronic mail communications or other communications. If we incur any costs or fees in connection with services or good provided to you by a third party, you must pay such amounts upon written notice from us.

D. Periodic Inspections. We may inspect the Franchised Store and its operations to assist your operations and ensure compliance with the System.

E. Delegation. We may, from time to time, delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether affiliates or agents of us or independent contractors with which we has contracted to provide any service.

13. PERFORMANCE STANDARDS AND UNIFORMITY OF OPERATION

Products sold and services performed under the Marks have a reputation for quality. This reputation has been developed and maintained by us, and it is of the utmost importance to us, you and all of our other franchisees that this reputation be maintained. In recognition of the mutual benefits that come from maintaining the reputation for quality enjoyed by the System, you covenant and agree, with respect to the operation of the Franchised Store, that you and your employees shall comply with all of the requirements of the System as set forth in the Manual or otherwise, and you additionally shall comply with the following:

A. Standards, Specifications and Procedures. You acknowledge that each and every detail of the appearance, layout, décor, services and operation of the Franchised Store is important to us and other Ellianos Stores. You agree to cooperate with us by maintaining these high standards in the operation of the Franchised Store. You further agree to comply with all System specifications, recipes, standards and operating procedures (whether contained in the Manual or any other written communication) relating to the appearance, function, cleanliness and operation of an Ellianos Store, including, but not limited to: **(1)** type, quality, taste, weight, dimensions, ingredients, uniformity, manner of preparation, and sale of all food products and beverages sold and all other products used in the packaging and sale of those products and beverages; **(2)** sales and marketing procedures and customer service; **(3)** advertising and promotional programs; **(4)** layout, décor and color scheme; **(5)** appearance and dress of employees; **(6)** safety, maintenance, appearance, cleanliness, sanitation, standards of service, and operation; **(7)** submission of requests for approval of brands of products, supplies and suppliers; **(8)** use and illumination of signs, posters, displays, standard formats and similar items; **(9)** identification of you as the owner of the Franchised Store; **(10)** types of fixtures, furnishings, equipment, smallwares and packaging; and **(11)** the make, type, location and decibel level of any game, entertainment or vending machine. Mandatory specifications, standards and operating procedures, including upgraded or additional equipment, that we prescribe from time to time in the Manual or otherwise communicates to you in writing, shall constitute provisions of this Agreement as if fully set forth in this Agreement.

B. Approved Products, Distributors and Suppliers

(1) You acknowledge that the reputation and goodwill of Ellianos Stores are based upon, and can only be maintained by, the sale of distinctive, high quality food products and beverages, and the presentation, packaging and service of such food products and beverages in an efficient and appealing manner. We may develop certain proprietary food products that will be prepared by or for us according to our proprietary special recipes and formulas (collectively “proprietary products”). We also have developed standards and specifications for other food products, ingredients, seasonings, mixes, beverages, materials and supplies incorporated or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at Ellianos Stores. You agree to: **(a)** purchase those proprietary products only from us or a third party designated and licensed by us to prepare and sell such products (collectively “designated suppliers”); and **(b)** purchase from us or third party manufacturers, distributors, vendors and suppliers approved by us (collectively “approved suppliers”) all other goods, food products, ingredients, spices, seasonings, mixes, beverages, materials and supplies used in the preparation of products (collectively “goods”), as well as advertising materials furniture, fixtures, equipment, smallwares, menus, forms, paper and plastic products, packaging or other materials (collectively “materials”) that meet the standards and specifications we promulgate from time to time. You may be required to purchase certain goods or materials directly from us. We have the right to require you to use only certain brands and to prohibit you from using other brands. We may from time to time modify the list of approved brands (including certain brands of soft drinks), and you shall not, after receipt of such modification in writing, reorder any brand that is no longer an approved brand. We may from time to time modify the list of designated suppliers and/or approved suppliers, and you shall not, after receipt of such modification in

writing, order any proprietary products from a supplier who is no longer a designated supplier or order any goods or materials from a supplier who is no longer an approved supplier.

(2) We may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. We may concentrate purchases with one or more suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Ellianos Stores or any other group of stores franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending our further evaluation of such supplier. We may establish commissaries and distribution facilities owned and operated by us or our affiliates that we shall designate as an approved supplier.

(3) If you propose to purchase any goods or materials (that you are not required to purchase from us, our affiliates or a designated supplier) from a supplier that we have not previously approved, you shall submit to us a written request for such approval, or shall request the supplier to do so itself. We have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that such information, specifications and samples as we reasonably designate be delivered to us and/or to an independent, certified laboratory designated by us for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by you. We will notify you within sixty (60) days of your request as to whether you are authorized to purchase such products from that supplier. We reserve the right, at our option, to re-inspect the facilities and products of any supplier we approve pursuant to this Section and to revoke our approval upon the suppliers' failure to continue to comply with any criteria we specify.

(4) You shall at all times maintain an inventory of approved goods and materials sufficient in quality and variety to realize the full potential of the Franchised Store. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food and beverage products and services. You agree to cooperate in these efforts by participating in our customer surveys and market research programs. You shall not be allowed to test anything without first being requested to by us and signing a test letter agreement in a form satisfactory to us.

(5) We and our affiliates disclaim all express or implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability. You acknowledge that we and our affiliates may, under appropriate circumstances, receive fees, commissions, royalties, or other consideration from approved suppliers based on sales to franchisees, and that we may charge non-approved suppliers reasonable testing or inspection fees.

C. Menus, Menu Boards, and Formats. We shall have the right to prescribe, and subsequently vary, one or more menus, menu boards and formats to be utilized in the Franchised Store. The menus, menu boards and formats may include requirements concerning organization, graphics, product descriptions, illustrations, minimum and maximum prices and other related matters. Prescribed menus, menu boards and formats may vary depending on region, market size or other factors deemed relevant by us. If any menu, menu board and format utilized by you ceases to be an authorized menu, menu board and format, you shall have a reasonable period of time (not to exceed 6 months) to discontinue use of the old menu, menu board and format and begin using an authorized menu, menu board and format.

D. Hardware and Software

(1) You agree to procure and install such data processing equipment, computer hardware, required dedicated telephone and power lines, high speed and wireless Internet connections (where and when available), modems, printers and other computer-related accessory or peripheral equipment as we specify in the Manual or otherwise. All of the foregoing must be able to provide us that information, in that format/medium, as we reasonably may specify from time to time. You shall provide all assistance required by us to bring your point of sale system and/or computer system on-line with the computer system designated by us and maintained by us or our affiliates at the earliest possible time. You agree that we shall have the free and unfettered right to retrieve any data and information from your point of sale system or computer system as we, in our sole discretion, deem appropriate, including electronically polling the daily sales, menu mix and other data of the Franchised Store. All of the hardware and software specified to be installed or purchased, or activities you are to accomplish, and the delivery cost of all hardware and software, shall be at your expense. See Exhibit A for a list of certain components and the current cost, which may change over time.

(2) You shall: (a) use any proprietary software programs, system documentation manuals and other proprietary materials provided to you by us in connection with the operation of the Franchised Store; (b) input and maintain in your systems such data and information as we prescribe in the Manual, software programs, documentation or otherwise; and (c) purchase new or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices whenever we adopt such new or upgraded programs, manuals and materials System-wide.

(3) You acknowledge that point of sale systems and computer systems are designed to accommodate a finite amount of data and terminals, and that, as these limits are reached, or as technology or software is developed in the future, we may, in our sole discretion, mandate that you: (a) add memory, ports and other accessories or peripheral equipment or additional, new or substitute software to the original point of sale and computer system that you purchased; and (b) replace or upgrade the entire point of sales system and/or computer system with a larger system capable of assuming and discharging the computer-related tasks and functions specified by us. You acknowledge that computer designs and functions change periodically and that we make substantial modifications to our specifications or require installation of entirely different systems during the Initial Term or upon renewal of this Agreement.

(4) To ensure full operational efficiency and communication capability among your systems, our systems and the systems of all Ellianos Stores, you agree, at your expense, to keep your point of sale system and computer system in good maintenance and repair and to make additions, changes, modifications, substitutions and replacements to your computer hardware, software, telephone and power lines and other computer-related facilities as directed by us, and on the dates and within the times specified by us in our sole discretion. Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media shall be returned to us in good operating condition, excepting normal wear and tear.

E. Non-Cash Payment Systems. Within a reasonable period of time following our request, you shall accept debit cards, credit cards, stored value gift cards or other non-cash systems specified by us to enable customers to purchase authorized products, shall obtain all necessary hardware and/or software used in connection with these non-cash systems and shall follow all specifications we designate for these non-cash systems.

F. Inspections

(1) To determine whether you and the Franchised Store are in compliance with this Agreement and with all specifications, quality standards and operating procedures prescribed by us for the operation of Ellianos Stores, we or our designees shall have the right at any reasonable time and without prior notice to you to: (a) inspect the Franchised Location; (b) observe, photograph and electronically record the operations of the Franchised Store for such consecutive or intermittent periods as we deem necessary; (c) remove samples of any food and beverage product, material or other products for testing and analysis (without paying for the samples); (d) interview personnel of the Franchised Store; (e) interview customers of the Franchised Store; and (f) inspect and copy any books, records and documents relating to the operation of the Franchised Store or, upon the request of us or our designee, require you to send copies thereof to us or our designee. You shall present to your customers those evaluation forms as are periodically prescribed by us and shall participate and/or request your customers to participate in any surveys performed by or on behalf of us as we may direct.

(2) You agree to cooperate fully with us or our designee in connection with any such inspections, observations, electronic recording, product removal and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections (regardless of your inventory), including, without limitation, ceasing further sale of unauthorized menu items and ceasing further use of any equipment, advertising materials or supplies that do not conform with the standards and requirements promulgated by us from time to time. If the Franchised Store fails to achieve a passing score on any inspection, we may require that you, your Operating Principal and the managers designated by us attend and successfully complete additional management training programs to be held at the times and locations designated by us. You shall pay a tuition charge as established by us from time to time for this training program and the travel, living and other expenses incurred by you and your employees while attending this training program. If, after the completion of this additional training program, the Franchised Store fails to achieve a passing score on the next inspection, we may terminate this Agreement pursuant to Section 21.C.

G. Upkeep of the Franchised Store

(1) You shall constantly maintain and continuously operate the Franchised Store and all furniture, fixtures, equipment, furnishings, floor coverings, interior and exterior signage, the building interior and exterior, interior and exterior lighting, landscaping and parking lot surfaces in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. In addition, you shall promptly and diligently perform all necessary maintenance, repairs and replacements to the Franchised Store as we may prescribe from time to time, including periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor.

(2) You shall not make any material alterations to the Franchised Store that affect the operations or the image of the System without our prior written approval. You acknowledge and agree that the requirements of this Section 13.G. are both reasonable and necessary to ensure continued public acceptance and patronage of Ellianos Stores, to assist the Franchised Store to compete effectively in the marketplace and to avoid deterioration or obsolescence of the operation of the Franchised Store.

H. Maximum Operation of the Franchised Store. You shall adequately staff each shift with qualified employees and continuously operate the Franchised Store at its maximum capacity and efficiency for the minimum number of days and hours set forth in the Manual or as we otherwise prescribe in writing (subject to the requirements of local laws and licensing requirements).

I. Customer Complaints. You shall immediately resolve any customer complaint regarding the quality of food or beverages, service and/or cleanliness of the Franchised Store or any similar complaint. When any customer complaint cannot be immediately resolved, you must use best efforts to resolve the customer complaint as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaint, we may, without your consent, resolve any complaint and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaint, which amount you shall pay to us immediately on demand.

J. Management and Personnel

(1) The Franchised Store shall at all times be under the on-site supervision of the Operating Principal or a manager who meets, to our satisfaction, the applicable training qualifications. If you are not the on-site supervisor for the Franchised Store, you must, at all times, employ at least one management person for the Franchised Store who has successfully completed the Initial Training Program. If, at any time, you cease to employ at least one trained management person, you have thirty (30) days (from the date on which you cease to have one management person) to hire and enroll a replacement person in the Initial Training Program.

(2) You or your Operating Principal shall remain active in overseeing the operations of the Franchised Store, including, without limitation, regular, periodic visits to the Franchised Store and sufficient communications with us to ensure that the operations comply with the operating standards as promulgated by us from time to time in the Manual or otherwise in written or oral communications.

(3) You shall hire all employees for the Franchised Store and be exclusively responsible for the terms of their employment and compensation, and for the proper training of such employees in the operation of the Franchised Store, in human resources and customer relations. You shall establish at the Franchised Store a training program for all employees that meets our standards.

(4) You shall employ only suitable persons of good character and reputation who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Ellianos and the System and, while on duty, comply with the dress attire, personal appearance and hygiene standards set forth in the Manual. You shall use your best efforts to ensure that your employees maintain a neat and clean appearance and render competent and courteous service to all customers and fellow employees of the Franchised Store.

K. Signs and Logos. Subject to local ordinances, you shall prominently display in and upon the land and buildings of the Franchised Store interior and exterior signs and logos using the name “Ellianos,” without any prefix or suffix, and those other names, marks, advertising signs and logos, of such nature, form, color, number, location and size, and containing that material as we may from time to time specify. You shall not display in or upon the Franchised Location any sign, logo or advertising media of any kind to which we object.

L. Entertainment Equipment. You shall not permit at the Franchised Store any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film or video device not authorized by us.

M. Compliance with Laws and Good Business Practices

(1) You shall secure and maintain in full force in your name all required licenses, permits and certificates relating to the operation of the Franchised Store. You shall operate the Franchised Store in full compliance with all applicable laws, ordinances and regulations including, without limitation, all laws or regulations governing or relating to the handling of food products, immigration and discrimination, occupational hazards and health insurance, employment laws, including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales taxes. All of your advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. You shall, in all dealings with your customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice that may be injurious to the goodwill associated with the Marks or the business of Ellianos or our affiliates, the System or other stores operated or franchised by Ellianos or our affiliates.

(2) You shall notify us in writing within five (5) days after the commencement of: (a) any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of you or the Franchised Store; or (b) of any notice of violation of any law, ordinance or regulation relating to health or sanitation at the Franchised Store.

N. **800 Number, Secret Shoppers.** In order to (among other things) maintain and enhance the goodwill associated with the Marks, the System and each Ellianos Store, you agree to participate in programs initiated to verify customer satisfaction and/or your compliance with all operational and other aspects of the System, including (but not limited to) an 800 number, secret shoppers or other programs as we may require. We will share with you the results of these programs, as those results pertain to the Franchised Store.

14. MARKS

A. **Scope.** The term "Marks" as used in this Agreement refers to all words, symbols, insignia, devices, designs, trade names, service marks or combinations thereof designated by us as identifying the System and the products sold and services provided in connection with the System. We shall, from time to time, advise you as to any additions or deletions to the Marks, and your right to use the Marks shall be deemed modified by those additions or deletions.

B. **Limited Right To Use Marks.** Your right to use the Marks is limited to your use of the Marks in the operation of the Franchised Store at the Franchised Location and as expressly provided in this Agreement and the Manual. You shall not use the Marks or any variations of the Marks or marks or names confusingly similar to the Marks in any manner not authorized by us or in any entity name and shall not use any other trade names, service marks or trademarks in conjunction with the Franchised Store. If local laws or ordinances require that you file an affidavit of doing business under an assumed name or otherwise make a filing indicating that the Marks are being used as a fictitious or assumed name, you shall include in such filing or application an indication that the filing is made "as a franchisee of Ellianos, LLC." You shall use the symbol ® with all registered marks and the symbol ™ with all pending registrations or other marks.

C. **Use of Marks on Internet.** You shall not use the Marks on any Internet domain name, e-mail address or in the operation of any Internet web site or social media platform without our prior written consent. Further, without our written consent, you shall not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks (or any

derivative thereof) or that promotes any products or services of the Franchised Store. We may host and maintain electronic presences including independent location webpages, including social media platforms, for each Ellianos Store. We may grant or withhold our consent for any electronic presence in our sole discretion and may condition our consent on such requirements as we deem appropriate, including, among other things, that you obtain our prior written approval of: **(1)** any and all Internet domain names and home page addresses related to the Franchised Store; **(2)** the proposed form and content (including any visible and non-visible content such as meta-tags) of any web site related to the Franchised Store; **(3)** your use of any hyperlinks or other links; **(4)** your use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has an ownership interest; and **(5)** any proposed modification of your web site. We may designate the form and content of your web site and/or require that any such web site be hosted by us or a third party designated by us, using one or more web sites that we own and/or control. In addition, we may require you to establish hyperlinks to our website or another website designated by us. We may charge you a fee for developing, reviewing and approving your web site and/or for hosting the web site.

D. Modification of the Marks. If we elect to use a principal name other than “Ellianos” to identify the System, we may select another name and notify you to change all or some items bearing the Marks to the new name within a reasonable period of time as determined by us and you promptly shall adopt that name. You will bear the sole cost and expense of making these changes and we shall have no obligation or liability to you as a result of any such changes.

E. Your Acknowledgements Concerning the Marks. You agree that nothing in this Agreement gives you any right, title or interest in the Marks (except the right to use the Marks in accordance with the terms of this Agreement), that the Marks are our sole property, that you shall not directly or indirectly contest the validity or our ownership of the Marks or our right to license the Marks and that any and all uses by you of the Marks and the goodwill arising therefrom shall inure exclusively to our benefit. You will not seek to register, reregister, assert claim to ownership of, license or allow others to use or otherwise appropriate to yourself any of the Marks or any mark or name confusingly similar thereto, or the goodwill symbolized by any of the foregoing, except to the extent this action inures to our benefit and has our prior written approval. Any unauthorized use of the Marks by you or attempt by you, directly or indirectly, to register the Marks in any jurisdiction shall constitute a breach of this Agreement and an infringement of our rights in and to the Marks.

F. Notice of Challenges. You promptly shall inform us in writing as to any suspected unauthorized use of the Marks, any challenge to the validity of the Marks or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks of which you have knowledge. You shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise, or settle any controversy with respect to any such infringement without first obtaining our written approval. We shall have the right, but not the obligation, to bring such action or take such steps as we may deem advisable to prevent any such infringement and to join you as a party to any action in which we are or may be a party and as to which you are or would be a necessary or proper party. You also shall promptly notify us of any litigation (including administrative or arbitration proceedings) of which you are aware instituted against us, our affiliates or you relating to the Marks. You shall sign any and all instruments and documents, render such other assistance and do any acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in the Marks, including, without limitation, our interests in litigation or proceedings before the U.S. Patent and Trademark Office or other tribunal relating to the Marks.

15. INSURANCE

A. Procurement of Insurance. You are responsible for all loss or damage arising from or related to your acquisition, development and operation of the Franchised Store, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage or expense whatsoever in connection with the acquisition, development and/or operation of, the Franchised Store. You shall maintain in full force and effect throughout the Initial Term that insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the acquisition, development or operation of the Franchised Store, that shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by Section 15.B. We, and any individual or entity with an insurable interest designated by us, shall be an additional insured in such policies to the extent each has an insurable interest.

B. Minimum Insurance Requirements. All insurance policies shall be written by an insurance company or companies satisfactory to us, in compliance with the standards, specifications, coverages and limits set forth in the Manual or otherwise provided to you in writing. We may reasonably increase the minimum coverage required and/or require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. We will provide to you written notice of such modifications and upon receipt, you shall take prompt action to secure the additional coverage or higher policy limits. At a minimum, you shall maintain the following policies for the Franchised Store:

(1) Commercial General Liability Insurance, including broad-form contractual liability, broad-form property damage, personal injury, completed operations, products liability and fire damage coverage, in the minimum amount of two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) in the aggregate.

(2) “All Risk” Property Insurance, including theft, equipment breakdown, fire, wind and hail, earthquake, and extended coverage insurance (including vandalism and malicious mischief insurance, earthquake insurance and flood insurance where applicable) on the Franchised Store (including the building and its contents) in an amount not less than the full replacement value of the Franchised Store.

(3) Business Interruption and Extra Expense Insurance, on an actual loss sustained basis including all business income and extra expenses for a minimum of twelve (12) months.

(4) Business Automobile Liability Insurance, including owned, leased, non-owned and hired automobile coverage, with a limit of not less than one million dollars (\$1,000,000) per accident.

(5) Worker’s Compensation Insurance and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Store is located. This coverage shall also be in effect for all of your employees who participate in any training programs.

(6) Employer’s Liability Insurance in the amount of one hundred thousand dollars (\$100,000) per person, five hundred thousand dollars (\$500,000) in the aggregate and one hundred thousand (\$100,000) for occupational disease.

(7) Umbrella Insurance in the minimum amount of one million dollars (\$1,000,000) for the Franchise Store, which shall extend over the general liability, auto liability and employer’s liability.

(8) Builder’s All Risk Insurance in connection with any construction, renovation, refurbishment or remodeling of the Franchised Store in amounts satisfactory to us in an amount not less than the full replacement value of the Franchised Store. You must also obtain a certificate of liability

insurance naming you and us as an additional insured from any general contractor who performs any work at any Franchised Store.

(9) Performance and Payment Bonds guaranteeing the performance of the contract and full payment of all required parties to deliver a fully completed and lien free project must be supplied by the general contractor naming Franchisee as obligee. The bond must be issued by a surety acceptable to us and in form acceptable to us for the full contract price for any construction projects in excess of \$100,000, including but not limited to new construction and renovations of existing buildings.

C. General Insurance Requirements. The following general requirements shall apply to each insurance policy that you are required to maintain under this Agreement:

(1) Each insurance policy shall name Ellianos as an additional insured and be specifically endorsed to provide that the coverages shall be primary and that any insurance carried by any additional insured shall be excess and non-contributory. Each policy shall also include a waiver of subrogation in favor of Ellianos. The applicable limits of each insurance policy shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Ellianos or its affiliates. In the event payments are required to be made under our insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by you are exhausted, you agree to reimburse, hold harmless and indemnify us and our insurers for such payments. You shall notify your insurers of the terms of this Agreement and shall use your best efforts to obtain an endorsement on each policy obtained pursuant to Section 15.B. stating as follows:

The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Ellianos, LLC. All insurance coverage obtained by Ellianos, LLC shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

(2) Each certificate of insurance shall identify the Franchised Store covered by the applicable insurance policy.

(3) The certificate holder for each certificate of insurance shall be Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025.

(4) The insured party under each insurance policy shall be the individual or entity that entered into this Agreement.

(5) No insurance policy shall contain a provision that in any way limits or reduces coverage for you in the event of a claim by Ellianos or our affiliates.

(6) Each insurance policy shall extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify us under this Agreement.

(7) Each insurance policy shall be written by an insurance company that has received and maintains at least an "A-" rating by the latest edition of Best's Insurance Rating Service.

(8) No insurance policy shall provide for a deductible amount that exceeds five thousand dollars (\$5,000), unless otherwise approved in writing by us.

(9) All liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns.

D. Evidence of Insurance. Upon the earlier of (1) the date you have a signed agreement for occupancy (such as a lease or purchase agreement), (2) the date you have a signed agreement for renovation or construction with a contractor, or (3) the date we request proof of coverage, and on each insurance policy renewal date thereafter, you must submit to us evidence of satisfactory insurance and proof of payment. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to us. Upon our request, you must provide to us copies of any policies and policy amendments and riders.

E. No Representations. You acknowledge that no requirement for insurance contained in this Agreement constitutes advice or a representation by us that only such policies, in such amounts, are necessary or adequate to protect you from losses in connection with your business under this Agreement. Maintenance of this insurance, and the performance by you of your obligations under this Section 15, shall not relieve you of liability under the indemnification provisions of this Agreement.

F. Our Right to Procure Insurance. If you fail to obtain or maintain at least the insurance required by this Section 15, as revised from time to time pursuant to the Manual or otherwise in writing, we may obtain such insurance and charge its cost to you. Upon your receipt of an invoice from us, you must immediately reimburse us for all out-of-pocket costs incurred by us in obtaining such insurance on your behalf.

16. YOUR ORGANIZATION AND MANAGEMENT

A. Representations.

(1) If you are a legal entity, you represent, warrant and agree that: **(a)** you are duly organized and validly existing under the laws of the state of your organization; **(b)** you are duly qualified to do business in the state in which the Franchised Store is located; **(c)** execution of this Agreement and the development and operation of the Franchised Store is permitted by your governing documents; and **(d)** unless waived in writing by us, your governing documents shall at all times provide that your activities are restricted to those necessary solely for the acquisition, development, ownership and operation of the Ellianos Stores in accordance with this Agreement and in accordance with any other agreements entered into with Ellianos or our affiliates.

(2) If you are an individual, or a partnership comprised solely of individuals, you make the following representations and warranties: **(a)** each individual has executed this Agreement; **(b)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(c)** notwithstanding any transfer for convenience of ownership, pursuant to Section 18.F., each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents. If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, have been furnished to Ellianos. If you are a limited liability company, copies of your

Articles of Organization, Management Agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members have been furnished to Ellianos. If you are a partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners have been furnished to Ellianos, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement. When any of these governing documents are modified or changed, you promptly shall provide copies to us.

C. Ownership Interests. If you are an entity, all interests in you are owned as set forth in attached Appendix E. You shall comply with the requirements of Section 18 prior to any change in ownership interests and shall sign addenda to Appendix E as changes occur in order to ensure the information contained in Appendix E is true, accurate and complete at all times. If you are a publicly held entity, the requirements of this Section 16.C. shall apply only to your Continuity Group (defined in Section 16.E.).

D. Restrictive Legend. If you are a corporation, you shall maintain stop-transfer instructions against the transfer on the records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Ellianos Coffee Company Franchise Agreement(s) to which the corporation is a party.” If you are a publicly-held corporation, these requirements shall apply only to the stock owned by your Continuity Group. If you are a limited liability company, each membership or management certificate or other evidence of interest in you shall have conspicuously endorsed upon its face the following statement: “Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Ellianos Coffee Company Franchise Agreement(s) to which the limited liability company is a party.” If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Continuity Group. If you are an entity, Appendix E lists those persons whom you and we have designated as your “Continuity Group.” In the event of any change in the Continuity Group or in the ownership interests of any member of the Continuity Group, you shall sign addenda to Appendix E to reflect that change. If you are a corporation, the Continuity Group shall at all times own at least 66% of your voting securities; if you are a limited liability company, the Continuity Group shall at all times own at least 66% of your membership interests; and if you are a partnership, the Continuity Group shall at all times have at least a 66% interest in the operating profits and losses and at least a 66% ownership interest in you.

F. Guaranty

(1) All members of the Continuity Group shall jointly and severally guarantee your payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant to the attached Guaranty. Unless you are a publicly-held entity, all of your officers, directors and all holders of a legal or beneficial interest in you of 10% or more (“Owners”) also shall jointly and severally guarantee your payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guaranty. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guaranty. We reserve the right to require any guarantor to provide financial statements to us from time to time.

(2) With respect to your Owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not entities) sign the Guaranty. Accordingly, if any Owner is not an individual, we shall have the right to have the Guaranty signed by individuals who have only an indirect ownership interest in you. (By way of example, if an Owner is a corporation, we have the right to require that the Guaranty be signed by individuals who have an ownership interest in that corporation.)

G. Operating Principal. If you are owned by more than one individual, you must designate and retain an individual who we approve to serve as your Operating Principal. The Operating Principal as of the date of this Agreement is identified in Appendix E. The Operating Principal shall meet all of the following qualifications:

(1) The Operating Principal, at all times, shall have full control over the day-to-day activities including operations of the Franchised Store and all other Ellianos Stores that you operate, including control over the standards of operation and financial performance.

(2) The Operating Principal shall devote full-time and reasonable efforts to supervising the operation of the Franchised Store and all other Ellianos Stores that you operate and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility.

(3) The Operating Principal must complete the Initial Training Program and any additional training programs we specify.

(4) The Operating Principal must maintain a primary residence within a reasonable driving distance from the Franchised Store.

If the Operating Principal no longer qualifies as such, you must designate another qualified person to act as the Operating Principal within thirty (30) days after the date the prior Operating Principal ceases to be qualified. Your designee must satisfy the criteria set forth in this Section 16.G., be approved by us, and sign a Guaranty in our favor.

17. TRANSFERS BY US

We shall have the absolute, unrestricted right, exercisable at any time, to transfer and assign all or any part of our rights and obligations under this Agreement to any person or legal entity without your consent.

18. TRANSFERS BY YOU

A. Our Prior Written Consent Required. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and/or your Owners and that we have entered into this Agreement in reliance on your and/or your Owners' business skill, financial capacity, personal character, experience and demonstrated or purported ability in developing and operating high quality foodservice operations. Accordingly, neither you, your Owners, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly controls you, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in you, your Owners, this Agreement, the Franchise, the Franchised Store, the assets of the Franchised Store, the Franchised Location or any other assets pertaining to your operations under this Agreement (collectively, "Transfer") without our prior written consent. Except as otherwise provided in this Agreement, any purported Transfer, by operation of law or otherwise, not having

our prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which we may terminate this Agreement without providing you an opportunity to cure the breach.

B. Transfer Considerations. You shall advise us in writing of any proposed Transfer and submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, a copy of all contracts and all other agreements or proposals and all other information requested by us relating to the proposed Transfer. If we do not exercise our right of first refusal, the decision as to whether or not to consent to a proposed Transfer shall be made by us in our sole discretion and shall include numerous factors deemed relevant by us. These factors may include, but will not be limited to, the following:

(1) You and your Owners and affiliates must be in compliance with the provisions of this Agreement and all other agreements with us and our affiliates.

(2) All of your accrued monetary obligations to us and our affiliates (whether arising under this Agreement or otherwise) and all other outstanding obligations related to the Franchised Store (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) have been satisfied or, in our reasonable judgment, adequately provided for. We may require you to place a reasonable sum of money in escrow to ensure that such obligations are satisfied.

(3) If the proposed Transfer is a Transfer of direct or indirect ownership interests in you and is a Transfer to financial investors, none of whom will own more than five percent (5%) of all ownership interests in you and, after the proposed Transfer, at least fifty-one percent (51%) of all ownership interests in you will be held by the owners identified in Appendix E ("Original Owners"), each transferee (and, if any transferee is not a natural person, all persons that have any direct or indirect legal or beneficial ownership interest in that transferee) shall have demonstrated to our satisfaction: (a) a management culture compatible with that of Ellianos, as determined by Ellianos; and (b) sufficient and appropriate moral character, educational credentials, business and managerial acumen, aptitude, ability, standards and reputation, credit rating, financial resources and capital, all as determined by Ellianos.

(4) For all proposed Transfers of ownership interests in you not covered by Section 18.B.(3), the transferee (and, if any transferee is not a natural person, all persons that have any direct or indirect, legal or beneficial ownership interest in that transferee) shall have demonstrated to Ellianos' satisfaction: (a) extensive experience in high quality foodservice operations of a character and complexity similar to that associated with Ellianos Stores and the System; (b) a management culture compatible with that of Ellianos, as determined by Ellianos; (c) sufficient and appropriate moral character, educational credentials, business and managerial acumen, aptitude, ability, standards and reputation, credit rating, financial resources and capital, all as determined by Ellianos; and (d) such persons designated by Ellianos, attended and successfully completed any training required by Ellianos and paid any fees in connection with such training.

(5) If you propose to Transfer this Agreement, as opposed to ownership interests in you pursuant to Sections 18.B.(3) and (4), in addition to the requirements of Section 18.B.(4), the transferee (and its guarantors, as designated by Ellianos) shall, as Ellianos may require, enter into either: (a) a written assignment, in form and substance acceptable to Ellianos, under which the transferee assumes and agrees to discharge the obligations that are proposed to be transferred to the transferee, or (b) one or more new agreements with Ellianos covering such obligations and using such forms of agreement designated by Ellianos (for example, without limitation, the then-current form of franchise agreement). Ellianos may disapprove a Transfer subject to this Section 18.B.(5) if the price or cost paid by the transferee in connection with the Transfer is so high, as determined by Ellianos, as to jeopardize the ability of the transferee to remain in full compliance with all financial obligations and other obligations to Ellianos, its affiliates and

any third party relating to this Agreement. If you (and/or your Owners or affiliates) finance any part of the sale price, you, your Owners or affiliates must agree that all obligations of the proposed transferee and any security interests reserved by you, your Owners, and/or your affiliates in the assets transferred, will be subordinate to the proposed transferee's obligations to pay all amounts due to us and our affiliates and to comply otherwise with this Agreement or any other agreements that are signed by the proposed transferee.

(6) The transferee, at the transferee's expense, must complete any refurbishment, remodeling, or other changes to the Franchised Location as required by Ellianos.

(7) You, your Owners and all guarantors shall execute a general release and covenant not to sue, in form and substance satisfactory to us, with respect to any and all claims against us and our affiliates.

(8) You, your Owners and/or all guarantors must sign a non-competition covenant, in form and substance satisfactory to us, in favor of us and the proposed transferee agreeing that, for a period of two (2) years, starting on the effective date of the Transfer, you, your Owners and/or all guarantors will not directly or indirectly, such as through members of their immediate families (including a spouse, parent, sibling, or child, whether natural or adopted), own any legal or beneficial interest in, or render services or give advice to, any Competitive Business as defined in Section 20.C.2(c) within a ten (10) mile radius of any Ellianos Store.

(9) You and/or your Owners shall sign such other documents and take such other actions as we may require to protect our rights under this Agreement.

C. Transfer Fee. If we consent to a proposed Transfer, prior to the Transfer becoming effective, you or the transferee shall pay us a Transfer Fee, plus our costs associated with evaluating the Transfer. If the transferee is a new Ellianos franchisee, the Transfer Fee shall be \$5,000, and if the transferee is an existing Ellianos franchisee, the Transfer Fee shall be \$2,000.

D. Effect of our Consent. Our consent to a Transfer does not constitute: (1) a representation as to the fairness of the terms of any agreement or arrangement between you and/or your Owners and the transferee or as to the prospects of the transferee's success in operating the Franchised Store; or (2) a release of you and/or your Owners, a waiver of any claims against you and/or your Owners or a waiver of our right to demand the transferee's compliance with this Agreement. Our consent to any Transfer shall apply only to the specific Transfer being proposed and shall not constitute consent to, or have any bearing on, any other proposed Transfer. Our consent to a Transfer will not create any liability on our part to the transferee, if the transferee experiences financial difficulties and our refusal to consent to a Transfer will not create any liability on our part to you, or the transferee, if our refusal is pursuant to this Section 18. We, without incurring any liability to you, your Owners or the transferee, have the right, in our sole discretion, to communicate with and counsel you (and/or your Owners) and the transferee (and/or its owners) and either party's representatives regarding any proposed Transfer.

E. Permitted Transfers. Notwithstanding the provisions of Section 18.B., we agree that certain Transfers shall be permitted without our prior written approval and without the payment of a Transfer Fee, provided the following conditions are satisfied:

(1) The Transfer is a transfer of:

(a) If you are an entity, a minority percentage of ownership interests in you and after the Transfer, the Continuity Group owns at least 66% of your voting securities if you are a corporation; the Continuity Group owns at least 66% of the membership interests in you if you are a limited

liability company; or the Continuity Group owns at least a 66% interest in your operating profits and losses; or

(b) Ownership interests in you following the death or permanent disability of you, any of your Owners or your Operating Principal, provided that the Transfer is to the parent, sibling, spouse or child of that person or to a member of the Continuity Group. Such Transfer shall be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability. Failure to complete the Transfer within this period of time will constitute a breach of this Agreement. A person shall be deemed to have a “permanent disability” if his personal, active participation in the development and operation of the Franchised Store is for any reason curtailed for a continuous period of six (6) months.

(2) You provide to us written notice of your intent to undertake the Transfer at least thirty (30) days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section 18.E.

(3) At the time of your notice to us, you are not in default of this Agreement or any other agreements between you and Ellianos or our affiliates.

F. Transfers for Convenience of Ownership. If you are an individual or a partnership, our right of first refusal described in Section 18.J. shall not apply to any Transfer of this Agreement to a corporation or limited liability company formed for the convenience of ownership. Our consent to the Transfer will be conditioned on the following: (1) the corporation or limited liability company must be newly organized; (2) prior to the Transfer, we must receive a copy of the documents specified in Section 16.B., and the transferee shall comply with the remaining provisions of Section 16; (3) you must pay us a transfer fee of \$500; and (4) each individual or partner shall have the same proportionate ownership interest in the corporation or the limited liability company as prior to the Transfer.

G. Grant of Security Interest. You shall not grant any security interest in you, the Franchised Store, the Franchised Location or the assets used in the operation or development of the Franchised Store without our prior written consent, which will not be unreasonably withheld. Our consent may be conditioned, in our sole discretion, on the written agreement by the secured party that, in the event of a default by you under any agreement related to the security interest, we shall have the right and option (but not the obligation) to purchase the rights of the secured party upon payment of all sums then due to the secured party.

H. Offerings by You. Securities or partnership interests in you may be sold, by private or public offering, only with our prior written consent (whether or not our consent is required under any other provision of this Agreement), which consent shall not be unreasonably withheld. In addition to the requirements of Section 18.B., prior to the time that any public offering or private placement of securities or partnership interests in you is made available to potential investors, you, at your expense, shall deliver to us a copy of the offering documents. You, at your expense, also shall deliver to us an opinion of your legal counsel and an opinion of one other legal counsel selected by us (both of which shall be addressed to us and in a form acceptable to us) that the offering documents properly use the Marks and accurately describe your relationship with us and/or our affiliates. The indemnification provisions of Section 25 shall also include any losses or expenses incurred by us and/or our affiliates in connection with any statements made by or on behalf of you in any public offering or private placement of your securities.

I. Changes in Ownership of Voting Securities. If you were a publicly-held entity as of the Effective Date, Section 18.B. shall be applicable to Transfers of ownership interests in you only if the proposed Transfer would result in: (1) fifty percent (50%) or more of your voting securities being held by

different shareholders than as of the Effective Date; (2) any change in ownership of your voting securities whereby any existing shareholder acquires an additional ten percent (10%) or more of your voting securities; or (3) any change in the membership of the Continuity Group (unless such change is a permitted Transfer pursuant to Section 18.E.).

J. Our Right of First Refusal

(1) If any party holding any interest in you or this Agreement desires to undertake a Transfer for legal consideration, you must obtain a *bona fide*, signed written offer from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer, including price and payment terms. If the offeror proposes to buy any other property or rights (other than rights under this Agreement) as part of the *bona fide* offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us. In addition, upon our request, you must also provide to us copies of all materials and information provided to the potential purchaser.

(2) We have the right, exercisable by notice delivered to you within thirty (30) days after our receipt of a complete and accurate copy of such offer (or such later time if we decide to Verify The Transaction as described in Section 18.J.(3)), to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; (c) we shall not be obligated to pay any finder's or broker's fees; and (d) we will have not less than ninety (90) days from the date we exercise the right to close on the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the proposed transaction. We may conduct such investigation and analysis in any manner we deem reasonably appropriate, and you must cooperate fully with us.

(3) We reserve the right to test the *bona fide*, arms-length, price, terms and conditions of the proposed transaction ("Verify The Transaction") by any means we deem desirable, including, but not limited to, having an appraisal performed on the business, inviting third party purchasers to bid on the business and verifying the financial ability of the proposed purchaser to consummate the transaction. If we Verify The Transaction, we shall have at least sixty (60) days from the date we notify you of our intent to Verify The Transaction to do so, and our notice that we have decided to exercise our right of first refusal shall not be due until thirty (30) days after the verification has been completed.

(4) If we exercise our right of first refusal, we are entitled to set off any monies owed by you to us and purchase such interest, subject to all representations, warranties, closing documents and indemnities as we reasonably may require, provided that, if we exercise our right of first refusal as a result of a written offer reflected in a fully negotiated definitive agreement with the proposed purchaser, we will not be entitled to any additional representations, warranties, closing documents or indemnities that will have a materially adverse effect on your rights and obligations under the definitive agreement.

(5) Our failure to exercise our right of first refusal shall not constitute approval of the proposed Transfer nor a waiver of any other provision of this Section 18 with respect to a proposed Transfer. If we do not exercise our right of first refusal, you may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our consent to the Transfer as provided in Section 18.B., provided that if the sale to such offeror is not completed within six (6) months after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30)-day period following your notification of the expiration of the six (6) month period or the material change to the terms of the offer.

19. GENERAL RELEASE

You (on behalf of yourself and your parent, subsidiaries and affiliates), all individuals who execute this Agreement, and all guarantors of your obligations under this Agreement (collectively, "Releasors") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "claims"), which any Releasor now owns or holds or may at any time have owned or held, up to and including the Effective Date, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and us or our parent, subsidiaries or affiliates, the sale of any franchise to any Releasor, the development and operation of the Franchised Store and the development and operation of all other retail businesses operated by any Releasor that are franchised by us or our parent, subsidiaries or affiliates. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the Effective Date.

20. COVENANTS

A. Best Efforts. You and your Operating Principal shall devote reasonable efforts to the development, management and operation of the Franchised Store.

B. Confidentiality

(1) You acknowledge and agree that: (a) we own all right, title and interest in and to the System; (b) the System consists of trade secrets and the confidentiality of the proprietary information and know-how that gives us and our affiliates a competitive advantage; (c) we and our affiliates have taken all measures necessary to protect the trade secrets, confidential and proprietary information and know-how comprising the System; (d) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (e) you have no right to disclose any part of the System to anyone who is not an employee of yours; (f) you will disclose to your employees only those parts of the System that an employee needs to know; (g) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from those of your employees designated by us an executed Confidential Disclosure Agreement in the form prescribed by us; (h) you will not acquire any interest in the System; and (i) your use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

(2) You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets, confidential and proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, equipment, specifications, recipes, techniques and other data that we or our affiliates designate as confidential, shall be deemed confidential for purposes of this Agreement.

C. Restrictions

(1) You acknowledge and agree that: **(a)** you will have access to valuable trade secrets, specialized training and confidential and proprietary information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience established by us and acquired by you under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research and money; **(d)** we would be unable to adequately protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among Ellianos Stores if franchisees or developers were permitted to hold interests in Competitive Businesses; and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not hinder your activities.

(2) Accordingly, you covenant and agree that, during the Initial Term and for a continuous period of two (2) years following the expiration, termination or Transfer of this Agreement, you shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with, any person, firm, partnership, corporation or other entity or in manner whatsoever:

(a) Divert or attempt to divert any actual or potential business or customer of Ellianos Stores to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, develop, operate, engage in, franchise or license, make loans to, or have any interest in or render services or give advice to any “Competitive Business.” As used in this Agreement, the term “Competitive Business” means any business in the casual dining market or fast-casual segment of the restaurant industry: **(i)** that offers as a core menu item any specialty coffee, specialty tea, espresso drink, cappuccino, latte, chai tea, smoothie or any menu item that constitutes fifteen percent (15%) of sales at Ellianos Stores; or **(ii)** whose method of operation or trade dress is similar to that employed by the System.

(3) During the term of this Agreement, there is no geographical limitation on these restrictions. Following the expiration or earlier termination of this Agreement, these restrictions shall apply within the Protected Area and within 10 miles of any then-existing Ellianos Store, except as otherwise approved in writing by us. These restrictions shall not apply to your existing restaurant or foodservice operations, if any, which are identified in Appendix A, nor shall these restrictions apply to other foodservice operations operated by you that are franchised by Ellianos or our affiliates.

(4) If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two (2)-year period following expiration or earlier termination of this Agreement, you fail to comply with your obligations under Section 20.C., that period of noncompliance will not be credited toward your satisfaction of the two (2)-year obligation.

(5) You further covenant and agree that, for a period of two (2) years following the expiration, termination or Transfer of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchised Location to any person, firm, partnership, corporation or other entity which you know, or have reason to know, intends to operate a Competitive Business at the Franchised

Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Franchised Location, shall include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate Section 20.C.(2)(c) is not operated at the Franchised Location for this two(2)-year period, and you shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

D. Modification. We shall have the right, in our sole discretion, to reduce the scope of any covenant in this Section 20 effective immediately upon your receipt of written notice, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 29.

E. Execution of Covenants by Third Parties. At our request, you shall require and obtain the execution of covenants similar to those set forth in this Section 20 (including covenants applicable upon the termination of an individual's relationship with you) from all guarantors of your obligations. Every covenant required by this Section 20.E. shall be in a form satisfactory to us, including, without limitation, specific identification of Ellianos as a third party beneficiary of such covenants with the independent right to enforce them. Failure by you to obtain execution of a covenant required by this Section 20.E. shall constitute a material breach of this Agreement.

F. Survival. The terms of this Section 20 shall survive the termination, expiration or any Transfer of this Agreement. The parties agree this Section 20 shall be construed as independent of any other provision of this Agreement.

G. Applicability. The covenants and restrictions contained in this Section 20 shall apply to you and all guarantors of your obligations. With respect to your guarantors, these restrictions shall apply for a two (2)-year period after any guarantor ceases to be an officer, stockholder, director, Owner or member of the Continuity Group. The restrictions contained in this Section 20 shall not apply to any ownership interest of less than 5% legal or beneficial ownership in the outstanding equity securities of any publicly held corporation. The existence of any claim you or any guarantor may have against Ellianos or our affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 20. The preceding sentence, however, does not constitute a waiver of any such claim.

21. DEFAULT AND TERMINATION

A. Termination Without Cure Period. In addition to the grounds for termination that may be stated elsewhere in this Agreement, we may terminate this Agreement, and the rights granted to you by this Agreement, upon written notice to you without an opportunity to cure upon the occurrence of any of the following events:

(1) You fail to obtain site approval within four (4) months after you sign this Agreement.

(2) If you fail to complete construction, obtain our approval, and open the Franchised Store for business by the Opening Deadline.

(3) You cease to operate continuously the Franchised Store for a period in excess of seven (7) consecutive days, unless the closing is due to an act of God, fire, or other natural disaster.

(4) You are insolvent or unable to pay your creditors (including Ellianos); you file a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization; there is

filed against you a petition in bankruptcy, an arrangement for the benefit of creditors or petition for reorganization, which is not dismissed within sixty (60) days after the filing; you make an assignment for the benefit of creditors; or a receiver or trustee is appointed for you and not dismissed within sixty (60) days after the appointment.

(5) Execution is levied against your business or property; suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Store is instituted against you and is not dismissed within sixty (60) days; or the real or personal property of the Franchised Store shall be sold after levy thereupon by any sheriff, marshal or constable.

(6) A judgment in excess of twenty-five thousand dollars (\$25,000) against you remains unsatisfied for a period of more than thirty (30) days (unless a supersedeas or other appeal bond has been filed).

(7) There is a material breach of any covenant or obligation under Section 20.

(8) Any Transfer that requires our prior written consent occurs without you having obtained that prior written consent.

(9) We discover that you made a material misrepresentation in or omitted a material fact from the information that you provided to us in connection with our decision to enter into this Agreement.

(10) You make any material misrepresentation in your dealings with us or fail to disclose to us any material facts.

(11) You knowingly falsify any report required to be furnished to us or make any material misrepresentation in your dealings with us or fail to disclose any material facts to us.

(12) We make a reasonable determination that your continued operation of the Franchised Store will result in an imminent danger to public health or safety.

(13) You lose possession of the Franchised Location through your own fault or your failure to extend the lease for the Franchised Location through the Initial Term.

(14) You, your Operating Principal, any member of the Continuity Group, any officer, director or any Owner engages in conduct that is deleterious or reflects unfavorably on us, the System, the Marks, and/or the goodwill associated therewith including, without limitation, conduct that exhibits a disregard for the physical and mental well-being of employees, customers, our representatives, the public at large (e.g., battery, assault, sexual harassment, discrimination, and other forms of threatening, outrageous, or socially unacceptable behavior).

(15) There is a material breach by you of any representation or warranty set forth in Sections 32.G. or 33.

(16) You misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated with the Marks or our rights in the Marks.

(17) You fail or refuse to have your employees attend the training programs described in Section 11.

(18) You, your Operating Principal, any member of the Continuity Group or any Owner: (a) remains in default beyond the applicable cure period under any other agreement with Ellianos or our affiliates (provided that, if the default is not by you, we shall provide to you written notice of the default and a thirty (30)-day period to cure the default); (b) remains in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Store; (c) remains in default beyond the applicable cure period under any contract with any vendor or supplier to the Franchised Store; or (d) fails to pay when due any taxes or assessments relating to the Franchised Store or its employees, unless you are actively prosecuting or defending the claim or suit in a court of competent jurisdiction or by appropriate government administrative procedure or by arbitration or mediation conducted by a recognized alternative dispute resolution organization.

(19) Any assets, property, or interests of yours or your Owners are blocked under any law, ordinance, or regulation relating to terrorist activities, or you violate any such law, ordinance or regulation.

(20) You understate any payment to us by five percent (5%) or more.

B. Termination Following Expiration of Cure Period

(1) Except for those items listed in preceding Section 21.A., you shall have thirty (30) days after written notice of default from us within which to remedy the default and provide evidence of that remedy to us. If any such default is not cured within that time, this Agreement shall terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing. Notwithstanding the foregoing, if the default cannot be corrected within thirty (30) days, you shall have such additional time to correct the default as reasonably required (not to exceed ninety (90) days), provided that you begin taking the actions necessary to correct the default during the thirty (30)-day cure period and diligently and in good faith pursue those actions to completion. You will be in default under this Section 21.B.(1) for any failure to comply materially with any of the requirements imposed by this Agreement, the Manual or otherwise in writing, as may from time to time be supplemented in writing as permitted herein, or to carry out the terms of this Agreement in good faith.

(2) Notwithstanding the provisions of preceding Section 21.B.(1), if you default in the payment of any monies owed to us when such monies become due and payable and you fail to pay such monies within 10 days after receiving written notice of default, then this Agreement will terminate effective immediately upon expiration of that time, unless we notify you otherwise in writing.

(3) If you have received 2 or more notices of default within the previous 12 months, we shall be entitled to send you a notice of termination upon your next default within that 12 month period under this Section 21.B.(3) without providing you an opportunity to remedy the default.

(4) In addition to the other provisions of this Section 21.B, if we reasonably determine that you are or will become unable to meet your obligations to Ellianos or our affiliates under this Agreement, we may provide to you written notice to that effect and demand that you provide those assurances reasonably designated by us, which may include security or letters of credit for the payment of your obligations to Ellianos and our affiliates. If you fail to provide the assurances demanded by us within thirty (30) days after your receipt of written notice from us, this Agreement shall terminate without further notice to you effective immediately upon expiration of that time, unless we notify you otherwise in writing.

C. Termination Following Inspection. We shall have the right to conduct periodical inspections of the Franchised Store to evaluate your compliance with the System and this Agreement. Following each inspection, we will provide you an inspection report listing your score on the inspection

and those conditions at the Franchised Store that must be rectified. If you fail to achieve a passing score on an inspection, the inspection report shall constitute a notice of default. If you fail to achieve a passing score on the next inspection (which shall be conducted at least fifteen (15) days after your receipt of the inspection report for the prior inspection), we may terminate this Agreement, without opportunity to cure, by providing you written notice of termination along with the inspection report.

D. Statutory Limitations. If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement requires a notice or cure period prior to termination longer than set forth in this Section 21, this Agreement shall be deemed amended to conform to the minimum notice or cure period required by the applicable law or regulation.

22. OBLIGATIONS ON TERMINATION OR EXPIRATION

A. Your Obligations. Upon termination or expiration of this Agreement:

(1) Your limited exclusive rights in the Protected Area shall terminate immediately and we shall have the right to operate, or license others to operate, Ellianos Stores anywhere in the Protected Area.

(2) You immediately shall pay to Ellianos and our affiliates all sums due and owing to Ellianos or our affiliates relating to the Franchised Store.

(3) You promptly shall return to us the Manual, any copies of the Manual and all other materials and information furnished by us and you promptly shall return to us, in good condition and repair excepting normal wear and tear, all computer software, disks, tapes and other magnetic storage media.

(4) You and all persons and entities subject to the covenants contained in Section 20 shall continue to abide by those covenants and shall not, directly or indirectly, take any action that violates those covenants.

(5) You immediately shall discontinue all use of the Marks in connection with the Franchised Store and of any and all items bearing the Marks; remove the Marks from the Franchised Store and from clothing, signs, materials, motor vehicles and other items owned or used by you in the operation of the Franchised Store; cancel all advertising for the Franchised Store that contains the Marks (including telephone directory listings); and take such action as may be necessary to cancel any filings or registrations for the Franchised Store that contain any Marks.

(6) You promptly shall make such alterations and modifications to the Franchised Location as may be necessary to clearly distinguish to the public the Franchised Location from its former appearance and also make those specific additional changes as we may request for that purpose. If you fail to promptly make these alterations and modifications, we shall have the right (at your expense, to be paid upon your receipt of an invoice from us) to do so without being guilty of trespass or other tort.

B. Evidence of Compliance. You shall furnish to us, within thirty (30) days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by an executive officer) satisfactory to us of your compliance with Sections 22.A.(1)–22.A.(6).

C. Prohibited Conduct. You shall not, except with respect to a store franchised by Ellianos or our affiliates which is then open and operating pursuant to an effective franchise agreement: (1) operate or do business under any name or in any manner that may give the public the impression that you are connected in any way with Ellianos or our affiliates or have any right to use the System or the Marks;

(2) make, use or avail yourself of any of the materials or information furnished or disclosed by Ellianos or our affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or (3) assist anyone not licensed by Ellianos or our affiliates to construct or equip a foodservice outlet substantially similar to an Ellianos Store.

23. OPTION TO PURCHASE

A. Scope. Upon the expiration or termination of this Agreement for any reason, we shall give written notice to you, within thirty (30) days after the effective date of termination or expiration, if we intend to exercise our option to purchase from you some or all of the assets used in the operation of the Franchised Store (“Assets”). As used in this Section 23, “Assets” shall mean and include, without limitation, leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (non-perishable products, materials and supplies) used in the Franchised Store, the real estate fee simple or the lease or sublease for the Franchised Location, and any licenses necessary to operate the Franchised Store. We shall have the unrestricted right to assign this option to purchase the Assets. We or our assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to: (1) ownership, condition and title; (2) liens and encumbrances; (3) environmental and hazardous substances; and (4) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise.

B. Purchase Price. The purchase price for the Assets (“Purchase Price”) shall be their fair market value, (or, for leased assets, the fair market value of your lease) determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets; provided, however, that the Purchase Price shall take into account the expiration or termination of this Agreement. Further, the Purchase Price for the Assets shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Franchised Store nor any goodwill or “going concern” value for the Franchised Store. We may exclude from the Assets purchased in accordance with this Section 23 any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not approved as meeting our then-current standards for an Ellianos Store or for which you cannot deliver a Bill of Sale in a form satisfactory to us.

C. Certificate Appraisers. If we and you are unable to agree on the fair market value of the Assets within thirty (30) days after the date that you received our notice expressing our intent to exercise this option to purchase, the fair market value shall be determined by two professionally certified appraisers, one selected by you and one selected by us. If the valuations set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and shall be the Purchase Price.

D. Access to Franchised Store. The appraisers shall be given full access to the Franchised Store, the Franchised Location and your books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with this Section 23. The appraisers’ fees and costs shall be borne equally by Ellianos and you.

E. Exercise of Option. Within ten (10) days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing (“Purchase Notice”). The Purchase Price shall be paid in cash or cash equivalents at the closing (“Closing”), which shall take place no later than sixty (60) days after the date of the Purchase Notice. From the date of the Purchase Notice until Closing:

(1) You shall operate the Franchised Store and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement; and

(2) We shall have the right to appoint a manager, at our expense, to control the day-to-day operations of the Franchised Store and you shall cooperate, and instruct your employees to cooperate, with that manager. Alternatively, we may require you to close the Franchised Store during such time period without removing any Assets from the Franchised Store.

F. Due Diligence Period. For a period of thirty (30) days after the date of the Purchase Notice (“Due Diligence Period”), we shall have the right to conduct such investigations as we deem necessary and appropriate to determine: (1) the ownership, condition and title of the Assets; (2) liens and encumbrances on the Assets; (3) environmental and hazardous substances at or upon the Franchised Location; and (4) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise. You will afford Ellianos and our representatives access to the Franchised Store and the Franchised Location at all reasonable times for the purpose of conducting inspections of the Assets; provided that such access does not unreasonably interfere with your operations of the Franchised Store.

G. Our Rights During Due Diligence Period. During the Due Diligence Period, at our sole option and expense, we may (1) cause the title to the Assets that consist of real estate interests (“Real Estate Assets”) to be examined by a nationally recognized title company and conduct lien searches as to the other Assets; (2) procure “AS BUILT” surveys of the Real Estate Assets; (3) procure environmental assessments and testing with respect to the Real Estate Assets; and/or (4) inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory (“Fixed Assets”) to determine if the Fixed Assets are in satisfactory working condition. Prior to the end of the Due Diligence Period, we shall notify you in writing of any objections that we have to any finding disclosed in any title to lien search, survey, environmental assessment or inspection. If you cannot or elect not to correct any such title defect, environmental objection or defect in the working condition of the Fixed Assets, we will have the option to either accept the condition of the Assets as they exist or rescind our option to purchase on or before the Closing.

H. Compliance With Law. Prior to the Closing, Ellianos and you shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Franchised Store is located and the bulk sales provisions of any applicable tax laws and regulations. You shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchised Store prior to Closing. We shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the Assets or any obligations assumed by us.

I. Leased Franchised Location. If the Franchised Location is leased, we agree to use reasonable efforts to effect a termination of the existing lease for the Franchised Location. If the lease for the Franchised Location is assigned to us or we sublease the Franchised Location from you, we will indemnify and hold you harmless from any ongoing liability under the lease from the date we assume possession of the Franchised Location, and you will indemnify and hold us harmless from any liability under the lease prior to and including that date.

J. Owned Franchised Location. If you own the Franchised Location, we, at our option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with you shall be at least five (5) years with two (2) options to renew of five (5) years each and the rent shall be the fair market rental value of the Franchised Location. If Ellianos and

you cannot agree on the fair market rental value of the Franchised Location, then appraisers (selected in the manner described in Section 23.C.) shall determine the rental value.

K. Your Obligations at Closing. At the Closing, you shall deliver instruments transferring to us or our assignee: **(1)** good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; **(2)** all licenses and permits for the Franchised Store that may be assigned or transferred, with appropriate consents, if required; and **(3)** the lease or sublease for the Franchised Location, with appropriate consents, if required. If you cannot deliver clear title to all of the purchased Assets as indicated in this Section 23, or if there are other unresolved issues, the Closing shall be accomplished through an escrow.

24. RELATIONSHIP OF THE PARTIES

A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Ellianos or our affiliates. Neither this Agreement nor any course of conduct is intended nor may be construed to state or imply that Ellianos is the employer of your employees and/or independent contractors, nor vice versa. You shall have no right or power to, and shall not, bind or obligate Ellianos or our affiliates in any way or manner, nor represent that you have any right to do so. You shall not issue any press releases without our prior written approval.

B. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Franchised Store, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Franchised Store is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Franchised Store violates any law, ordinance or regulation. You are the only party that is in day-to-day control of the Franchised Store, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that fact.

C. The sole relationship between you and Ellianos is a commercial, arms' length business relationship, and, except as provided in Section 25, there are no third party beneficiaries to this Agreement. Your business is, and shall be kept, totally separate and apart from any that may be operated by Ellianos. In all public records, in relationships with other persons, and on letterheads and business forms, you shall indicate your independent ownership of the Franchised Store and that you are solely a franchisee of Ellianos. You shall post a sign in a conspicuous location in the Franchised Store that will contain your name and state that the Franchised Store is independently owned and operated by you under a franchise agreement with Ellianos.

25. INDEMNIFICATION

A. Except as expressly prohibited by state law, you, your Owners and all guarantors of your obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to us) and hold harmless (to the fullest extent permitted by law) Ellianos and our affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with your

activities under this Agreement. You promptly shall give Ellianos written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against you and, upon request, shall furnish Ellianos with copies of any documents from such matters as we may request.

B. At your expense and risk, we may elect to assume (but under no circumstances will we be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this Section 25. Such an undertaking shall, in no manner or form, diminish your obligation to indemnify and hold harmless Ellianos and Indemnitees. We shall not be obligated to seek recoveries from third parties or otherwise mitigate losses.

C. As used in this Section 25, the phrase “losses and expenses” shall include, but not be limited to: all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys’ fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to our reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

26. CONSENTS, APPROVALS AND WAIVERS

A. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor, and any approval or consent received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

B. We make no warranties or guarantees upon which you may rely by providing any waiver, approval, consent or suggestion to you in connection with this Agreement and assume no liability or obligation to you therefor, or by reason of any neglect, delay or denial of any request therefor. We shall not, by virtue of any approvals, advice or services provided to you, assume responsibility or liability to you or to any third parties to which we would not otherwise be subject.

C. No failure by Ellianos to exercise any power reserved to it by this Agreement or to insist upon strict compliance by you with any obligation or condition under this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of our right to demand exact compliance with any term of this Agreement. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission by us in exercising any power or right arising out of any breach or default by you of any term, provision or covenant of this Agreement affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right under this Agreement, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of the Initial Term. Our subsequent acceptance of any payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding breach by you of any term, covenant or condition of this Agreement.

27. NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties, unless the notice is in writing, refers specifically to this Agreement and is addressed to: **(A)** if to you, the notice address set forth in Appendix A; and **(B)** if to us, Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, FL 32025 (Attn: Mike Stewart)) (email: mike@ellianos.com). Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section 27. Notices shall be effective upon receipt (or first refusal of delivery) and may be: **(1)** delivered personally;

(2) transmitted electronic mail to the email address(es) set forth above (or in Appendix A) with electronic confirmation of receipt; (3) mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or (4) mailed via overnight courier.

28. FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term “Force Majeure” means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

29. ENTIRE AGREEMENT

We and you acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement, the Manual, the documents referred to in this Agreement, and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning the matters covered in this Agreement, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement, the Manual, the documents referred to in this Agreement (including our Franchise Disclosure Document), and the attachments to this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. Except as expressly set forth in this Agreement, no amendment, change or variance from this Agreement shall be binding on either party, unless mutually agreed to by the parties and signed in writing.

30. DISPUTE RESOLUTION

A. Negotiation and Non-Binding Mediation. If any dispute, claim or controversy arises out of this Agreement or the parties’ relationship, before beginning any legal action or arbitration proceeding, the parties may attempt to resolve the dispute, claim or controversy through negotiation (as described in this Section 30.A.(1)) or non-binding mediation (as described in Section 30.A.(2)); provided that the parties shall not be required to negotiate or mediate any such dispute, claim or controversy.

(1) Negotiation. The party initiating negotiation of any dispute, claim or controversy shall provide written notice to the other party describing the nature of the dispute, claim or controversy, specifying the relief sought and identifying the persons who are authorized to settle the dispute, claim or controversy. Within ten (10) days after receiving that notice, the other party shall designate in writing the persons who are authorized to settle the dispute, claim or controversy. The designated persons may take all actions necessary to investigate the dispute, claim or controversy; provided however, within fourteen (14) days after the initial notice identifying the dispute, claim or controversy, those persons shall meet to negotiate a resolution of the dispute, claim or controversy.

(2) **Non-Binding Mediation.** If the parties fail to resolve any dispute, claim or controversy during a negotiation as set forth in Section 30.A.(1) within thirty (30) days after the initial meeting of the persons designated by the parties, either party may notify the other party of its intent to commence non-binding mediation. Within fourteen (14) days after a request for mediation, the parties shall select a mediator who is certified by the Florida Supreme Court and experienced in the mediation of food service business disputes. Any mediation shall take place in the city where Ellianos has its principal office. The parties will share the costs of mediation equally, exclusive of their respective attorneys' fees.

B. Arbitration

(1) Except as provided in Section 30.C., any claim, controversy or dispute arising out of or relating to this Agreement or with respect to a breach of the terms of this Agreement and any other claim, controversy or dispute between the parties shall be submitted to final and binding arbitration before the American Arbitration Association ("AAA") as the sole and exclusive remedy.

(2) The arbitration will be governed by the AAA commercial arbitration rules in effect on the date the demand for arbitration is filed and shall be conducted before one neutral arbitrator with franchise experience selected in accordance with the AAA commercial arbitration rules from the AAA's national or regional arbitrator lists. Any demand for arbitration shall specify the amount of damages sought.

(3) The arbitration shall be administered by the AAA office nearest to Ellianos' principal offices at the time the demand for arbitration is filed and all hearings shall take place in the county in which Ellianos' principal offices are located at that time.

(4) All other costs and expenses in connection with the arbitration shall be borne initially by the party who incurs such expense or who requests a service (such as, without limitation, a transcript of a deposition or of the arbitration proceeding). At the conclusion of the arbitration proceeding, all costs and expenses (including, without limitation, attorneys' and accountants' fees) of the prevailing party shall be reimbursed by the party that does not prevail. If a party prevails on some but not all issues, the arbitrator shall determine the manner in which such costs will be borne.

(5) The arbitrator shall have no authority to amend or modify the provisions of this Agreement. The award and decision of the arbitrator shall be conclusive and binding upon all parties thereto and judgment upon the award may be entered in any court of competent jurisdiction, and Ellianos and you waive any right to contest the validity or enforceability of the award. Ellianos and you will obtain the agreement of the arbitrator that: (a) the arbitrator shall provide a written ruling, stating in separate sections the findings of fact and conclusions of law on which the ruling is based; and (b) the ruling is due not later than sixty (60) days after the final hearing.

C. Claims Not Subject to Arbitration. Notwithstanding anything to the contrary contained in Section 30.B., either party shall be entitled to file suit in a court of competent jurisdiction for the entry of temporary or preliminary injunctive relief, restraining orders and orders of specific performance, including, without limitation, injunctive relief pertaining to your use of the System and the Marks. You shall file any suit against us for claims not subject to arbitration only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file any suit against you for claims not subject to arbitration in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Franchised Store is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

D. Choice of Law. This Agreement and any dispute, claim or controversy arising out of, or relating to, the rights and obligations of the parties under this Agreement and any other dispute, claim or controversy between the parties shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of laws principles. Nothing in this Section 30.D. is intended, or shall be deemed, to make any Florida law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

E. Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

F. Reimbursement of Costs and Expenses. If we prevail in any non-binding mediation, arbitration proceeding or legal action, we shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us. The amount of these costs and expenses will be determined by the mediator, arbitrator or judge.

G. Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

H. Waiver of Punitive Damages and Jury Trial. To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.

31. SEVERABILITY AND CONSTRUCTION

A. Severability. Each article, paragraph, subparagraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with any applicable present or future law, rule or regulation in a final, unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, any other portions of this Agreement, all of which will remain binding on the parties and continue to be given full force and effect.

B. No Third Party Beneficiaries. Except as otherwise provided in Section 25, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you and Ellianos and its affiliates and such of their respective heirs, successors, and assigns, any rights or remedies under or by reason of this Agreement.

C. Modification to Scope of Covenants by Law. You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any provision of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. Interpretation. No provision of this Agreement shall be interpreted in favor of, or against, any party because of the party that drafted this Agreement.

32. MISCELLANEOUS

A. Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

B. Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

C. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original.

D. References. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, owners, directors and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, owners, directors and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

E. Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

F. Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including, but not limited to, the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, notwithstanding the agreement of the parties to arbitrate claims, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we shall be entitled to injunctive relief (both preliminary and permanent) in a court of competent jurisdiction restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that we otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

G. Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the Effective Date, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: **(1)** do not, and hereafter shall not, engage in any terrorist activity; **(2)** are

not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

H. Control During Crisis Situation

(1) If an event occurs at the Franchised Store that has or reasonably may cause harm or injury to customers, guests or employees (*i.e.*, food spoilage/poisoning, food tampering/sabotage, slip and fall injuries, natural disasters, robberies, shootings, etc.) or may damage the Marks, the System or our reputation (collectively, “Crisis Situation”), you shall: (a) immediately contact appropriate emergency care providers to assist in curing any harm or injury; and (b) immediately inform us by telephone of the Crisis Situation. You shall refrain from making any internal or external announcements (*i.e.*, no communication with the news media) regarding the Crisis Situation (unless otherwise directed by us or public health officials).

(2) To the extent we deem appropriate, in our sole and absolute discretion, we or our designee may control the manner in which the Crisis Situation is handled by the parties, including, without limitation, conducting all communication with the news media, providing care for injured persons and/or temporarily closing the Franchised Store. The parties acknowledge that, in directing the management of any Crisis Situation, we or our designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as we deem appropriate. You and your employees shall cooperate fully with us or our designee in these efforts and activities and shall be bound by all further Crisis Situation procedures developed by us from time to time. The indemnification under Section 25 shall include all losses and expenses that may result from our (or our designee’s) exercise of the management rights granted in this Section 32.H.

33. REPRESENTATIONS

You represent, acknowledge and warrant to us (and you agree that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

A. Legal and Business Rights and Risks. This Agreement involves significant legal and business rights and risks. We do not guarantee your success. You have read this Agreement in its entirety, conducted an independent investigation of the business contemplated by this Agreement, have been thoroughly advised with regard to the terms and conditions of this Agreement by legal counsel or other advisors of your choosing, recognize that the nature of the business conducted by Ellianos Stores may change over time, have had ample opportunity to investigate all representations made by or on our behalf and have had ample opportunity to consult with our current and former franchisees. The prospect for success of the business undertaken by you is speculative and depends to a material extent upon your personal commitment, capability and direct involvement in the day-to-day management of the business.

B. No Representation of Your Success. We make no express or implied warranties or representations that you will achieve any degree of success in the development or operation of the Franchised Store. Your success in the development and operation of the Franchised Store depends ultimately on your efforts and abilities and on other factors, including, but not limited to, market and other economic conditions, your financial condition and competition.

C. Acceptance of Sites. Our acceptance of one or more sites or our refusal to accept other sites is not a representation that the Franchised Location will achieve a certain sales volume or a certain level of profitability, or that the Franchised Location will have a higher sales volume or be more profitable

than a site that we did not accept. Our acceptance merely means that the minimum criteria which we have established for identifying sites for proposed Ellianos Stores have been met. Because real estate development is an art and not a precise science, you agree that our acceptance, or refusal to accept a proposed site, whether or not a site application is completed and/or submitted to us, shall not impose any liability or obligation on us. The decision to accept or reject a particular site is yours, subject to our acceptance of the site. Preliminary acceptance of a proposed site by any representative of Ellianos is not conclusive or binding, because that recommendation may be rejected by Ellianos.

D. Evaluation of Franchised Location. We assume no liability or responsibility for: (1) evaluation of the Franchised Location's soil for hazardous substances; (2) inspection of any structure on the Franchised Location for asbestos or other toxic or hazardous materials; (3) compliance with the ADA; or (4) compliance with any other law. It is your sole responsibility to obtain satisfactory evidence and/or assurances that the Franchised Location (and any structures thereon) is free from environmental contamination and in compliance with the requirements of ADA.

E. Our Agreements with Third Parties. We have entered, and will continue to enter, into agreements with other franchisees for Ellianos Stores. Those agreements may contain provisions, conditions, and obligations that differ from your obligations in this Agreement. The existence of different forms of agreements and the fact that other franchisees have different rights and obligations do not affect your rights and obligations under this Agreement. In addition, the manner in which we enforce our rights and the franchisees' obligations under any of those other agreements shall not affect our ability to enforce our rights or your obligations under this Agreement.

F. Refundability of Initial Franchise Fee. A portion of the Initial Franchise Fee is only refundable under the circumstances set forth in Section 6.A.

G. System Modifications. We may change or modify the System, from time to time, including the Manual, and you will be required to make such expenditures as such changes or modifications in the System may require.

H. Franchise Application. All information that you provided to us in connection with your franchise application and our grant of this Franchise is truthful, complete and accurate.

I. Signatories to this Agreement. The persons signing this Agreement on your behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. You must deliver to us a written certification issued by an executive officer verifying the authority of those persons signing this Agreement on your behalf. Your execution of this Agreement or such other agreements does not and will not conflict with or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which you or any person with an ownership interest in you is a party.

J. Acknowledgement of Receipt of Disclosure Document. You acknowledge receipt of the Ellianos Coffee Company Franchise Disclosure Document within the time period required by applicable law before execution of this Agreement or payment of any monies to us.

K. Review of Franchise Materials. You acknowledge that you have read and understand this Agreement and the attachments hereto, and the Ellianos Coffee Company Franchise Disclosure Document and the attachments thereto, and that you have independently evaluated the franchise. You acknowledge that the terms and covenants of this Agreement are reasonably necessary for us to maintain our high standards of quality and service, to ensure the uniformity of those standards at each Ellianos Store

and to protect and preserve the goodwill of the Marks. You acknowledge that we have offered you opportunities to ask any questions and to review any materials of interest to you concerning the franchise.

L. Financial Performance. Except as set forth in Item 19 of the Ellianos Coffee Company Franchise Disclosure Document, you have not received from us or our affiliates or anyone acting on our behalf, any representation of your potential sales, expenses, income, profit or loss.

M. No Representations Other Than Disclosure Document. You have not received from Ellianos or our affiliates or anyone acting on our behalf, any representations other than those contained in our Franchise Disclosure Document as inducements to enter this Agreement.

N. No Actual or Apparent Authority. Even though this Agreement contains provisions requiring you to operate the Franchised Store in compliance with the System: **(1)** we and our affiliates do not have actual or apparent authority to control the day-to-day conduct and operation of your business or employment decisions; and **(2)** you and we do not intend for us or our affiliates to incur any liability in connection with or arising from any aspect of the System or your use of the System, whether or not in accordance with the requirements of the Manual.

O. Limited Exclusivity. You understand that there are certain limitations to your exclusive rights in the Protected Area during the Initial Term.

P. Waiver of Right to Jury Trial. In the event of a dispute between us and you, the parties have waived their right to a jury trial.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement as of the day and year first above written.

ELLIANOS, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISEE:

Date: _____

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Ellianos Coffee Company Franchise Agreement dated as of _____ (“Agreement”) by Ellianos, LLC (“Ellianos”), entered into with _____ (“Franchisee”), the undersigned (“Guarantors”), each of whom is an officer, director, member of Franchisee’s Continuity Group or a direct or indirect holder of a legal or beneficial interest in Franchisee of 10% or more (“Owner”), hereby personally and unconditionally: **(1)** guarantee to Ellianos and its successors and assigns, for the Initial Term and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; **(2)** agree personally to be bound by the provisions of Sections 20 and 25 of the Agreement; and **(3)** agree personally to be liable for the breach of Section 20 of the Agreement.

Each Guarantor waives: **(a)** acceptance and notice of acceptance by Ellianos of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation that any Guarantor may have against Franchisee arising as a result of the execution of and performance under this Guaranty by each Guarantor; **(f)** any law or statute that requires Ellianos make demand upon, assert claims against or collect from Franchisee or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any others prior to making any demand upon, collecting from or taking any action against Guarantor with respect to this Guaranty; **(g)** any and all other notices and legal or equitable defenses to which he may be entitled; and **(h)** any and all right to have any legal action under this Guaranty decided by a jury.

Each Guarantor consents and agrees that: **(i)** his direct and immediate liability under this Guaranty shall be joint and several; **(ii)** he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Ellianos of any remedies against Franchisee or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Ellianos may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the Initial Term and for so long thereafter as there are monies or obligations owing from Franchisee to Ellianos or its affiliates under the Agreement; and **(v)** monies received from any source by Ellianos for application toward payment of the obligations under the Agreement and under this Guaranty may be applied in any manner or order deemed appropriate by Ellianos. In addition, if any Guarantor ceases to be a member of the Continuity Group, an Owner, an officer or a director of Franchisee or to own any interest in Franchisee prior to termination or expiration of the Agreement, that person agrees that his obligations under this Guaranty shall continue to remain in force and effect unless Ellianos in its sole discretion, in writing, releases that person from this Guaranty. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 20.C. shall remain in force and effect for a period of 2 years after any such release by Ellianos. A release by Ellianos of any of Guarantor shall not affect the obligations of any other Guarantor.

If Ellianos brings an action to enforce this Guaranty, and Ellianos prevails in that action, Ellianos shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’ and expert witness fees, costs of investigation and proof of

facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Ellianos utilizes legal counsel (including in-house counsel employed by Ellianos or its affiliates) in connection with any failure by any Guarantor to comply with this Guaranty, Guarantor shall reimburse Ellianos for any of the above-listed costs and expenses incurred by it.

This Guaranty shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Ellianos' interests in and rights under this Guaranty are freely assignable, in whole or in part, by Ellianos. Any assignment shall not release any Guarantor from this Guaranty.

Section 30 of the Agreement is incorporated by reference into this Guaranty and all capitalized terms that are not defined in this Guaranty shall have the meaning given them in the Agreement.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature.

GUARANTORS:

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

Date: _____

Print Name: _____

Address: _____

APPENDIX A

FRANCHISE INFORMATION

1. **Franchised Location (Recitals):** _____

2. **Protected Area (Section 1.B.):** _____

The Protected Area may also be depicted on a map and, if so, that map will be attached to this Appendix A. Your rights in the Protected Area are subject to the limitations described in Section 1 of the Franchise Agreement. Any boundaries contained in the description of the Protected Area will be considered fixed as of the Effective Date and shall not change notwithstanding a change in those boundaries.

3. **Site Acceptance Deadline (Section 3.B.):** _____

4. **Opening Deadline (Section 4.C.(4)):** _____

5. **Initial Franchise Fee (Section 6.A.):** The current fee is \$30,000 (unless a reduction applies).

a. **Amount Paid Under Prior Development Agreement (if any):** _____

b. **Total Due at Signing Franchise Agreement:** _____

c. **Payment Received:** _____ *(Corporate Use Only)*

6. **Computer and Software Components and Fees (Section 13.D.(1)):** The systems and fees noted below are subject to change by us or the third party at any time.

Type of Fee	System	Initial Expense	Monthly Cost	Required?
Point of Sale	Toast	\$1,500 - \$2,500	\$300-\$500	Yes
Service Time Tracker	HME	\$2,800 - \$3,500	\$25-\$50	Yes
Gift Card Integration	Paytronix	\$0	\$65	Yes
Ellianos App	Lunchbox	\$0	\$190	Yes
Financial Reporting Software	Qvinci	\$0	\$25-\$30	Yes
Inventory Management Software	Craftable	\$450	\$199	No*

Accounting Software	Quickbooks	\$0	\$30 - \$400	No, but preferred
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7. **Interests in Other Foodservice Operations (Section 20.C.(3)):** _____

8. **Your Notice Address, and Email Address (Section 27):** _____

PROTECTED AREA MAP

APPENDIX B
FORM OF ADDENDUM TO LEASE

ADDENDUM TO LEASE

THIS ADDENDUM is executed as of _____ by and between _____ (“Franchisee”) and _____ (“Landlord”), as an addendum to the lease dated as of _____, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein (“Lease”), for the premises located at _____, State of _____ (“Premises”).

RECITALS

Franchisee has executed or intends to execute a Franchise Agreement (“Franchise Agreement”) with Ellianos, LLC (“Franchisor”) for the operation of an Ellianos Store at the Premises, and as a requirement thereof, the lease for the Premises must contain the provisions contained in this Addendum.

Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

The initial term of the Lease (or the initial term together with the renewal terms) shall be at least twenty (20) years.

The Premises shall be used solely for the operation of an Ellianos Store.

Landlord shall deliver to Franchisor a copy of all amendments, assignments and notices of default or termination of the Lease at the same time such notice is delivered to Franchisee.

Landlord consents to Franchisee’s use on the Premises of the proprietary signs, distinctive exterior and interior designs and layouts and proprietary Marks prescribed by Franchisor.

Franchisee and Landlord agree that Franchisee may not assign, sublease or otherwise transfer any interest in the Lease or occupancy rights to any third party or extend or renew the Lease without Franchisor’s prior written consent.

Landlord further agrees to consent to Franchisee’s collateral assignment of the Lease to Franchisor or Franchisor’s designee, granting Franchisor the option, but not the obligation, to assume the Lease from the date Franchisor takes possession of the Premises, without payment of any assignment fee or similar charge or increase in any rentals payable to the Landlord. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Section 6. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing. Franchisee is solely responsible for all obligations, debts and payments under the Lease.

Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes, including to make necessary modifications or alterations, and to cure, within the time periods provided by the Lease or the franchise agreement, any default under those agreements, without being guilty of trespass

or other tort. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents.

Landlord agrees that, following the expiration or earlier termination of the Franchise Agreement, Franchisee shall have the right to make alterations and modifications to the Premises as may be necessary to clearly distinguish to the public the Premises from an Ellianos Store and also make those specific additional changes as Franchisor may reasonably require for that purpose. Landlord also agrees that, if Franchisee fails to promptly make these alterations and modifications, Franchisor shall have the right to do so without being guilty of trespass or other tort, provided Franchisor shall bear the expense of repairing any damage to the Premises as a result thereof, which expense Franchisor may charge to Franchisee.

Landlord shall not amend or otherwise modify the Lease in any manner that would affect any of the foregoing requirements without Franchisor's prior written consent, which consent shall not be unreasonably withheld.

Copies of all notices required or permitted by the Lease or this Amendment shall also be sent to Franchisor at Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, FL 32025 (Attn: Mike Stewart) (email: mike@ellianos.com), or such other address as Franchisor shall specify by written notice to Landlord.

Under the Franchise Agreement, any lease for the location of an Ellianos Store is a subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

WITNESS the execution hereof.

LANDLORD:

FRANCHISEE

DATE: _____

DATE: _____

APPENDIX C

AUTHORIZATION AGREEMENT

(DIRECT DEBITS)

ELECTRONIC FUNDS TRANSFER AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO ELLIANOS, LLC / PAYEE

The undersigned Depositor (Franchisee) hereby authorizes and requests the Depository (franchisee's bank) designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee (Ellianos, LLC). It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) calendar days' written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

- (1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.
- (2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
- (3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

**IN LIEU OF COMPLETING THE INFORMATION REQUIRED ON THE FOLLOWING LINES,
DEPOSITOR MAY ATTACH A CANCELLED OR VOIDED CHECK HERETO.**

Name of Depository: _____

Branch Location: _____

Designated Bank Acct Number: _____

Designated Bank Transit/ABA Number: _____

Name of Franchisee/Depositor (please print): _____

By (sign): _____

Signature and Title of Authorized Representative

Date: _____

APPENDIX D
WEEKLY BRAND OBLIGATION

Your WBO under Section 8 of the Franchise Agreement shall be allocated as set forth below, unless and until modified by Ellianos as provided in Section 8:

1.	Brand Fund Fee (Section 8.C.)	1.25% of Net Sales
2.	National Advertising Fund (Section 8.D.)	0% of Net Sales
3.	Regional Advertising Fund (Section 8.E.) <u>OR</u>	0% of Net Sales
	Regional Co-op Fund (Section 8.F.)	0% of Net Sales
4.	Local Advertising (Section 8.G.)	0% of Net Sales
TOTAL WBO:		1.25% of Net Sales**

**Pursuant to Section 8.B., your maximum WBO is 3%; however, your current WBO is noted above.

APPENDIX E

OWNERSHIP INTERESTS

CORPORATION

If you are a corporation, the number of authorized shares in you that have been issued is _____, and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

LIMITED LIABILITY COMPANY

If you are a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

PARTNERSHIP

If you are a partnership, the name, address and partnership interest of each partner, whether general or limited, is as follows:

Name	Address	Partnership Interest

CONTINUITY GROUP AND OPERATING PRINCIPAL

The Continuity Group is comprised of the following persons: _____

Your Operating Principal (if applicable) is: _____

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

RIDER 1
FRANCHISE AGREEMENT EXPIRATION DATE

TO: _____

The Franchised Store located at _____ first opened for business on _____.
The Initial Term of the Franchise Agreement for the Franchised Store expires on _____. If
you desire to remain a franchisee for the first Renewal Term, you must give us your Renewal Notice no
earlier than _____ (12 months before the expiration date of the Initial Term) and no later than
_____ (8 months before the expiration date of the Initial Term).

ELLIANOS, LLC

By: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT E
CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Agreement is made between _____ and _____ on the _____ of _____, 20__ ("Effective Date").

RECITALS:

I, _____, acknowledge that:

- A) The business of Ellianos, LLC (hereafter "Ellianos") and its franchisees is a unique business consisting of a retail marketing system created by Ellianos for the sale and distribution of ready to drink coffee and other beverages and ready to eat cafe style foods and that I will be exposed to and have access to confidential and proprietary information and which are owned by Ellianos, as well as information concerning individual franchisee owned stores. All of this information is confidential information or trade secrets owned by Ellianos with information concerning individual franchisee owned stores being owned concurrently by Ellianos and respective franchisee owned stores; and
- B) "Confidential Information" means valuable and proprietary confidential business information or data other than "Trade Secrets" (as defined below). "Confidential Information" also includes any items specifically designated as a Trade Secret in the paragraph below that are ultimately determined under applicable law not to constitute a "Trade Secret" but that otherwise meet the definition of Confidential Information; and
- C) "Trade Secrets" means information, including, but not limited to, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers that: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. To the extent that applicable law mandates a definition of "trade secret" inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law; and
- D) Disclosure of Confidential Information or Trade Secrets to any third party will cause damage to Ellianos' business and that of its franchisees; and
- E) Ellianos is relying upon my good faith in the use and handling of the Confidential Information and Trade Secrets that I learn or have access to, and to ensure that it is not used improperly or to disadvantage of Ellianos or any of its franchisees.

AGREEMENT:

Therefore, in consideration of receiving the Confidential Information and Trade Secrets and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I agree that:

1. I will not divulge, furnish, or make accessible to anyone (other than in the regular course of Ellianos' or its franchisees' business) any of the Confidential Information or Trade Secrets, as now or hereafter constituted, without the express written consent of Ellianos, which obligation survives

termination or expiration for any reason. Upon termination of my employment or association with Ellianos or any franchisee of Ellianos, whether or not the termination is voluntary, I will immediately return to Ellianos or its designee, all books, manuals, documents, reports, correspondence, notes, samples, or other such materials containing Confidential Information or Trade Secrets. Furthermore, I will delete all emails and any other computer based files containing any of the Confidential Information or Trade Secrets. Furthermore, I will delete all emails and any other computer based files containing any of the Confidential Information or Trade Secrets. I agree that the aforesated restriction is a reasonable restriction necessary for the protection of all members of the Ellianos™ Coffee Company System.

2. In addition to any other remedies that may be available to Ellianos, it will be entitled to injunctive and/or other equitable relief to prevent or remedy a breach of this Agreement, and to secure its enforcement. For this purpose, I agree to submit to the exclusive jurisdiction and venue of the courts of the State of Florida.
3. The remedies provided for in this agreement are cumulative and not exclusive. I understand that Ellianos may exercise the remedies set forth above, as well as any other remedies it may have, at any time, from time to time, or at the same time, and the failure to exercise any remedy will not constitute a waiver thereof. Remedies may only be waived in writing and signed by an officer of Ellianos.
4. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or unenforceability of the remaining provisions, and this Agreement will be construed as if such invalid or unenforceable provision were omitted. I agree that the restrictions set forth in this Confidentiality and Non-Disclosure Agreement, if deemed to be overly restrictive by an arbitrator or court of competent jurisdiction, will be reduced by said arbitrator or court to make such restriction(s) acceptable.
5. Nothing in this Agreement is intended or would be deemed to create (a) any employment relationship between Ellianos and me, or (b) any right or privilege to receive additional or further information, training, or materials from Ellianos.

Date

Print Name

Company Name

Street Address

City, State, and Zip Code

EXHIBIT F

LIST OF FRANCHISED STORES, LIST OF SIGNED FRANCHISE AGREEMENTS (UNITS NOT OPEN), AND LIST OF FORMER FRANCHISEES

Exhibit F-1
Franchised Ellianos Stores
(As of December 31, 2024)

Entity Name	Franchise Owners	Phone Number	Unit Address	City	State
SLW, LLC	Steve & Lori Walter	334-207-4228	1410 7th South Street	Clanton	Alabama
SLW, LLC	Steve & Lori Walter	334-207-4228	2001 HWY 31N	Deatsville	Alabama
Get Back LLC**	Spencer Thomas	229-400-3802	3091 Ross Clark Circle	Dothan	Alabama
Coffee Warriors, LLC	Hunter Phillips & Johnathan Smith	229-726-4358	16566 US-431	Headland	Alabama
SLW, LLC	Steve & Lori Walter	334-207-4228	65 Kelley Blvd	Millbrook	Alabama
Priya's Café, LLC**	Priya Patel	334-590-6531	9011 East Chase Parkway	Montgomery	Alabama
Priya's Café, LLC**	Priya Patel	334-590-6531	8428 Vaughn Road	Montgomery	Alabama
Priya's Café, LLC**	Priya Patel	334-590-6531	266 Winton M. Blount Loop	Montgomery	Alabama
Priya's Café LLC**	Priya Patel	334-590-6531	68 Freedom Drive	Pike Road	Alabama
SLW, LLC	Steve & Lori Walter	334-207-4228	814 E Main Street	Prattville	Alabama
Alachua Coffee, LLC*	Scott Stewart; Chad Stewart	386-867-1782	16286 NW US HWY 441	Alachua	Florida
Journey West Coffee, Inc	Emery Abshier	352-572-6382	6147 SE Abshier Blvd	Bellevue	Florida
SMA Pursuit*	Mike Stewart	386-623-3708	11572 North Williams St	Dunnellon	Florida
QSR Quality LLC**	Karen Weber	386-205-8644	2520 S Bay Street	Eustis	Florida
SKDS St. Mary's LLC**	Spencer & Kacie Hutchison	912-393-4743	474335 East State Rd 200	Fernandina Beach	Florida
Alachua Coffee, LLC*	Scott Stewart; Chad Stewart	386-867-1782	1521 SW 74th Drive	Gainesville	Florida
Vantage Group, LLC*	Mike Stewart	386-623-3708	1125 Lane Ave. S.	Jacksonville	Florida
JM Coffee, LLC*	Megan Cady	386-965-2212	8781 Old Kings Rd S	Jacksonville	Florida

Entity Name	Franchise Owners	Phone Number	Unit Address	City	State
Outlook Ventures, LLC*	Chad & Joni Stewart	386-867-1782	619 Chaffee Road South	Jacksonville	Florida
Vantage Group, LLC*	Mike Stewart	386-623-3708	3770 Blanding Blvd	Jacksonville	Florida
Cold Brew Management LLC**	Lewis Sharp	386-623-2899	Regency Mall Area	Jacksonville	Florida
SRJ, LLC*	Mike Stewart	386-623-3708	2915 W. Hwy.90	Lake City	Florida
SRJ, LLC*	Mike Stewart	386-623-3708	4550 W US HWY 90	Lake City	Florida
Robey Investments LLC	Katee Robey	386-365-0077	1541 Ohio Ave South	Live Oak	Florida
Get Back LLC**	Spencer Thomas	229-400-3802	2578 County Rd 220	Marianna	Florida
Outlook Ventures, LLC*	Chad & Joni Stewart	386-867-1782	2578 Country Road 220	Middleburg	Florida
Preston's Coffee LLC	Eric Preston	386-365-3403	24717 West Newberry Road	Newberry	Florida
Blue Line Coffee, Inc	Brandon Kutner	352-317-8263	7682 SW Hwy 200	Ocala	Florida
Clayton Coffee, LLC	Orange City	386-365-5829	2590 S. Volusia Ave.	Orange City	Florida
Outlook Ventures, LLC*	Chad & Joni Stewart	386-867-1782	301 Blanding Blvd	Orange Park	Florida
Alachua Coffee, LLC*	Scott Stewart; Chad Stewart	386-867-1782	801 S. State Rd 19	Palatka	Florida
850 Coffee LLC	Katee Robey	386-365-0077	2080 S. Jefferson Street	Perry	Florida
Coffee 4 All Brewing, Inc.	Erinn Rasmussen	386-992-7095	19175 Peachland Blvd.	Port Charlotte	Florida
Outlook Ventures, LLC*	Chad & Joni Stewart	386-867-1782	235 Harper Lane	St. Johns	Florida
M&D Perfect Blend, Inc	Mike & Debi Prescott	904-364-7073	603 South Walnut St.	Starke	Florida
JR Beanz FL, LLC**	Jack Taylor	229-379-1143	2910 Kerry Forest Pkwy	Tallahassee	Florida
Stones Development Inc.	Brian Stone	229-561-4652	Near 110 S. Elm St., Adel, GA	Adel	Georgia

Entity Name	Franchise Owners	Phone Number	Unit Address	City	State
Charlie Massey & Joseph Coleman**	Charlie Massey Joseph Coleman	229-402-0246	925 US-29	Athens	Georgia
Get Back LLC**	Spencer Thomas	229-400-3802	723 E College Street	Bainbridge	Georgia
Golden Isles Investment, Inc	Cheryl Tillery	912-278-3616	527 W Parker Street	Baxley	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	33 Price Creek Rd	Bremen	Georgia
Lightfoot Coffee Company, LLC	Brad Lightfoot	912-256-5830	541 Palisade Dr.	Brunswick	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	145 Maple Crossing	Carrollton	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	138 N Main Street	Cedartown	Georgia
JC2 Coffee Company, LLC**	Clifton & Julie Mathews	912-389-5645	1415 E 16th Ave	Cordele	Georgia
Dolce Vita Roasters**	Karen Summerlin	229-388-6543	1200 Town Green Circle	Cumming	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	201 Charlie Watts Dr.	Dallas	Georgia
Hutchison Coffee	Kacie Hutchison	912-393-4743	502 South Peterson Ave	Douglas	Georgia
Hutchison Coffee	Kacie Hutchison	912-393-4743	1351 Bowens Mill Rd SE	Douglas	Georgia
BOLAR Coffee, LLC	Mark Bell	352-870-5490	173 Ocilla Highway	Fitzgerald	Georgia
Hutchison Coffee	Kacie Hutchison	912-393-4743	230 Kings Bay Road	Kingsland	Georgia
JC2 Coffee Company, LLC**	Clifton & Julie Mathews	912-389-5645	1185 U.S. Hwy 19 S	Leesburg	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	2605 Lee Road	Lithia Springs	Georgia
The Coffee Hutch, LLC	Larry Hutchison	912-383-2172	2803 South Main Street	Moultrie	Georgia
West Georgia Foods LLC**	Frank Philips	404-989-3010	1675 Nathan Dean Pkwy	Rockmart	Georgia
SKDS St. Mary's LLC**	Spencer & Kacie Hutchison	912-393-4743	2324 Osborne Road	St Mary's	Georgia

Entity Name	Franchise Owners	Phone Number	Unit Address	City	State
Kade & Jade Enterprise	Summer Bishop	229-560-2556	598 Brannen Street	Statesboro	Georgia
JR Beanz, LLC	Jack Taylor	229-379-1143	1450 Remington Ave	Thomasville	Georgia
JC2 Coffee Company, LLC**	Clifton & Julie Mathews	912-389-5645	148 South Virginia Ave	Tifton	Georgia
Ellianos Baytree, LLC	Ashley Deloach	229-251-0819	1343 Baytree Rd.	Valdosta	Georgia
Coffee Chicks LLC**	Mystie Fehlman Beth Joyner	678-200-3965	3277 N. Valdosta Rd	Valdosta	Georgia
Bell Coffee, LLC	Mark & Allison Bell	352-870-5490	3109 E. 1st Street	Vidalia	Georgia
Eloise & Myrtie, LLC	Kristina King	229-251-5643	1741 Knight Avenue	Waycross	Georgia

* The entities that operate these franchised Ellianos Stores are owned, in part, by individuals identified in Item 2 as officers of the franchisor, Ellianos, LLC.

** The entities or individuals that operate these franchised Ellianos Stores are parties to a development agreement with Ellianos, LLC to open more than one Ellianos franchised location.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Exhibit F-2
List of Former Franchisees
(As of December 31, 2024)

None

If you buy this franchise, your contact information may be disclosed to other buyers
when you leave the franchise system.

Exhibit F-3
List of Franchise Agreements Signed, But Units Not Opened
(As of December 31, 2024)

Franchise Agreement Date	City	State	Franchised Entity
1/15/24	Trussville	Alabama	Zeelu's Café, LLC**
9/3/24	Crystal River	Florida	Sister Stores, LLC**
4/17/24	Dade City	Florida	Precro, LLC**
4/18/23	Jacksonville	Florida	BAMMS COFFEE LLC**
11/18/21	Jacksonville	Florida	Cold Brew Management LLC**
7/24/24	Jacksonville	Florida	Cold Brew Management, LLC**
3/14/24	Jacksonville	Florida	JM Coffee, LLC**
12/17/24	Keystone Heights	Florida	SD Coffee, LLC*
6/3/24	Leesburg	Florida	K&R Quality, LLC**
6/23/26	Live Oak	Florida	KGR Quality, LLC
9/27/21	Ocala	Florida	SMA Pursuit, LLC*
9/19/23	Orlando	Florida	LGP Coffeebox, LLC**
11/14/24	Chiefland	Florida	Preston's Coffee, LLC**
2/22/22	Palm Coast	Florida	Preston's Coffee, LLC**
12/10/24	Venice	Florida	Coffee 4 All Brewing, Inc.**
12/10/24	Arcadia	Florida	Coffee 4 All Brewing, Inc.**
2/3/23	Williston	Florida	Blue Line Coffee Too Inc.**
12/31/24	Albany	Georgia	Underwood Development, LLC
1/8/22	Bloomingtondale	Georgia	Bloomingtondale's Coffee House, LLC
10/18/21	Brunswick	Georgia	Lightfoot Coffee Company LLC**
1/25/22	Cairo	Georgia	JR Beanz, LLC
9/20/24	Cartersville	Georgia	Rock Coffee Holdings, LLC**
7/21/21	Dublin	Georgia	JC2 Coffee Company, LLC**
7/30/24	Mooresville	North Carolina	Carolina Coffee Store 1, LLC**

* The entities for these franchised Ellianos Stores are owned, in part, by individuals identified in Item 2 as officers of the franchisor, Ellianos, LLC.

** The entities or individuals for these franchised Ellianos Stores are parties to a development agreement with Ellianos, LLC to open more than one Ellianos franchised location. Richard Bauman and Bean Bliss, LLC (Sanyam Shah) signed development agreements in 2024 but have not opened any Ellianos Stores.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT G
FINANCIAL STATEMENTS

ELLIANOS, LLC

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 & 2023

ELLIANOS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
Ellianos, LLC
Lake City, Florida

Opinion

We have audited the accompanying financial statements of Ellianos, LLC (an S-Corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellianos, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ellianos, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ellianos, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Timothy B. Dame, CPA | G. Michael Walker, CPA | L. Craig Hardeman, CPA

Heather M. Renfro, CPA | T. Benjamin Dame, Jr., CPA | Elizabeth Hagan, CPA | Matthew B. Grieco, CPA
Members American Institute of Certified Public Accountants & Georgia Society of Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ellianos, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ellianos, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dame, Walker, Hardeaman & Co., LLC

DAME, WALKER, HARDEMAN & CO., LLC
Valdosta, Georgia
March 8, 2025

ELLIANOS, LLC
BALANCE SHEETS
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,113,837	\$ 1,334,528
Accounts receivable	189,726	74,667
Prepaid expenses	97,049	91,315
Inventory	310,014	97,080
Other Receivables	273,075	206,279
TOTAL CURRENT ASSETS	1,983,701	1,803,869
 PROPERTY AND EQUIPMENT, net of accumulated depreciation	 561,748	 133,654
OTHER ASSETS		
Intangible assets, net of accumulated amortization	91,203	96,533
Note Receivable - Area Developer	30,000	30,000
Deposits	5,976	1,200
TOTAL OTHER ASSETS	127,179	127,733
 TOTAL ASSETS	 \$ 2,672,628	 \$ 2,065,256
 LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 48,946	\$ 20,295
Payables-other	55,949	45,240
Accrued expenses	56,486	66,226
Payroll tax liabilities	11,700	6,981
Gift card liability	374,493	271,271
Unearned revenue	1,756,255	1,417,092
 TOTAL CURRENT LIABILITIES	 2,303,829	 1,827,105
 TOTAL LIABILITIES	 2,303,829	 1,827,105
 MEMBERS' EQUITY	 368,799	 238,151
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 \$ 2,672,628	 \$ 2,065,256

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC
STATEMENTS OF INCOME AND MEMBERS' EQUITY
For the Years Ended December 31, 2024 and 2023

	2024	2023
REVENUES	\$ 5,213,059	\$ 2,861,571
COST OF GOODS SOLD	985,307	138,772
GROSS PROFIT	4,227,752	2,722,799
GENERAL AND ADMINISTRATIVE EXPENSES		
Area Representative Fees	49,844	45,375
Advertising and marketing	112,839	110,546
Amortization expense	5,330	5,270
Conferences and expositions	38,110	28,451
Contributions	11,682	8,172
Depreciation expense	11,240	8,131
Dues and subscriptions	144,527	118,214
Entertainment	5,508	11,544
Employee Benefits	81,573	10,767
Insurance	28,334	22,794
Meals	21,779	16,407
Office supplies and postage	105,562	59,344
Payroll taxes	146,841	104,735
Professional fees	155,803	73,797
Rent	64,145	49,104
Royalties paid	252,978	124,864
Salaries and wages	1,866,764	1,338,121
Training	8,794	11,000
Travel expense	179,087	145,488
Repairs	47,520	7,157
Research & Development	13,277	6,724
Website Maintenance	60,669	64,755
Other general and administrative expenses	34,908	52,135
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	3,447,114	2,422,895
INCOME FROM OPERATIONS	780,638	299,904
OTHER INCOME (EXPENSE)		
Interest income	8,776	26,188
Breakage income	81,234	67,041
NET INCOME	870,648	393,133
MEMBERS' EQUITY AT BEGINNING OF YEAR	238,151	188,640
MEMBERS' DISTRIBUTIONS	(740,000)	(343,622)
MEMBERS' EQUITY AT END OF YEAR	\$ 368,799	\$ 238,151

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 870,648	\$ 393,133
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization expense	5,330	5,270
Depreciation expense	11,240	8,131
(Increase) Decrease in:		
Accounts receivable	(115,059)	(62,517)
Inventory	(212,934)	(84,173)
Prepaid expenses	(5,734)	(19,138)
Other Assets	(66,796)	(50,481)
Deposits	(4,776)	(1,200)
Increase (Decrease) in:		
Accounts payable	28,651	(23,809)
Payables-other	10,709	1,118
Marketing fund liability	4,719	(2,371)
Gift card liability	103,222	76,055
Deferred revenue	339,163	202,092
Accrued expenses	(9,740)	44,216
NET CASH PROVIDED BY OPERATING ACTIVITIES	958,643	486,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible asset	-	(3,570)
Purchase of property and equipment	(439,334)	(14,144)
NET CASH USED IN INVESTING ACTIVITIES	(439,334)	(17,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' distributions	(740,000)	(343,622)
NET CASH USED IN FINANCING ACTIVITIES	(740,000)	(343,622)
NET INCREASE (DECREASE) IN CASH	(220,691)	124,990
CASH AT BEGINNING OF YEAR	1,334,528	1,209,537
CASH AT END OF YEAR	\$ 1,113,837	\$ 1,334,528

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Nature of Operations: Ellianos, LLC was formed in June 2003 in the state of Florida. The Company principally franchises "Ellianos" coffee shops in Florida and Georgia.

Revenue recognition: Company-operated store revenues are recognized when payment is tendered at the point of sale as the performance obligation has been satisfied. At December 31, 2024 and 2023, there were no Company-operated stores.

Licensed store revenues consist of product and equipment sales, royalties and other fees paid by licensees using the Ellianos brand. Sales of coffee, tea, food, and related products are generally recognized upon shipment to licensees, depending on contract terms. Shipping charges billed to licensees are also recognized as revenue, and the related shipping costs are included in product and distribution costs on our statement of income.

We consider pre-opening services, including site-evaluation and selection, store architectural/design and development and operational training, to be one performance obligation that is separate from the license to operate under the Ellianos brand. Royalty revenues are recognized based upon a percentage of reported sales, and other continuing fees, such as marketing and service fees, are recognized as the performance obligations are met.

Gift cards can be activated through various channels, including most of our licensed store locations and online at various third-party websites. Amounts loaded onto gift cards are initially recorded as deferred revenue and recognized as revenue upon redemption. Historically, the majority of gift cards are redeemed within one year.

Gift cards do not have an expiration date nor do we charge service fees that cause a decrement to customer balances. Based on historical redemption rates, a portion of gift cards is not expected to be redeemed and will be recognized as breakage over time in proportion to gift card redemptions. The redemption rates are based on historical redemption patterns for each market, and remittance to government agencies under unclaimed property laws, if applicable.

Breakage is recognized as revenue within the statements of income in accordance with the revenue recognition guidance that we adopted. For the years ended December 31, 2024, and 2023, we recognized breakage revenue of \$81,234 and \$67,041.

Trade accounts receivable: Our receivables are mainly comprised of receivables for product and equipment sales to and royalties from our licensees. At December 31, 2024 and 2023, the amounts carried in accounts receivable were considered by management to be fully collectible. Accordingly, no allowance for credit losses for uncollectible accounts has been made. The Company considers accounts receivable over ninety days old to be past due. Past due accounts amounted to \$12,056 and \$2,523 for the years ended December 31, 2024 and 2023.

Inventories: Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method.

Cash and cash equivalents: For purposes of the statements of cash flows, the Company considers all instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2024 and 2023, there are no cash equivalents.

Note 1 – Summary of Significant Accounting Policies (continued)

Property and equipment and related depreciation: Property and equipment are stated at cost. Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals that extend the useful lives of property and equipment are capitalized. When property, plant, and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation account are reduced, and any gain or loss is included in operations.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs: The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$112,839 and \$110,546 for the years ended December 31, 2024 and 2023.

Income taxes: On June 13, 2003, the Company, with the consent of its shareholders, elected to have its income taxed under section 1372 of the Internal Revenue Code, which provides that, in lieu of corporate income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, as of December 31, 2024, no provision or liability for income taxes is reflected in these financial statements.

The Company follows FASB ASC 740-10 (FIN 48), *Accounting for Uncertainty in Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Company's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024, the Company had no uncertain tax positions that require either recognition or disclosure in the Company's financial statements.

Subsequent events: The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 8, 2025, the date on which the financial statements were available to be issued.

Recent pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

In response to concerns about complexity with the application of ASU 2014-09 Revenue from Contracts with Customers (Topic 606), FASB released additional guidance, ASU 2021-02 Franchisors – Revenue from Contracts with Customers (Subtopic 952-606), which supersedes the previous guidance on the recognition of pre-opening services provided by franchisors. Under the amendment, FASB released a practical expedient aimed at reducing the complexity and cost of analyzing pre-opening services provided to franchisees. The update permits nonpublic franchisors to account for pre-opening services as distinct from the license if the services are consistent with those included in a predefined list within the guidance. Furthermore, the new guidance allows franchisors to recognize the pre-opening services as a single performance obligation.

Note 1 – Summary of Significant Accounting Policies (continued)

Recent pronouncements, continued: In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326) – The Company adopted this ASU (commonly known as the Current Expected Credit Loss Impairment Model, or CECL) effective January 1, 2023. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in CECL replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

Upon adoption of ASU 2016-13, Measurement of Credit Losses on Financial Instruments, the Company did not recognize a change to their allowance for credit losses as of January 1, 2023.

Other intangible assets: Other intangible assets include finite-lived intangible assets, which mainly consist of acquired and reacquired rights, trade secrets, licensing agreements, contract-based patents, and copyrights. These are amortized over their estimated useful lives and are tested for impairment.

Indefinite-lived intangibles, which consist primarily of trade names and trademarks, are tested for impairment annually on December 31 and more frequently if an event occurs or circumstances change that would indicate that the intangible assets' carrying values exceed estimated fair values and if indefinite useful lives are no longer appropriate for the Company's trademark and rights. Fair value is the price a willing buyer would pay for the intangible asset and is typically calculated using the income approach.

Note 2 – Inventories

Inventories at December 31, 2024 and 2023 consisted of equipment packages and supplies.

Note 3 – Property, Plant, and Equipment

Property and equipment at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 546,447	\$ 135,309
Equipment	<u>39,014</u>	<u>10,819</u>
	585,461	146,128
Accumulated depreciation	<u>(23,713)</u>	<u>(12,474)</u>
Total	<u><u>\$ 561,748</u></u>	<u><u>\$ 133,654</u></u>

Furniture and fixtures, equipment, and software are depreciated using the straight-line method of depreciation with useful lives of 5 - 10 years. Leasehold improvements are depreciated using the straight-line method of depreciation with useful lives of 20 years. The accompanying statement of income includes \$11,240 and \$8,131 charges for depreciation of property, plant, and equipment for the years ended December 31, 2024 and 2023.

Note 4 – Other Intangible Assets

As of December 31, 2024 and 2023, indefinite-lived intangibles were:

	<u>2024</u>	<u>2023</u>
Trademark, Service Mark, Uniform Franchise Offering Circular, etc. of Ellianos	<u>\$ 28,983</u>	<u>\$ 28,983</u>

During 2013, the Company purchased an intangible asset subject to amortization from a related party. The asset is being amortized using the straight-line method over an useful life of 15 years. Amortization expense for the years ended December 31, 2024 and 2023 were \$5,330 and \$5,270.

	<u>2024</u>	<u>2023</u>
Patent and Rights of Cup Divider Mold from The Cup Divider Company, LLC	\$ 10,679	\$ 10,679
Master Building Plans	<u>69,270</u>	<u>69,270</u>
	79,949	79,949
Accumulated Amortization	<u>(17,729)</u>	<u>(12,399)</u>
Total	<u>\$ 62,220</u>	<u>\$ 67,550</u>

Note 5 – Notes Receivable

The Company has an Area Representative agreement in effect with Cornerstone Coffee. This agreement gives the right for Cornerstone Coffee to recruit and support the franchisees within their designated area. Cornerstone Coffee signed a promissory note, and the balance of the note receivable at December 31, 2024 and 2023 is \$30,000. As the area representative procures a new franchise agreement, the promissory note is reduced by \$5,000. This area development agreement also entitles Cornerstone Coffee to a portion of the initial franchise agreement and royalties paid to the Company.

Note 6 – Concentrations of Credit Risk

Credit risk refers to the possibility, no matter how remote, of failure by an entity to perform according to contractual terms. From time-to-time throughout the year, the Company may have concentrations of credit risk arising from cash deposits in excess of federally insured limits and may have exposure for an accounting loss the entity should fail to honor those cash deposits.

The Company receives royalties from coffee shops primarily in Florida, Georgia, Alabama, and Tennessee. Revenue sources are concentrated in the coffee market and general economic conditions in this region affect sales.

Note 7 – Income Taxes

The Company could be subject to income tax examinations for its U.S. federal and state income taxes for the current tax year and previous filings for tax years 2023, 2022 and 2021, still open under the statute of limitations.

Note 8 – Unearned Revenue

As described in Note 1, initial franchise fees are recognized when the franchise location opens for operations. As of December 31, 2024, and 2023, there were \$1,377,500 and \$1,247,500, respectively, initial franchise fees unearned. As described in Note 5, when Cornerstone Coffee procures new franchises, \$5,000 is recognized as revenue, as well as any other royalties and commissions rendered once the franchise opens. The balance of this agreement at December 31, 2024 and 2023 is \$30,000 and \$30,000, respectively.

Included in the Company's balance sheet at December 31, 2024 and 2023 are customer deposits on equipment packages. The balance of these customer deposits is \$348,755 and \$139,592, respectively.

Note 9 – Related Party Transactions

The Company had transactions and accounts with related parties as follows:

Effective, June 1, 2003, RES Enterprise, LLC, sold to the Company all rights, title, and interest in and to all trademarks, service marks, trade dress, trade secrets, and confidential information of Ellianos. RES Enterprises, LLC is commonly owned by the members of the Company. Consideration for the rights was the waiver of the initial franchise fee for the initial franchise period. The \$10,000 value of the initial franchise fee was capitalized as part of the cost of the Ellianos trademark, which has an indefinite life.

Several of the Company's franchises are owned and operated by related parties. For the years ended December 31, 2024, and 2023, the Company recognized royalty income from these franchises in the amounts of \$718,677 and \$627,939, respectively.

The Company had total accounts receivable from its affiliates of \$28,489 and \$29,316 for the years ended December 31, 2024, and 2023, respectively.

Included in the Company's balance sheet at December 31, 2024 and 2023 are accounts payable to related parties of \$39,350 and \$16,389, respectively.

The Company made payments of \$311,616 and \$275,883, respectively, to related party owned companies during the years ended December 31, 2024, and 2023. The payments were for training, rents, commissions, and royalties as a part of Area Representative agreements.

Included in the Company's balance sheet at December 31, 2024, and 2023, are notes receivable from affiliated companies. As described in Note 5, the Company has one Area Representative agreement in effect. At December 31, 2024 and 2023, the balance of this receivable was \$30,000.

Note 10 – Reclassifications

Various reclassifications have been made to the financial statement presentation for the year ended December 31, 2024, in order to be comparable to the December 31, 2023 presentation. These changes are reclassifications only and do not impact the Company's previously reported equity or net income.

Note 11 – Fair Value

The carrying amount of financial instruments including cash, accounts receivable, loans receivable and accrued expenses approximate fair value at December 31, 2024 and 2023, due to the relatively short period to maturity of these instruments.

ELLIANOS, LLC
REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 & 2022

ELLIANOS, LLC

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INDEPENDENT AUDITORS' REPORT

To the Members of
Ellianos, LLC
Lake City, Florida

Opinion

We have audited the accompanying financial statements of Ellianos, LLC (an S-Corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellianos, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ellianos, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ellianos, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Timothy B. Dame, CPA | G. Michael Walker, CPA | L. Craig Hardeman, CPA

Heather M. Renfro, CPA | T. Benjamin Dame, Jr., CPA | Elizabeth Hagan, CPA | Matthew B. Grieco, CPA
Members American Institute of Certified Public Accountants & Georgia Society of Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ellianos, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ellianos, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Dame, Walker, Hardeeman & Co., LLC

DAME, WALKER, HARDEMAN & CO., LLC
Valdosta, Georgia
March 13, 2024

ELLIANOS, LLC
BALANCE SHEETS
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,334,528	\$ 1,209,537
Accounts receivable	74,667	12,150
Prepaid expenses	91,315	72,177
Inventory	97,080	12,907
Other Receivables	206,279	130,799
TOTAL CURRENT ASSETS	1,803,869	1,437,570
 PROPERTY AND EQUIPMENT, net of accumulated depreciation	 133,654	 127,642
OTHER ASSETS		
Intangible assets, net of accumulated amortization	96,533	98,234
Note Receivable - Area Developers	30,000	55,000
Deposits	1,200	-
TOTAL OTHER ASSETS	127,733	153,234
 TOTAL ASSETS	 \$ 2,065,256	 \$ 1,718,446
 LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 20,295	\$ 44,105
Payables-other	45,240	44,122
Accrued expenses	66,226	22,011
Payroll tax liabilities	6,981	9,353
Gift card liability	271,271	195,216
Unearned revenue	1,417,092	1,215,000
TOTAL CURRENT LIABILITIES	1,827,105	1,529,806
TOTAL LIABILITIES	1,827,105	1,529,806
MEMBERS' EQUITY	238,151	188,640
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 \$ 2,065,256	 \$ 1,718,446

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC
STATEMENTS OF INCOME AND MEMBERS' EQUITY
For the Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES	\$ 2,861,571	\$ 1,652,458
COST OF GOODS SOLD	138,772	22,030
GROSS PROFIT	2,722,799	1,630,428
GENERAL AND ADMINISTRATIVE EXPENSES		
Area Representative Fees	45,375	42,600
Advertising and marketing	110,546	98,174
Amortization expense	5,270	1,077
Conferences and expositions	28,451	19,386
Contributions	8,172	10,345
Depreciation expense	8,131	4,342
Dues and subscriptions	118,214	82,559
Entertainment	11,544	6,363
Employee Benefits	10,767	-
Insurance	22,794	9,663
Meals	16,407	10,413
Office supplies and postage	59,344	29,917
Payroll taxes	104,735	70,507
Professional fees	73,797	59,582
Rent	49,104	14,618
Royalties paid	124,864	22,296
Salaries and wages	1,338,121	939,110
Training	11,000	27,000
Travel expense	145,488	84,112
Repairs	7,157	5,296
Research & Development	6,724	44,172
Website Maintenance	64,755	62,394
Other general and administrative expenses	52,135	43,438
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	2,422,895	1,687,365
INCOME (LOSS) FROM OPERATIONS	299,904	(56,937)
OTHER INCOME (EXPENSE)		
Interest income	26,188	3,573
Breakage income	67,041	31,866
NET INCOME (LOSS)	393,133	(21,499)
MEMBERS' EQUITY AT BEGINNING OF YEAR	188,640	408,998
MEMBERS' DISTRIBUTIONS	(343,622)	(198,860)
MEMBERS' EQUITY AT END OF YEAR	\$ 238,151	\$ 188,640

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 393,133	\$ (21,499)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization expense	5,270	1,077
Depreciation expense	8,131	4,342
(Increase) Decrease in:		
Accounts receivable	(62,517)	5,096
Inventory	(84,173)	(3,037)
Prepaid expenses	(19,138)	(72,177)
Other Assets	(50,481)	(130,799)
Deposits	(1,200)	-
Increase (Decrease) in:		
Accounts payable	(23,809)	35,883
Payables-other	1,118	19,468
Marketing fund liability	(2,371)	9,354
Gift card liability	76,055	35,762
Deferred revenue	202,092	597,500
Accrued expenses	44,216	12,592
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>486,326</u>	<u>493,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible asset	(3,570)	(65,700)
Purchase of property and equipment	(14,144)	(69,208)
NET CASH USED IN INVESTING ACTIVITIES	<u>(17,714)</u>	<u>(134,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' distributions	(343,622)	(198,860)
NET CASH USED IN FINANCING ACTIVITIES	<u>(343,622)</u>	<u>(198,860)</u>
NET INCREASE IN CASH	124,991	159,794
CASH AT BEGINNING OF YEAR	<u>1,209,537</u>	<u>1,049,743</u>
CASH AT END OF YEAR	<u><u>\$ 1,334,528</u></u>	<u><u>\$ 1,209,537</u></u>

NOTE: The accompanying notes to the financial statements are an integral part of this statement.

ELLIANOS, LLC

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Nature of Operations: Ellianos, LLC was formed in June 2003 in the state of Florida. The Company principally franchises "Ellianos" coffee shops in Florida and Georgia.

Revenue recognition: Company-operated store revenues are recognized when payment is tendered at the point of sale as the performance obligation has been satisfied. At December 31, 2023 and 2022, there were no Company-operated stores.

Licensed store revenues consist of product and equipment sales, royalties and other fees paid by licensees using the Ellianos brand. Sales of coffee, tea, food, and related products are generally recognized upon shipment to licensees, depending on contract terms. Shipping charges billed to licensees are also recognized as revenue, and the related shipping costs are included in product and distribution costs on our statement of income.

We consider pre-opening services, including site-evaluation and selection, store architectural/design and development and operational training, to be one performance obligation that is separate from the license to operate under the Ellianos brand. Royalty revenues are recognized based upon a percentage of reported sales, and other continuing fees, such as marketing and service fees, are recognized as the performance obligations are met.

Gift cards can be activated through various channels, including most of our licensed store locations and online at various third-party websites. Amounts loaded onto gift cards are initially recorded as deferred revenue and recognized as revenue upon redemption. Historically, the majority of gift cards are redeemed within one year.

Gift cards do not have an expiration date nor do we charge service fees that cause a decrement to customer balances. Based on historical redemption rates, a portion of gift cards is not expected to be redeemed and will be recognized as breakage over time in proportion to gift card redemptions. The redemption rates are based on historical redemption patterns for each market, and remittance to government agencies under unclaimed property laws, if applicable.

Breakage is recognized as revenue within the statements of income in accordance with the revenue recognition guidance that we adopted. For the years ended December 31, 2023, and 2022, we recognized breakage revenue of \$67,041 and \$31,866.

Trade accounts receivable: Our receivables are mainly comprised of receivables for product and equipment sales to and royalties from our licensees. At December 31, 2023 and 2022, the amounts carried in accounts receivable were considered by management to be fully collectible. Accordingly, no allowance for credit losses for uncollectible accounts has been made. The Company considers accounts receivable over ninety days old to be past due. Past due accounts amounted to \$2,523 and \$10,000 for the years ended December 31, 2023 and 2022.

Inventories: Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method.

Cash and cash equivalents: For purposes of the statements of cash flows, the Company considers all instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2023 and 2022, there are no cash equivalents.

Note 1 – Summary of Significant Accounting Policies (continued)

Property and equipment and related depreciation: Property and equipment are stated at cost. Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals that extend the useful lives of property and equipment are capitalized. When property, plant, and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation account are reduced, and any gain or loss is included in operations.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs: The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses were \$110,546 and \$98,174 for the years ended December 31, 2023 and 2022.

Income taxes: On June 13, 2003, the Company, with the consent of its shareholders, elected to have its income taxed under section 1372 of the Internal Revenue Code, which provides that, in lieu of corporate income taxes, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, as of December 31, 2023, no provision or liability for income taxes is reflected in these financial statements.

The Company follows FASB ASC 740-10 (FIN 48), *Accounting for Uncertainty in Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Company's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023, the Company had no uncertain tax positions that require either recognition or disclosure in the Company's financial statements.

Subsequent events: The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 13, 2024, the date on which the financial statements were available to be issued.

Recent pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

In response to concerns about complexity with the application of ASU 2014-09 Revenue from Contracts with Customers (Topic 606), FASB released additional guidance, ASU 2021-02 Franchisors – Revenue from Contracts with Customers (Subtopic 952-606), which supersedes the previous guidance on the recognition of pre-opening services provided by franchisors. Under the amendment, FASB released a practical expedient aimed at reducing the complexity and cost of analyzing pre-opening services provided to franchisees. The update permits nonpublic franchisors to account for pre-opening services as distinct from the license if the services are consistent with those included in a predefined list within the guidance. Furthermore, the new guidance allows franchisors to recognize the pre-opening services as a single performance obligation.

Note 1 – Summary of Significant Accounting Policies (continued)

Recent pronouncements, continued: In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326) – The Company adopted this ASU (commonly known as the Current Expected Credit Loss Impairment Model, or CECL) effective January 1, 2023. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in CECL replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

Upon adoption of ASU 2016-13, Measurement of Credit Losses on Financial Instruments, the Company did not recognize a change to their allowance for credit losses as of January 1, 2023.

Other intangible assets: Other intangible assets include finite-lived intangible assets, which mainly consist of acquired and reacquired rights, trade secrets, licensing agreements, contract-based patents, and copyrights. These are amortized over their estimated useful lives and are tested for impairment.

Indefinite-lived intangibles, which consist primarily of trade names and trademarks, are tested for impairment annually on December 31 and more frequently if an event occurs or circumstances change that would indicate that the intangible assets' carrying values exceed estimated fair values and if indefinite useful lives are no longer appropriate for the Company's trademark and rights. Fair value is the price a willing buyer would pay for the intangible asset and is typically calculated using the income approach.

Note 2 – Inventories

Inventories at December 31, 2023 and 2022 consisted of equipment packages and supplies.

Note 3 – Property, Plant, and Equipment

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 135,309	\$ 131,984
Equipment	10,819	-
Software	-	480
	<u>146,128</u>	<u>132,464</u>
Accumulated depreciation	<u>(12,474)</u>	<u>(4,822)</u>
Total	<u>\$ 133,654</u>	<u>\$ 127,642</u>

Furniture and fixtures, equipment, and software are depreciated using the straight-line method of depreciation with useful lives of 5 - 10 years. Leasehold improvements are depreciated using the straight-line method of depreciation with useful lives of 20 years. The accompanying statement of income includes \$8,131 and \$4,342 charges for depreciation of property, plant, and equipment for the years ended December 31, 2023 and 2022.

Note 4 – Other Intangible Assets

As of December 31, 2023 and 2022, indefinite-lived intangibles were:

	<u>2023</u>	<u>2022</u>
Trademark, Service Mark, Uniform Franchise Offering Circular, etc. of Ellianos	<u>\$ 28,983</u>	<u>\$ 28,983</u>

During 2013, the Company purchased an intangible asset subject to amortization from a related party. The asset is being amortized using the straight-line method over an useful life of 15 years. Amortization expense for the years ended December 31, 2023 and 2022 were \$5,270 and \$1,077.

	<u>2023</u>	<u>2022</u>
Patent and Rights of Cup Divider Mold from The Cup Divider Company, LLC	\$ 10,679	\$ 10,679
Master Building Plans	<u>69,270</u>	<u>65,700</u>
	79,949	76,379
Accumulated Amortization	<u>(12,399)</u>	<u>(7,128)</u>
Total	<u>\$ 67,550</u>	<u>\$ 69,251</u>

Note 5 – Notes Receivable

The Company has one signed Area Representative agreements in effect. These agreements give the right for Cornerstone Coffee to recruit and support the franchisees within their designated areas. Cornerstone Coffee signed a promissory note, and the balances of the note receivables at December 31, 2023 and 2022 are \$30,000 and \$0, respectively. As the area representative procures a new franchise agreement, the promissory notes are reduced by \$5,000. These area development agreements also entitle Cornerstone Coffee to a portion of the initial franchise agreement and royalties paid to the Company.

Note 6 – Notes Payable

The Company had no notes payable for the years ended December 31, 2023 and 2022.

Note 7 - Interest Costs

The Company had no interest costs for the years ended December 31, 2023 and 2022.

Note 8 – Concentrations of Credit Risk

Credit risk refers to the possibility, no matter how remote, of failure by an entity to perform according to contractual terms. From time-to-time throughout the year, the Company may have concentrations of credit risk arising from cash deposits in excess of federally insured limits and may have exposure for an accounting loss the entity should fail to honor those cash deposits.

The Company receives royalties from coffee shops primarily in Florida, Georgia, Alabama, and Tennessee. Revenue sources are concentrated in the coffee market and general economic conditions in this region affect sales.

Note 9 – Income Taxes

The Company could be subject to income tax examinations for its U.S. federal and state income taxes for the current tax year and previous filings for tax years 2022, 2021 and 2020, still open under the statute of limitations.

Note 10 – Unearned Revenue

As described in Note 1, initial franchise fees are recognized when the franchise location opens for operations. As of December 31, 2023, and 2022, there were \$1,247,500 and \$1,215,000, respectively, initial franchise fees unearned. As described in Note 5, when Cornerstone Coffee procures new franchises, \$5,000 is recognized as revenue, as well as any other royalties and commissions rendered once the franchise opens. The balance of this agreement at December 31, 2023 and 2022 is \$30,000 and \$0, respectively.

Included in the Company's balance sheet at December 31, 2023 and 2022 are customer deposits on equipment packages. The balance of these customer deposits is \$139,592 and \$0, respectively.

Note 11 – Related Party Transactions

The Company had transactions and accounts with related parties as follows:

Effective, June 1, 2003, RES Enterprise, LLC, sold to the Company all rights, title, and interest in and to all trademarks, service marks, trade dress, trade secrets, and confidential information of Ellianos. RES Enterprises, LLC is commonly owned by the members of the Company. Consideration for the rights was the waiver of the initial franchise fee for the initial franchise period. The \$10,000 value of the initial franchise fee was capitalized as part of the cost of the Ellianos trademark, which has an indefinite life.

Several of the Company's franchises are owned and operated by related parties. For the years ended December 31, 2023, and 2022, the Company recognized royalty income from these franchises in the amounts of \$627,939 and \$349,093, respectively.

The Company had total accounts receivable from its affiliates of \$29,316 and \$1,343 for the years ended December 31, 2023, and 2022, respectively.

Included in the Company's balance sheet at December 31, 2023 and 2022 are accounts payable to related parties of \$16,389 and \$6,883, respectively.

The Company made payments of \$275,883 and \$182,231, respectively, to related party owned companies during the years ended December 31, 2023, and 2022. The payments were for training, rents, commissions, and royalties as a part of Area Representative agreements.

Included in the Company's balance sheet at December 31, 2023, and 2022, are notes receivable from affiliated companies. As described in Note 5, the Company has one Area Representative agreement in effect. At December 31, 2023, the balance of this receivable was \$30,000. For the year ended December 31, 2022, there were two receivables included on the Company's balance sheet. The total balance of these two receivables was \$55,000.

Note 12 – Reclassifications

Various reclassifications have been made to the financial statement presentation for the year ended December 31, 2023, in order to be comparable to the December 31, 2022 presentation. These changes are reclassifications only and do not impact the Company's previously reported equity or net income.

Note 13 – Fair Value

The carrying amount of financial instruments including cash, accounts receivable, loans receivable and accrued expenses approximate fair value at December 31, 2023 and 2022, due to the relatively short period to maturity of these instruments.

EXHIBIT H
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____ by _____ ("Franchisee") and _____ ("Guarantors") as a condition of (1) transfer of the Franchise Agreement dated as of _____ ("Franchise Agreement"); (2) transfer of the Development Agreement dated as of _____ ("Development Agreement"); or (3) exercise of a renewal term under the Franchise Agreement. Franchisee and Guarantors acknowledge that this Release is made in favor of and for the benefit of Ellianos, LLC ("Ellianos").

1. Release by Franchisee and Guarantors. Franchisee (if Franchisee is an entity, on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities and, if Franchisee is an individual, on behalf of himself/herself and his/her heirs, representatives, successors and assigns) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, "Releasors") freely and without any influence forever release Ellianos and its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, (collectively "Releasees") from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement and all other agreements between any Releasor and any Releasee, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts underlying Release in Section 1 may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released hereunder and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. Covenant Not to Sue. Franchisee and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Releasee with respect to any Claim released under Section 1.

5. Complete Defense. Franchisee and Guarantors: **(A)** acknowledge that the Release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(B)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Ellianos and each Releasor.

7. Miscellaneous.

- A.** Franchisee and Guarantors acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.
- B.** The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.
- C.** This Release and all claims relating to this Release shall be governed by and construed under the law of the State of Florida. Franchisee and Guarantor shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Ellianos' principal offices are located. Ellianos may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee resides or does business, or where the claim arose.
- D.** The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.
- E.** The prevailing party in any suit to enforce the terms of this Release shall be awarded reasonable attorneys' fees.

**[THE REMAINDER OF THIS PAGE
IS INTENTIONALLY BLANK]**

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

**FRANCHISEE:
(IF FRANCHISEE IS AN ENTITY)**

By: _____

Print Name:_____

Title _____

Date: _____

(IF FRANCHISEE IS AN INDIVIDUAL)

[Signature]

[Print Name]

Dated: _____

GUARANTOR:

[Signature]

[Print Name]

Date: _____

GUARANTOR:

[Signature]

[Print Name]

Date: _____

EXHIBIT I
INFORMATION ABOUT AREA REPRESENTATIVES

DISCLOSURES RELATING TO AREA REPRESENTATIVE FOR CERTAIN COUNTIES IN FLORIDA

On January 23, 2019, Ellianos entered into an Area Representative Agreement with Outlook Advisors, LLC ("Outlook Advisors"). Under that Agreement, Outlook Advisors will provide franchisee recruiting and support services for a period of time in the following counties in Florida: of Duval, Nassau, St. Johns, and Clay. Outlook Advisors is a Florida limited liability company formed on January 22, 2019. Our principal business address is 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025. Outlook Advisors provides certain recruiting and support services for Ellianos franchisees in other states including Florida & Georgia.

ITEM 2 Business Experience

Franchise Representative: Chad Stewart

Mr. Stewart has held this position January 2019. Mr. Stewart has been Vice President of Franchise Development for Ellianos since January 2019. He has been a Broker Associate for Rockford Realty Group in Lake City, Florida since October 2005. Mr. Stewart was with G&S Nursery in Jacksonville, Florida, as Vice President of Finance and Marketing from January of 2016 to September 2018. Mr. Stewart has ownership interest in seven (7) Ellianos Stores.

ITEM 3 Litigation

No litigation is required to be disclosed in this Item.

ITEM 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems and Training

Outlook Advisors may assist Ellianos with the certain pre-opening and post-opening obligations listed in Item 11 in the following counties in Florida: of Duval, Nassau, St. Johns, and Clay.

DISCLOSURES RELATING TO AREA REPRESENTATIVE FOR MARION COUNTY FLORIDA

On June 10, 2021, Ellianos entered into an Area Representative Agreement with SMA Coffee, LLC ("SMA Coffee"). Under that Agreement, SMA Coffee will provide franchisee recruiting and support services for a period of time in the Florida county of Marion. SMA Coffee is a Florida limited liability company formed on June 1, 2021. Our principal business address is 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025.

ITEM 2 Business Experience

Franchise Representative: Michael Stewart

Mr. Stewart has held this position June 2021. Mr. Stewart has been Vice President at Ellianos since January 2018. He was Director of Store Operations, Development and Training from October 2004 to December 2017. Mr. Stewart has ownership interest in five (5) Ellianos Stores.

ITEM 3 Litigation

No litigation is required to be disclosed in this Item.

ITEM 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems and Training

SMA Coffee may assist Ellianos with the certain pre-opening and post-opening obligations listed in Item 11 in the Florida county of Marion.

DISCLOSURES RELATING TO AREA REPRESENTATIVE FOR MARION COUNTY FLORIDA

On January 1, 2023, we entered into an Area Representative Agreement with Cornerstone Coffee, LLC. Under that Agreement, Cornerstone Coffee, LLC will provide franchisee recruiting and support services in Madison, Limestone, Jackson, Morgan, Marshall, Dekalb, Cherokee, Etowah, Cullman, Blount, St. Clair, Calhoun, Shelby, and Jefferson in Alabama. See Exhibit I-2 for more information about Cornerstone Coffee, LLC.

ITEM 2 Business Experience

Franchise Representative: Scott Stewart

Mr. Stewart has been the Managing Member since June 2003. Mr. Stewart is the founder of the System. He has founded many businesses in addition to Ellianos, holds ownership interests in several other businesses, and has been a franchisee of Little Caesars for over 35 years. Mr. Stewart's decades of business experience includes expertise in franchising, restaurant management, marketing, land development, construction management, leasing and lease negotiations, tenant relations and business development. He has also been a franchise representative with Cornerstone Coffee, LLC since June 2023. Mr. Stewart has an ownership interest in three (3) open Ellianos Stores and two (2) under construction Ellianos Stores.

ITEM 3 Litigation

No litigation is required to be disclosed in this Item.

ITEM 4 Bankruptcy

No bankruptcy is required to be disclosed in this Item.

ITEM 11 Franchisor's Assistance, Advertising, Computer Systems and Training

Cornerstone Coffee may assist Ellianos with the certain pre-opening and post-opening obligations listed in Item 11 in the Alabama counties of Madison, Limestone, Jackson, Morgan, Marshall, Dekalb, Cherokee, Etowah, Cullman, Blount, St. Clair, Calhoun, Shelby, and Jefferson

EXHIBIT J
STATE SPECIFIC ADDENDA

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “**Act**”), the Disclosure Document is amended as follows:

1. Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
2. Illinois law governs the agreements between the parties to the Franchise Agreement and Development Agreement.
3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.
4. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures.
8. By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.
9. The Franchisor may request that you submit a 3-year plan outlining the actions that you will take to ensure compliance with Ellianos standards.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND**

1. **Item 17** is amended by the addition of the following:

Any provision requiring you to sign a general release of claims against us as a condition of renewal or transfer, does not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

2. **Item 22** is amended by the addition of the following:

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

Each provision of these Additional Disclosures 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 these Additional Disclosures.

**ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Ellianos, LLC for use in the Commonwealth of Virginia shall be amended to include the following:

1. **Item 17** is amended by the addition of the following:

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

2. **Item 22** is amended by the addition of the following:

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

Each provision of the Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Additional Disclosure.

ELLIANOS, LLC
STATE SPECIFIC ADDENDA

Each provision of this Addenda shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of a state are met independently, without reference to this Addenda.

ADDENDUM TO THE ELLIANOS, LLC
FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Ellianos, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between Ellianos, LLC (“Ellianos”, “we,” or “us”) and _____ (“you” or “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. Illinois law governs the agreements between the parties to the Franchise Agreement. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.
2. The following is added to the end of Section 6 (A) of the Agreement:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.
3. Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.
4. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. The Franchisor may request that you submit a 3-year plan outlining the actions that you will take to ensure compliance with Ellianos standards.

(Signatures on following page)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

ELLIANOS, LLC

A Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

**(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

Date: _____

OR

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Date: _____

Print Name

Signature

Date: _____

ADDENDUM TO THE ELLIANOS, LLC
DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Ellianos, LLC Development Agreement dated _____ ("Development Agreement") between Ellianos, LLC ("Ellianos", "we," or "us") and _____ ("you" or "your") is entered into simultaneously with the execution of the Development Agreement.

1. Illinois law governs the agreements between the parties to the Development Agreement.
2. The following is added to the end of Section 4 of the Development Agreement:

Payment of Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition. Upon the opening of the first Franchised Business, Developer shall pay to Franchisor the Development Fee.

3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Development Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Multi-Unit Development Agreement may provide for arbitration outside of Illinois.
4. Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: three (3) years of the violation, one (1) year after the franchisee becomes aware of the underlying facts or circumstances or ninety (90) days after delivery to the franchisee of a written notice disclosing the violation.
5. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
6. Your rights upon termination and non-renewal of the Development Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. The Franchisor may request that you submit a 3-year plan outlining the actions that you will take to ensure compliance with Ellianos standards.

(Signatures on following page)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

ELLIANOS, LLC

A Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER:

**(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

Date: _____

OR

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Date: _____

Print Name

Signature

Date: _____

ADDENDUM TO THE ELLIANOS, LLC
FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to the Ellianos, LLC Franchise Agreement dated _____ (“Franchise Agreement”) between Ellianos, LLC (“Ellianos”, “we,” or “us”) and _____ (“you” or “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Franchise Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Maryland; **(B)** Franchisee is a resident of the State of Maryland; and/or **(C)** the Restaurant will be located and/or operated in the State of Maryland.

2. Releases. The following sentence is added to the end of Section 2.B(4), Section 18(7), Section 19:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Choice of Venue. The following sentence is added to the end of Section 30(C):

Notwithstanding the foregoing, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Choice of Law. The following sentence is added to the end of Section 30(D):

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.

5. Limitations of Actions. The following sentence is added to the end of Section 30(E):

Notwithstanding the foregoing, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

6. Representations. The following sentences are added to the end of Section 33:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. Representations. The following sections are deleted from Section 33:

33.A, 33.B, 33.J, 33.K, 33.L, 33.M

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified in full force and effect.

9. Counterparts. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform such as DocuSign or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

ELLIANOS, LLC

A Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

**(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

Date: _____

OR

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Date: _____

Print Name

Signature

Date: _____

**ADDENDUM TO THE ELLIANOS, LLC
DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES**

This Addendum to the Ellianos, LLC Development Agreement dated _____ ("Development Agreement") between Ellianos, LLC ("Ellianos", "we," or "us") and _____ ("you" or "your") is entered into simultaneously with the execution of the Development Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement. This Addendum is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Maryland; **(B)** Developer is a resident of the State of Maryland; and/or **(C)** the Assigned Area will be located in the State of Maryland.
2. Releases. The following sentence is added to the end of Sections 10(6) and 11:

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Choice of Venue. The following sentence is added to the end of Section 21(C):

Notwithstanding the foregoing, Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Choice of Law. The following sentence is added to the end of Section 21(D):

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that Law.
5. Limitations of Actions. The following sentence is added to the end of Section 21(E):

Notwithstanding the foregoing, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
6. Representations. The following sentences are added to the end of Section 24:

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

7. Representations. The following sections are deleted from Section 24:

Section 24.A, 24.B, 24.I, 24.J, 24.K, and 24.L.

8. Miscellaneous. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement. Except as expressly modified by this Addendum, the Development Agreement remains unmodified in full force and effect.
9. Counterparts. This Addendum may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Addendum by electronic transmission (including an electronic signature platform such as DocuSign or the transmission of a scanned PDF document) shall be effective as delivery of a manually executed counterpart of this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

ELLIANOS, LLC

A Florida limited liability company

By: _____

Name: _____

Title: _____

Date: _____

DEVELOPER:

**(IF FRANCHISEE IS A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

[Print Name of Franchisee Entity]

By: _____

Name: _____

Title: _____

Date: _____

OR

(IF FRANCHISEE IS AN INDIVIDUAL):

Print Name

Signature

Date: _____

Print Name

Signature

Date: _____

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATES	EFFECTIVE DATE
Illinois	March 17, 2025
Maryland	Pending
Virginia	March 21, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Ellianos, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, Ellianos, LLC or its affiliate in connection with the proposed sale or sooner if required by applicable state law. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If Ellianos, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The franchisor is Ellianos, LLC located at 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025, (386) 755-5828.

Issuance date: March 14, 2025

The franchise sellers for this offering are –mark the individuals you have talked to:

____ Scott Stewart, ____ Lawton Unrau, ____ Michael J. Stewart, ____ Jonathan Morgan, ____ Chad Stewart, ____ Elizabeth Gonzalez-Pardo – Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025, (386) 755-5828

Ellianos, LLC authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state. This disclosure document is for use in all states and the District of Columbia, except: California, Hawaii, Indiana, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Utah, Washington and Wisconsin.

I received a disclosure document dated March 14, 2025 that included the following Exhibits: List of State Administrators (Exhibit A); Agents for Service of Process (Exhibit B); Development Agreement (Exhibit C); Franchise Agreement (Exhibit D); Confidentiality and Non-Disclosure Agreement (Exhibit E); List of Franchised Locations, List of Signed Franchise Agreements (Units Not Open), and List of Former Franchisees (Exhibit F); Audited Financial Statements (Exhibit G); Form of General Release (Exhibit H); Information About Area Representative (Exhibit I); State Specific Addenda (Exhibit J).

Date of Receipt: _____

Signature

Print Name

Company

Street Address

Telephone Number

City, State Zip Code

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Ellianos, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make payment to, Ellianos, LLC or its affiliate in connection with the proposed sale or sooner if required by applicable state law. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If Ellianos, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit A.

The franchisor is Ellianos, LLC located at 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025, (386) 755-5828.

Issuance date: March 14, 2025

The franchise sellers for this offering are –mark the individuals you have talked to:

____ Scott Stewart, ____ Lawton Unrau, ____ Michael J. Stewart, ____ Jonathan Morgan, ____ Chad Stewart, ____ Elizabeth Gonzalez-Pardo – Ellianos, LLC, 426 SW Commerce Drive, Suite 130, Lake City, Florida 32025, (386) 755-5828

Ellianos, LLC authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state. This disclosure document is for use in all states and the District of Columbia, except: California, Hawaii, Indiana, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Utah, Washington and Wisconsin.

I received a disclosure document dated March 14, 2025 that included the following Exhibits: List of State Administrators (Exhibit A); Agents for Service of Process (Exhibit B); Development Agreement (Exhibit C); Franchise Agreement (Exhibit D); Confidentiality and Non-Disclosure Agreement (Exhibit E); List of Franchised Locations, List of Signed Franchise Agreements (Units Not Open), and List of Former Franchisees (Exhibit F); Audited Financial Statements (Exhibit G); Form of General Release (Exhibit H); Information About Area Representative (Exhibit I); State Specific Addenda (Exhibit J).

Date of Receipt: _____

Signature

Print Name

Company

Street Address

Telephone Number

City, State Zip Code

RETURN THIS COPY TO ELLIANOS